Financing Agreement

(Second Additional Financing for the High-Priority Roads Reopening and Maintenance Project)

between

DEMOCRATIC REPUBLIC OF CONGO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated March 18th, 2016
FINANCING AGREEMENT

AGREEMENT dated \( \text{January 1, 2016} \), 2016 entered into between DEMOCRATIC REPUBLIC OF CONGO ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing additional financing for activities related to the Original Project and to the First Additional Financing Project (as defined in the Appendix to this Agreement). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) 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 General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to ninety one million one hundred thousand Special Drawing Rights (SDR91,100,000) ("Credit" or, "Financing") to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Payment Dates are May 15 and November 15 in each year.

2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is Dollar.
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of Article IV of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association 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 IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Events of Suspension consist of the following:

(a) The legislation pertaining to CI, OdR or ICCN or any other entity involved in the implementation of the Project, or any text pertaining to their operation, shall have been breached, amended, suspended, abrogated, repealed or waived so as to affect their ability to implement the Project or perform any of their obligations under this Agreement.

(b) The Performance Contract shall have been breached or the Performance Contract shall have been amended, suspended, abrogated, repealed or waived without the Association’s prior written agreement.

(c) CI, OdR, MECNDD, ICCN or any other entity or agency involved in the implementation of the ESD shall have failed to perform any of their respective obligations under any of the relevant documents, or the MoU, as the case may be, or the Environmental and Social Assistance Contract shall have been breached, or any of the aforementioned documents shall have been amended, suspended, abrogated, repealed or waived, without the Association’s prior written agreement.

(d) The operation of the Road Maintenance Fund shall have been affected in a manner that compromises the sustainability of road maintenance.

(e) Any goods, works, services or other assistance provided to or for the benefit of OdR or any other entity or agency involved in the implementation of the Project shall have been used for purposes other than eligible purposes under the Project.

4.02. The Additional Event of Acceleration consists of the following namely, that any event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Association to the Recipient.
ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Effectiveness Deadline is the date one hundred and twenty (120) days after the date of this Agreement.

5.02. For purposes of Section 8.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is the Minister at the time in charge of finance.

6.02. The Recipient’s Address is:

Ministry of Finance
Boulevard du 30 Juin - Commune de la Gombe
Kinshasa 1
Democratic Republic of Congo

Email: cabfinances@minfinrdc.com
Tel.: +243 82 58 52 240

6.03. The Association’s Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433

United States of America

Cable: Telex: Facsimile:
INDEVAS 248423 (MCI) 1-202-477-6391
Washington, D.C.
AGREED at Kinshasa, Democratic Republic of Congo, as of the day and year first above written.

DEMOCRATIC REPUBLIC OF CONGO

By

[Signature]

Authorized Representative

Name: Henri Yav Mulang

Title: Minister of Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: Ahmedou Hourybla Ndiaye

Title: Country Director
SCHEDULE 1

Project Description

The objective of the Project is to re-establish lasting road access between provincial capitals, districts and territories in the Project impact area in a manner that is sustainable for the natural environment.

The Project consists of the following parts:

Part A. Road Rehabilitation and Maintenance

Support to the Recipient in: (1) the reopening or rehabilitation of new road sections namely: (a) approximately 259 kilometers on the Komanda-Bunia-Mahagi-Goli road; (b) approximately 78 kilometers on the Beni-Kasindi road; (c) approximately 146 kilometers on the Bukavu-Goma road; (d) approximately 130 kilometers on the Dulia-Bondo road; and (e) approximately 385 kilometers on the Akula-Gemena-Boyabo-Libenge and Boyabo-Zongo road; and (2) subsequent maintenance of the same roads, all through the provision of works, goods, services and Operating Costs.

Part B. Institutional Strengthening

1. Assist MIPW in the finalization of a road sector strategy through the preparation of a road investment plan, the formulation and implementation of road sector policies (including tolls), the preparation and implementation of a plan for the development of the road construction industry, and the strengthening of coordination mechanisms with other stakeholders active in the road sector, all through the provision of goods, services and Operating Costs.

2. Assist CI to strengthen its capacities for Project implementation and overall, in particular in the fields of procurement, financial management, environmental and social safeguards, contract management, and monitoring and evaluation including through technical audits, all through the provision of goods, services, Operating Costs and Training.

3. Assist OdR to strengthen its capacities at the central and relevant provincial levels, in particular in the fields of engineering, contract management, data collection, monitoring and evaluation, financial management and procurement, all through the provision of works, goods, services, Operating Costs, and Training.

4. Assist in the strengthening of the RMF and carry out complementary studies on projecting revenues, all through the provision of Consultants’ Services.
Part C. Environmental and Social Management

Assist the Recipient, including ICCN, ACE and MECNDD, in the enhancement of positive socio-economic aspects of the Project and mitigation of potentially negative social and environmental aspects, in particular: (a) management of forests, biodiversity and Protected Areas, including the preparation of ESIA and ESMP and implementation of mitigation measures; (b) protection and development of Indigenous People; including the preparation of the IPP and implementation of mitigation measures; as well as the preparation and implementation of the RAP as may be required in accordance with the RPF; and (c) the fight against the spread of HIV-AIDS and the promotion of road safety, all through the provision of goods, services, Performance Bonuses, Training and Operating Costs.

Part D. Monitoring and Evaluation

Support the strengthening of the Recipient’s monitoring and evaluation capacity in connection with road network management, in particular within CI and OdR, including: (a) the development of a road data collection, management and dissemination system; (b) support to the monitoring and evaluation of Project activities and measurement of its impacts on transport (such as duration of road closures and deforestation ratio) and socio-economic conditions of neighboring populations; and (c) the establishment of an environmentally-specific monitoring and evaluation system to monitor the effect of the Project on the transportation of environmentally-sensitive products including logs and bush meat.
Section I. Implementation Arrangements

A. Institutional Arrangements

1. Except as the Association shall otherwise agree, the Recipient shall: (i) apply the criteria, policies, procedures and arrangements set out in the PAFAM; PIM, ESD and the Anti-Corruption Action Plan; and (ii) not amend or waive, or permit to be amended or waived, any of the PAFAM, PIM, ESD and the Anti-Corruption Action Plan, or any provision thereof.

2. Except as the Association shall otherwise agree:

   (a) the Project shall be implemented by MIPW through CI;

   (b) the Recipient shall, at all times during the execution of the Project maintain CI in form and with functions satisfactory to the Association and with staff in adequate numbers and with qualifications and experience satisfactory to the Association, and CI shall be responsible for annual planning and programming, day to day coordination and implementation of Project activities, disbursements, financial management, contract management, procurement, monitoring and evaluation, and reporting, all in compliance with the PAFAM, PIM, ESD and the Anti-Corruption Action Plan; and

   (c) the Recipient shall, at all times during the execution of the Project maintain IMC with functions and composition satisfactory to the Association.

3. The Recipient shall ensure that all decentralized authorities, in particular at the provincial level, and other authorities at the districts, territories and communal levels as provided by the laws of the Recipient, regulatory bodies and state owned enterprises be properly involved where necessary and shall cause the same to duly cooperate for the proper implementation of the Project and implementation of the Performance Contract.

4. The Recipient shall ensure that: (a) RMF be maintained operational, in form and substance, and with functions satisfactory to the Association throughout the execution of the Project; and (b) throughout the same period RMF is properly and regularly funded in a manner satisfactory to the Association.
B. Annual Work Programs

1. The Recipient shall, not later than November 30 in each calendar year during Project implementation, prepare and furnish to the Association, a program of Project activities proposed for implementation in the following calendar year, including: (i) a detailed timetable for the sequencing and implementation of said activities; and (ii) the types of expenditures required for such activities, a proposed financing plan and a budget ("Annual Work Program").

2. The Recipient shall exchange views with and seek approval of the Association on each such proposed annual work program, and shall thereafter carry out such program of activities for such following year as shall have been agreed between the Recipient and the Association.

3. Only those activities which are included in an Annual Work Program shall be implemented. Notwithstanding the foregoing, the Annual Work Program might be amended from time to time to include new activities with the prior and written concurrence of the Association.

C. 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 Action Plan.

D. Safeguards

1. The Recipient shall ensure that the Project is implemented in accordance with the provisions of the ESDs, and except as the Association shall otherwise agree in writing, shall not amend or waive, or permit to be amended or waived, any provision of any of the ESDs.

2. The Recipient shall: (a) before commencing the implementation of any activity listed in Schedule 1 to this Agreement with respect to which the completion of an ESMP, IPP, RAP or PF is necessary, prepare and furnish to the Association said ESMP, IPP, RAP or PF specific to such activity, in form and substance satisfactory to the Association, describing: (i) the potential adverse environmental and social impact of such activity; (ii) the measures for avoiding, reducing, or mitigating offsetting of such impact; and (iii) the arrangement for monitoring and implementing such measures; (b) no later than three months before the start of any works publicly disclose the ESMP, IPP, RAP or PF, as the case may be; and (c) carry out such activity in accordance with the provisions of the ESMP, IPP, RAP or PF, as the case may be;

3. The Recipient shall cause MECNDD, ICCN, ACE and CI to maintain, at all times during the implementation of the Project, the MoU with terms and conditions satisfactory to the Association, for the purpose of defining the modalities for the implementation and supervision of environmental and social safeguards in accordance with the ESD for activities under Part A of the Project.
4. The Recipient shall cause CI to: (a) maintain, at all times during Project implementation, an environmental and social unit with staff in adequate numbers and with experience satisfactory to the Association in charge of supervising the implementation of social and environmental safeguards under the Project; and (b) maintain and duly implement the Environmental and Social Assistance Contract at all times during Project implementation and not amend or waive, or permit to be amended or waived, the Environmental and Social Assistance Contract without the prior written agreement of the Association.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth in the PIM. Each Project Report shall cover the period of one calendar year, and shall be furnished to the Association not later than three months after the end of the period covered by such report.

2. (a) On or about June 30, 2017, the Recipient shall carry out jointly with the Association, IMC, CI, MECNDD, ICCN, ACE, the Environmental and Social Partner and other relevant stakeholder a review of the progress made in carrying out the Project (the “Midterm Review”), to cover, amongst other things: (i) progress made in meeting the Project’s objective; and (ii) overall Project performance against Project performance indicators.

(b) As part of the Midterm Review, the Recipient shall ensure that technical auditors prepare and furnish to the MIPW and the Association for review and comments, an evaluation of the performance of CI using performance indicators referred to in Section II.A.(1) of this Schedule 2, integrating the results of the monitoring and evaluation activities performed, the progress achieved in the carrying out of the Project and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof thereafter.

(c) The Recipient shall, not later than four weeks after the Midterm Review, prepare and submit to the Association an action program, acceptable to the Association, for the further implementation of the Project having regard to the findings of the Midterm Review. The Association shall provide its written comments on said report within 15 days from the date of its receipt by the Association and the Recipient shall thereafter implement such action program in accordance with the comments provided by the Association.
B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association 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 Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal under the Project Preparation Advance was made. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

4. The Recipient, through CI, shall make publicly available, promptly after receipt of all final financial audit reports (including qualified audit reports) and all technical audit reports for the Project prepared in accordance with this Agreement and all formal responses of the Recipient in relation to such reports. The Recipient shall ensure that CI shall place the information provided for in this paragraph on the CI official website within one month of the report being accepted as final by the Recipient.

Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants’ Services. All consultants’ services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.
B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, subject to the additional provisions referred to in subparagraph 3 below; (b) Shopping; (c) Direct Contracting; and (d) Limited International Bidding.

3. **Additional Provisions for National Competitive Bidding**

National Competitive Bidding may be used subject to using the open procedure ("appel d'offres ouvert") set forth in the Recipient's Public Procurement Law No. 10/010 dated April 27, 2010 (the “PPL”) and the Manual of Procedures of the PPL as per Recipient’s Decree No. 10/22 dated June 2, 2010 (the “Manual of Procedures”); provided, however, that such procedure shall be subject to the provisions of Section I and Paragraphs 3.3 and 3.4 of Section III of the Procurement Guidelines and the additional following modifications:

(a) **Standard Bidding Documents:** All standard bidding documents to be used for the Project under NCB shall be found acceptable to the Association before their use during the implementation of Project.

(b) **Eligibility:** Eligibility of bidders and acceptability of their goods and services shall not be based on their nationality and/or their origin; and association with a national firm shall not be a condition for participation in a bidding process. Therefore, except for the ineligibility situations referred to in paragraphs 1.10(a)(i) and 1.10(a)(ii) of the Procurement Guidelines, the eligibility of bidders must be based solely on their qualification, experience and capacity to carry out the contract related to the specific bidding process.

(c) **Advertising and Bid Preparation Time:** Bidding opportunities shall be advertised at least in a national newspaper of wide circulation and on the website of the Recipient’s Procurement Regulator (Autorité de Régulation des Marchés Publics) and bidders should be given at least 30 days from the date of invitation to bid or the date of availability of the bidding documents, whichever is later.

(d) **Criteria for Qualification of Bidders:** Qualification criteria shall only concern the bidder’s capability and resources to perform the contract taking into account objective and measurable factors. Such criteria for qualification of bidders shall be clearly specified in the bidding documents.
(e) **Bid Evaluation and Contract Award:** A contract shall be awarded to the substantially responsive and lowest evaluated bidder provided that such bidder meets the qualification criteria specified in the bidding documents. No scoring system shall be allowed for the evaluation of bids, and no “blanket” limitation to the number of lots which can be awarded to a bidder shall apply. The criteria for bid evaluation and the contract award conditions shall be clearly specified in the bidding documents.

(f) **Preferences:** No preference shall be given to domestic/regional bidders, to domestically/regionally manufactured goods, and to bidders forming a joint venture with a national firm or proposing national sub-contractors or carrying out economic activities in the territory of the Recipient.

(g) **Publication of Contract Award:** Information on all contract awards shall be published in at least a national newspaper of wide circulation or in the Recipient’s Procurement Regulator (Autorité de Régulation des Marchés Publics) web-site.

(h) **Fraud and Corruption:** In accordance with the Procurement Guidelines, each bidding document and contract shall include provisions stating the Association’s policy to sanction firms or individuals found to have engaged in fraud and corruption as set forth in the Procurement Guidelines.

(i) **Inspection and Audit Rights:** In accordance with the Procurement Guidelines, each bidding document and contract shall include provisions stating the Association’s policy with respect to inspection and audit of accounts, records and other documents relating to the bid submission and contract performance.

(j) **Requirement for administrative documents and/or tax clearance certificate:** The bidding documents shall not require foreign bidders to produce any administrative or tax related certificates prior to confirmation of awarding a contract.

(k) **Modifications of a Signed Contract:** Any change in the contract amount which, singly or combined with all previous changes, increases the original contract amount by 15% (fifteen percent) or more must be done through an amendment to the signed contract instead of signing a new contract.

C. **Particular Methods of Procurement of Consultants’ Services**

1. **Quality- and Cost-based Selection:** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. **Other Methods of Procurement of Consultants’ Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants’ services for those contracts which are specified in the Procurement Plan: (a) Least Cost Selection; (b) Selection based on Consultants’ Qualifications; (c) Single-
source Selection of consulting firms; (d) Selection under a Fixed Budget; (e) Quality Based Selection; (f) Procedures for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants;

D. **Review by the Association of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. **Withdrawal of the Proceeds of the Financing**

A. **General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall 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 Association 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 Financing (“Category”), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
### Category

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed by the Credit inclusive of Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works and consultants’ services for the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Performance Contract</td>
<td>144,000</td>
<td>100%</td>
</tr>
<tr>
<td>(b) Environmental and Social Assistance Contract</td>
<td>9,537,000</td>
<td></td>
</tr>
<tr>
<td>(c) Others</td>
<td>67,945,000</td>
<td></td>
</tr>
<tr>
<td>(2) Performance Bonuses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) OdR</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>(b) MECNDD et ICCN</td>
<td>162,000</td>
<td></td>
</tr>
<tr>
<td>(3) Operating Costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) CI</td>
<td>1,950,000</td>
<td></td>
</tr>
<tr>
<td>(b) MIPW</td>
<td>189,000</td>
<td></td>
</tr>
<tr>
<td>(c) OdR</td>
<td>562,000</td>
<td></td>
</tr>
<tr>
<td>(4) Unallocated</td>
<td>10,611,000</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>91,100,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

3. It is understood that the percentages of expenditures to be financed under the table set forth in paragraph 2 of Section IV of this Schedule have been calculated on the basis of the provisions of “Arrêté ministériel No 076/CAB/MIN/FIN/2012 du 13 janvier 2012, portant dispositions particulières applicables aux marchés publics à financement extérieur” issued by the Ministry of Finance, which provides for an exemption of taxes and customs duties levied in the territory of the Recipient on works, goods and services for this Project. If any change is made to said regulations which has the effect of levying taxes or customs duties on such works, goods and services, the percentages referred to above shall be decreased accordingly.
B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR9,110,000 may be made for payments made twelve months prior to this date, for Eligible Expenditures under Categories (1), (2) and (3).

2. The Closing Date is February 28, 2018.

Section V. Other Undertakings

A. No later than three months from the Date of Effectiveness, the Recipient will have caused CI to prepare the terms of reference for the employment of the independent external auditors referred to in Section 4.09(b) of the General Conditions, in accordance with the provisions of Section III of Schedule 2 to this Agreement.

B. For the purposes of ensuring timely financing and implementation of the Project and notwithstanding the general obligations under Section 4.03 of the General Conditions, the Recipient shall, through the CI maintain a commercial bank account under terms and conditions satisfactory to the Association for the purposes of providing the counterpart funding contribution for the financing of the Project.

C. The Recipient shall thereafter cause RMF to deposit said counterpart funding in the total amount of $39,200,000, in a timely manner and in accordance with the schedule further detailed in the PIM.
Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each May 15 and November 15, commencing May 15, 2022 to and including November 15, 2053</td>
<td>1.5625%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03(b) of the General Conditions.
APPENDIX

Definitions

1. "ACE" means Agence Congolaise pour l'Environnement, the Recipient's agency in charge of environment established under the authority of MECNDD and operating pursuant to the Recipient’s Decree No. 14/030----, dated November 11, 2014.

2. "Anti-Corruption Action Plan" means the Recipient’s anti-corruption action plan dated January 24, 2008, 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.


4. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

5. "Cr" means Cellule Infrastructures, a unit established within MIPW (as hereinafter defined) and operating pursuant to arrêté ministériel No. CAB/TP/024/MN/FK03/2004 du 7 octobre 2004 portant création, organisation et fonctionnement de la cellule d'appui institutionnel au Ministère des Travaux Publics et Infrastructures.


7. "Displaced Person" means a person, a group of people or entities who, on account of the execution of the Project, has experienced direct economic and social impacts caused by: (a) the involuntary taking of land resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to asset, totally or partially; or (iii) loss of income or means of livelihood, whether or not such person must move to another location; or (b) the involuntary restriction to access to legally designated parks and protected areas resulting in adverse impacts on the livelihood of a person, group of people or entities.

8. "Environmental and Social Assistance Contract" means the agreement satisfactory to the Association entered into between CI and the Environmental and Social Partner (as hereinafter defined) for the implementation of environmental and social safeguards under Part C of the Project, in compliance with the ESD (as hereinafter defined).

9. "Environmental and Social Partner" means an international firm with qualifications and experience satisfactory to the Association recruited through the Environmental and Social Assistance Contract.
10. "ESD" and "Environmental and Social Documents" mean, collectively, the ESIA, ESMP, IPPF (as hereinafter defined), IPP (as hereinafter defined), PF (as hereinafter defined), RPF (as hereinafter defined) and RAP (as hereinafter defined).

11. "ESIA" means the environmental and social impact assessment of the potential environmental risks and impacts of activities under the Project, satisfactory to the Association, to be prepared and disclosed by the Recipient in accordance with the ESMF (as hereinafter defined) for each Road Segment (as hereinafter defined) prior to the start of any works on said Road Segment, in accordance with the provisions of Section I.D of Schedule 2 to this Agreement and to include an ESMP, as the same may be amended from time to time with the prior written approval of the Association.

12. "ESMF" and "Environmental and Social Management Framework" mean the document, prepared and adopted by the Recipient on September 21, 2007, updated and disclosed on October 15, 2015, consisting of a framework outlining the modalities for environmental and social screening of activities to be carried out under Part A of the Project and rules and procedures for the preparation and implementation of environmental and social impact assessments of such activities, in every case each such assessment to be completed and disclosed in a manner satisfactory to the Association prior to carrying out any of said activities.

13. "ESMP" means the environmental and social management plan in form and substance satisfactory to the Association, to be adopted by the Recipient on the basis of the ESIA (as hereinafter defined), describing measures for the mitigation, reduction and or offset of the environmental and social impacts of activities identified under the Project.


15. "First Additional Financing Project" means the Project described in the First Additional Financing Agreement.


18. "IMC" and "Inter-ministerial Monitoring Committee" mean the inter-ministerial committee for Project supervision established and operating in accordance with the Recipient's Arrêté interministériel No. MINFIN-MINITPR/010/CI/KKM/2008 portant création, organisation et fonctionnement du Comité interministériel de suivi du Projet Pro-Routes. dated September 13, 2008, as amended through Arrêté interministériel No. 125 MINFIN-MINITPR/004/CI/KKM/2009 modifiant et complétant l'Arrêté interministériel No. MINFIN-MINITPR/010/CI/KKM/2008 portant création,
19. "Indigenous People" means the social groups with a distinct social and cultural identity that makes them vulnerable to being disadvantaged in the development process, including the presence in varying degrees of the following characteristics: (a) a close attachment to ancestral territories, including forest areas and to the natural resources in these areas; (b) self-identification and identification by others as members of a distinctive cultural group; (c) an indigenous language often different from the national language; (d) presence of customary social and political institutions; and (e) primarily subsistence-oriented production.

20. "IPP" and "Indigenous Peoples Plan" mean the document for the targeted development of Indigenous Peoples under the Project, prepared on the basis of the IPPF and taking into consideration their social, cultural and economic specificity.

21. "IPPF" and "Indigenous Peoples Planning Framework" mean the preliminary framework adopted by the Recipient on September 21, 2007, updated and disclosed on October 15, 2015, for the informed participation of the Indigenous Peoples, defining perspectives for Indigenous People in order to protect them from any negative impact of the Project and to ensure that their members are granted equal opportunities under the Project. The IPPF will result in the preparation of one or more IPP during the execution of the Project.


24. "MoU" and "Memorandum of Understanding" means the agreement satisfactory to the Association among MIPW and MECNDDD dated January 8, 2008, as amended, defining the modalities of the implementation and supervision of environmental safeguards under the Project, as referred to in section I. D of Schedule 2 to this Agreement.

25. "OdR" means Office des Routes, a parastatal established and operating pursuant to Decree 08/009 dated July 7, 2008 “portant dispositions générales applicables aux Etablissements Publics Decree 09/47 dated December 3, 2009, fixant statuts Etablissement Public dénommé l’Office des Routes”.

26. "Operating Costs" means the incremental expenses, based on annual budget acceptable to the Association, incurred by CI, on account of Project implementation, management and monitoring, including office supplies, vehicles operation and maintenance, communication costs, rental expenses, utilities expenses, consumables, transport, travel and accommodation, supervision costs and salaries of locally contracted staff other than officials or civil servants of the Recipient; as well incurred on behalf of MIPW on account of Project monitoring, including office supplies, travel and accommodation.
27. "Original Financing Agreement" means the Financing Agreement for the High Priority Roads Reopening and Maintenance Project between the Recipient and the Association, dated July 8, 2008 (Grant No H359-DRC).

28. "Original Project" means the Project described in the Original Financing Agreement.

29. "PAFAM" and "Project Administrative, Financial and Accounting Manual" mean the manual dated December 10, 2015 outlining the administrative, financial management and accounting and auditing arrangements for the implementation of the Project, as the same may be amended by agreement of the Parties from time to time, and such term includes any schedules to the PAFAM.

30. "Performance Bonus" means a bonus based on performance eligible to be paid in any year by CI to OdR’s staff assigned to rehabilitation of Road Segments and MECNDD’s, ACE’s, and ICCN’s staff assigned to enforcement of environmental and social protection laws, calculated according to a methodology and performance criteria to be agreed upon with the Association.

31. "Performance Contract" means the agreement, satisfactory to the Association, concluded on January 25, 2008 between CI and OdR for the implementation of Part A(1) of the Project, as the same may be amended from time to time with the Association prior written agreement.

32. "PF" and "Process Framework" mean the document, satisfactory to the Association, which describes the procedures and processes to be used to allow the local communities to participate in a fair, sustainable and participatory manner in the management of the concerned natural resources in existing or newly created Protected Areas under the Project.

33. "PIM" and "Project Implementation Manual" mean the manual dated December 10, 2015, outlining, *inter alia*, (a) the institutional, disbursement, procurement and monitoring arrangements for the implementation of the Project, including performance indicators; (b) environmental and social safeguards requirements and procedures for the Project included in the ESD; (c) the Anti-Corruption Action Plan; (d) the Performance Contract; (e) the timing and amounts of the Recipient’s counterpart funding; (f) the procedures and model form for the environmental and social safeguards quarterly reports; and (g) the Memorandum of Understanding, as the same may be amended by agreement of the Parties from time to time, and such term includes any schedules to the PIM.


35. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated November 19, 2015 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
36. “Protected Areas” means a portion of land or a habitation specially destined to the protection and maintenance of biological diversity or of natural and cultural resources, to be protected by specific means, whether legal or other (ICCN 1994).

37. “RAP” and “Resettlement Action Plan” mean the action plan to be prepared and published, as the case may be, in connection with Displaced Persons, in accordance with the provisions of the RPF (as hereinafter defined).

38. “RMF” and “Road Maintenance Fund” mean the Fonds National d’Entretien Routier - FONER, established and operating in accordance with the Recipient’s Law No. 08/006-A dated July 7, 2008 and with the Recipient’s Decree No. 08/27 dated December 24 2008, as amended to date.

39. “Road Segment” means any road segment to be rehabilitated under the Project.

40. “RPF” means the policy framework for land acquisition, compensation, resettlement and rehabilitation of Project Displaced Persons adopted by the Recipient on September 21, 2007, updated and disclosed on October 15, 2015, as said policy framework may be amended from time to time with the prior concurrence of the Association.

41. “Training” means the expenses based on annual budgets acceptable to the Association, in respect of travel, accommodation, purchase of training materials and rental of facilities, and includes workshops and seminars.
Supplemental Letter

DEMOCRATIC REPUBLIC OF CONGO

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

Re: Credit No. 5763-ZR
(Second Additional Financing for High Priority Roads and Maintenance Project)
Section 5.01 of the General Conditions
Financial and Economic Data

Dear Sirs:

In connection with the Financing Agreement (Financing Agreement) of this date between the Democratic Republic of Congo (Member Country) and International Development Association (Association) providing financing (Financing) for the above-captioned Operation, and the General Conditions (General Conditions) made applicable to the Financing Agreement, I am writing on behalf of the Member Country, to set forth the following:

1. We understand and agree that, for purposes of Section 5.01 of the General Conditions, the Member Country is required by the Association:

   (a) to report "long-term external debt" (as defined in the World Bank's Debtor Reporting System Manual, dated January 2000 (DRSM)), in accordance with the DRSM, and in particular, to notify the Association of new "loans commitments" (as defined in the DRSM) not later than 30 days after the end of the quarter during which the debt is incurred, and to notify the Association of "transactions under loans" (as defined in the DRSM) once a year, not later than March 31 of the year following the year covered by the report; and

   (b) to (i) notify the Association at least three months prior to incurring any non-concessional long-term external debt, of its intention to incur such debt, together with the proposed terms of such debt; and (ii) afford the Association a reasonable opportunity to exchange views with the Member Country on the matter. For purposes of this paragraph, "non-concessional long-term external debt" means any long-term external debt (as defined in the DRSM), but excluding private debt (as so defined), with an estimated grant element (GE) calculated in the manner published from time to time by the Association (see, www.worldbank.org/ida under "reports") of less than (i) 35% or (ii) the GE for determining concessionality established by the International Monetary Fund in any Extended Credit Facility arrangement, Standby Credit Facility or Policy Support Instrument with the Member Country in effect at the time of such notice, whichever is higher.