

CONFORMED COPY

MDTF GRANT NUMBER TF099033

Trust Fund Grant Agreement

(Financing of Primary and Secondary School Teachers Salaries)

between

DEMOCRATIC REPUBLIC OF CONGO

and

**INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as administrator of the Multi Donor Trust Fund for
Financing of Primary and Secondary School Teachers Salaries**

Dated February 17, 2011

TRUST FUND GRANT AGREEMENT

AGREEMENT dated February 17, 2011, entered into between the DEMOCRATIC REPUBLIC OF CONGO (“Recipient”), and the INTERNATIONAL DEVELOPMENT ASSOCIATION (“World Bank”), acting as administrator of the Multi Donor Trust Fund for the Financing of Primary and Secondary School Teachers Salaries.

WHEREAS (A) The World Bank has received from the Recipient a letter, dated February 6, 2009, describing a program of actions, objectives and policies designed to mitigate the consequences of the global financial crisis (the Program), declaring the Recipient’s commitment to the execution of the Program, and requesting assistance from the World Bank for financing the Project, in support of the Program, during the execution thereof;

(B) the Recipient, having satisfied itself as to the feasibility and priority of the Project described in Schedule 1 to this Agreement (the “Project”), has requested the World Bank to assist in the financing of the Project;

(C) the Recipient has also requested the International Development Association to provide additional assistance towards the financing of the Program, in an amount of SDR 66,200,000, on the terms and conditions set forth in the agreement entered into between the Recipient and the International Development Association on March 2, 2009 (“IDA Grant Agreement”);

Now therefore, the Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions

- 1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 1, 2008 (“Standard Conditions”), constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

Article II
The Project

- 2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement (“Project”). To this end, the Recipient shall carry out the Project through the UCOP in accordance with the provisions of Article II of the Standard Conditions.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

Article III
The Grant

- 3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to nineteen million six hundred seventy four thousand five hundred forty nine Euros (€19,674,549) (“Grant”) to assist in financing the Project.
- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section III of Schedule 2 to this Agreement.
- 3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions, the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

Article IV
Effectiveness; Termination

- 4.01. This Agreement shall become effective upon countersignature.

Article V - Representative; Addresses

5.01 The Recipient's Representative is the minister at the time in charge of finance.

5.02 The Recipient's address is

Ministry of Finance
Rue Lubefu No 20, Commune de la Gombe
Kinshasa I
Democratic Republic of Congo

Facsimile:

00 243 880 23 81

5.03 The World Bank's Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable:

Telex:

Facsimile:

INDEVAS
Washington, D.C.

248423 (MCI)

1-202-477-6391

AGREED at Kinshasa, Democratic Republic of Congo, as of the day and year first above written.

DEMOCRATIC REPUBLIC OF CONGO

By //s// Matata Ponyon Mapon

Authorized Representative

**INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as administrator of the Multi Donor Trust Fund for
Financing of Primary and Secondary School Teachers Salaries**

By //s// Marie-Francoise Marie-Nelly

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to support the Recipient's Education Program by helping to mitigate the immediate and severe impact of the global financial crisis on the Recipient's economy by providing short-term transitional support to fund teacher salaries.

The Project consists of the following part:

Part A: Primary and Secondary School Teachers Salaries

1. Support to the Recipient's public education services delivery, through the payment of salaries for teachers ("Teachers Salaries") for the period from September 2009 to January 2010, in the limit of funds available under the Grant.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall implement the Project in accordance with the criteria, policies, procedures and arrangements set out in this Agreement, and in more detail, in the IDA Grant Agreement.
2. The Recipient shall maintain, throughout Project implementation, the UCOP with staff in adequate numbers and with qualifications and experience satisfactory to the World Bank. It shall be in charge of Project implementation, including coordinating, monitoring and reporting to the World Bank on Project activities.

B. Anti-Corruption

1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines and the Anti-Corruption Plan.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one calendar semester and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.
- (b) The performance indicator referred to above in sub-paragraph (a) consist of the following: at least two months of Teachers Salaries have been financed out of the proceeds of the Grant.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.
2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the World Bank not later than 45 days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the World Bank.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. The audited Financial Statements shall cover the entire period during which withdrawals from the Grant Account were made and shall be furnished to the World Bank not later than six months after the Project Closing Date.

Section III. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Grant Allocated (expressed in Euros)	Percentage of Expenditures to be Financed (exclusive of Taxes)
(1) Teachers' Salaries	19,674,549	100%
TOTAL AMOUNT	19,674,549	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed 100% of the Grant amount may be made for payments made prior to this date but on or after August 18, 2009
 - (b) under Category (1) unless and to the extent the World Bank has received from the Recipient, through UCOP:
 - (i) a satisfactory technical audit covering the period of September 2009 to January 2010 concluding that the total amount of the Teachers' Salaries payments is eligible for financing out of the proceeds of the Grant paid under Category (1); and
 - (ii) a withdrawal request consistent with such audit, for an amount to be withdrawn under Category (1).

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is March 31, 2011.

Section IV. Procurement

All services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with Section III of Schedule 2 to the IDA Grant Agreement.

APPENDIX

Definitions

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
2. “Anti-Corruption Plan” means the simplified anti-corruption action plan to be adopted by the Recipient which sets forth the measures and actions to be taken during implementation of the Project with respect to disclosure, civil society oversight, collusion mitigation, mitigation of forgery and fraud, complaints handling and sanctions and remedies.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “Central Bank” means the Central Bank of Congo, constituted and operating pursuant to law No. 005 dated May 27, 2002 *Relative à la Constitution, à l’Organisation et au Fonctionnement de la Banque Centrale du Congo*.
5. “IDA Grant Agreement” means the agreement signed between the Recipient and the IDA on March 2, 2009 (IDA Grant H453-ZR).
6. “MEPSP” means the Recipient’s ministry in charge of primary, secondary and professional education.
7. “Monthly Salary Bill” means the salaries paid by the Recipient to primary and secondary school teachers integrated into the public payroll, as documented in a manner satisfactory to the World Bank, including through: (i) certified signed lists of the primary and secondary teachers covered; (ii) payment order from treasury to Central Bank (*ordre de paiement informatisé OPI*); (iii) salary envelope sent by MEPSP to Ministry of Budget; (iv) formal transfer order sent by Central Bank to CaisCongo; (v) payment order (*ordre d’envoi des fonds*); (vi) funding dispatch note (*bordereau d’envoi des fonds*); and (vii) receipt signed by the manager of funds (*décharge/reçu*) at the Ministry of Finance.
8. “Program” has the meaning set forth in the preamble to this Agreement.
9. “Standard Conditions” means the “Standard Conditions for Grants Made by the World Bank Out of Various Funds”, dated July 1, 2008.

10. “Teachers Salaries” means the salaries paid by the Recipient to primary and secondary teachers integrated into the public payroll.
11. “Teachers Salaries Audit” means the ex-ante audit to be carried out pursuant to terms of reference satisfactory to the World Bank, referred to in Section III.B 1 (b) (i) of Schedule 2 to this Agreement.
12. “UCOP” means *Unité de Coordination des Projets*, the implementing unit located under the Recipient’s Ministry of Plan, governed by the *Arrêté Ministériel No. 008/CAB/MIN.PL/2009 Modifiant l’Arrêté No. 004/CAB/MIN.PL/2003 Portant Création et Organisation de l’Unité de Coordination du Projet d’Urgence de Soutien au Processus de Réunification Economique et Sociale*, dated February 6, 2009 (“UCOP Arrêté”).