



August 19, 2020

H. E. José Sele Yalaghuli
Ministre des Finances
Ministère des Finances
Boulevard du 30 Juin
Commune de la Gombe
Kinshasa 1, Democratic Republic of Congo

Re: Democratic Republic of Congo: Second Supplemental Advance Agreement for the Preparation of the Proposed Kinshasa Multi-Sector Development and Urban Resilience Project
Project Preparation Advance No. V3360

Excellency:

In response to the request for financial assistance made on behalf of the Democratic Republic of Congo (“Recipient”), I am pleased to inform you that the International Development Association (“World Bank”) proposes to extend to the Recipient an advance out of the World Bank’s Project Preparation Facility in an amount not to exceed five million five hundred thousand Dollars (\$5,500,000) (“Advance” or Second Supplemental Advance) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in financing the activities described in the Annex (“Activities”). Two previous advances totaling four million one hundred fifteen thousand Dollars (\$4,115,000) were granted respectively to the Recipient on August 4, 2017 and May 22, 2019 bringing the total amount of financial support extended by the World Bank for the preparation of the proposed project to nine million six hundred fifteen thousand Dollars. The objective of the Activities is to facilitate the preparation of a proposed project designed to improve the living conditions of populations of selected poor and vulnerable neighborhoods of Kinshasa and strengthen the capacities of central, provincial and municipal institutions in urban governance (“Project”), for the carrying out of which the Recipient has requested the World Bank’s financial assistance.

The Recipient represents, by confirming its agreement below, that: (a) it understands that the provision of the Second Supplemental Advance does not constitute or imply any commitment on the part of IBRD or IDA to assist in financing the Project; and (b) it is authorized to enter into this Agreement and to carry out the Activities, repay the Advance and perform its other obligations under this Agreement, all in accordance with the provisions of this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this

-2-June 29, 2020

Agreement shall be deemed withdrawn if the World Bank has not received this countersigned copy within ninety (90) days after the date of signature of this Agreement by the World Bank, unless the World Bank has established a later date for such purpose.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By 
Jean-Christophe Carret
Country Director for Democratic of Congo
Africa Region

AGREED:
DEMOCRATIC REPUBLIC OF CONGO

By 
Authorized Representative

Name: SELE YAMAGIHO

Title: MIN. OF FINANCE

Date: 29/08/20

Enclosures:

- (1) "Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility", dated July 31, 2010; and
- (2) Disbursement Letter for the Advance of the same date as this Agreement, together with "Disbursement Guidelines for Investment Project Financing", dated February 2017.

Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The “Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility”, dated July 31, 2010 (“Standard Conditions”), constitute an integral part of this Agreement.

1.02. **Definitions.** 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, and the following additional terms shall have the following meanings:

(a) “Coordination Unit” means the coordination unit established within the Recipient’s ministry in charge of infrastructure and public works for the purpose of the IDA-financed High-Priority Roads Re-opening and Maintenance Project - Grant H359-DRC - dated July 8, 2008.

(b) “Environmental and Social Commitment Plan” or the acronym “ESCP” means the Recipient’s environmental and social commitment plan, acceptable to the World Bank, dated April 30, 2020, which sets out a summary of the material measures and actions to address the potential environmental and social risks and impacts of the Activities, including the timing of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any instruments to be prepared thereunder; as the ESCP may be revised from time to time, with prior written agreement of the World Bank, and such term includes any annexes or schedules to such plan.

(c) “Environmental and Social Standards” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank at www.worldbank.org.

(d) “Operating Costs” means the incremental operating expenses incurred on account of the implementation of the Activities, management and monitoring, including on account of operation and maintenance costs of office and office equipment, office supplies, additional staff costs, travel and supervision costs, *per diem*, but excluding the salaries and indemnities of officials and public servants of the Recipient’s civil service.

(e) “Training” means the reasonable costs of: (i) training materials and rental of training facilities and equipment; (ii) tuition fees, travel, accommodation and *per diem* of trainers and trainees; and (iii) any other expenses related to training to be carried out under the Activities.

Article II
Execution of the Activities

2.01. ***Description of the Activities.*** The Activities for which the Second Supplemental Advance is provided consist of the following parts:

(a) Technical assistance to: (i) update the existing safeguard studies to align with the new environmental and social framework; (ii) carry out studies to define contents of investments in skills development and energy; (iii) financial and technical studies for solid and liquid waste management; and (iv) studies to refine local governance activities.

(b) Capacity building activities, including: (i) workshops with key stakeholders; (ii) training sessions on the proposed Project safeguards, procurement, financial management and monitoring and evaluation; and (iii) knowledge and experience sharing.

(c) Provision of Operating Cost for the purpose of Project preparation.

2.02. ***Execution of the Activities Generally.*** The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall carry out the Activities through a Coordination Unit in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article II; and (c) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.

2.03. ***Institutional and Other Arrangements.*** Without limitation upon the provisions of Section 2.02 above, the Recipient shall maintain, throughout the Refinancing Date, the Coordination Unit with staffing, functions and resources satisfactory to the World Bank to be responsible for overseeing the day-to-day implementation of the Activities, including financial management and procurement.

2.04. ***Environmental and Social Standards***

(a) The Recipient shall ensure that the Activities are carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the World Bank.

(b) Without limitation upon paragraph (a) above, the Recipient shall ensure that the Activities are implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the World Bank. To this end, the Recipient shall ensure that:

- (i) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and as further specified in the ESCP;
- (ii) sufficient funds are available to cover the costs of implementing the ESCP;
- (iii) policies, procedures and qualified staff are maintained to enable it to implement the ESCP, as further specified in the ESCP; and
- (iv) the ESCP or any provision thereof, is not amended, revised or waived, except as the World Bank shall otherwise agree in writing and the Recipient has, thereafter, disclosed the revised ESCP.

In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

(c) The Recipient shall:

- (i) take all measures necessary on its part to collect, compile, and furnish to the World Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the World Bank, information on the status of compliance with the ESCP and the management tools and instruments referred to therein, all such reports in form and substance acceptable to the World Bank, setting out, *inter alia*: (A) the status of implementation of the ESCP; (B) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (C) corrective and preventive measures taken or required to be taken to address such conditions; and
- (ii) promptly notify the World Bank of any incident or accident related to or having an impact on the Activities which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the instruments referenced therein and the Environmental and Social Standards.

(d) The Recipient shall maintain and publicize the availability of a grievance mechanism, in form and substance satisfactory to the World Bank, to hear and determine fairly and in good faith all complaints raised in relation to the Activities, and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the World Bank.

2.05. **Monitoring, Reporting and Evaluation of the Activities.** The Recipient shall monitor and evaluate the progress of the Activities in accordance with the provisions of Section 2.08 of the Standard Conditions.

2.06. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.09 of the Standard Conditions.

(b) The Recipient shall ensure that interim un-audited financial reports for the Activities are prepared and furnished to the World Bank not later than one month after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Sections 2.09 (b) of the Standard Conditions.

(i) If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, the Recipient shall have the Financial Statements included in the first audit of financial statements required under the Refinancing Agreement.

(ii) If, by the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, such audit of the Financial Statements shall cover the period of the Advance, commencing with the fiscal year in which the first withdrawal under the Advance was made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six (6) months after the end of the Recipient's fiscal year in which the Refinancing Date occurs.

(iii) Notwithstanding the provisions of paragraphs (i) and (ii) of this Section, the World Bank may request an audit of the Financial Statements prior to the Refinancing Date, covering such period as is indicated in its request. The audited Financial Statements for such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

2.07. *Procurement*

All goods, non-consulting services and consulting services required for the Activities and to be financed out of the proceeds of the Second Supplemental Advance shall be procured in accordance with the requirements set forth or referred to in the "World Bank Procurement Regulations for IPF Borrowers" dated July 2016, revised November 2017 and August 2018 ("Procurement Regulations") and the provisions of the Recipient's procurement plan for the Activities dated April 3, 2020 ("Procurement Plan") provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.

Article III Withdrawal of the Second Supplemental Advance

3.01. *Eligible Expenditures.* The Recipient may withdraw the proceeds of the Second Supplemental Advance 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 "Disbursement Guidelines for Investment Project Financing" dated February 2017, 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 following table. The table specifies each category of Eligible Expenditures that may be financed out of the proceeds of the Advance ("Category"), the amount of the Advance allocated to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Second Supplemental Advance Allocated (expressed in Dollars)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, non-consulting services, consulting services, Operating Costs and Training under the Activities	5,500,000	100%
TOTAL AMOUNT	5,500,000	

3.02. *Withdrawal Conditions.* Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient, except that withdrawals up to an aggregate amount not to exceed \$500,000 equivalent may be made for payments made prior to this date but on or after May 22, 2020 for Eligible Expenditures under Category (1).

3.03. **Refinancing Date.** The Refinancing Date is December 31, 2020.

**Article IV
Terms of the Advance**

4.01. **Service Charge.** The Recipient shall pay a service charge on the Withdrawn Advance Balance at the rate of three-fourths of one percent ($3/4$ of 1%) per annum. The service charge shall accrue from the respective dates on which amounts of the Advance are withdrawn and shall be paid in arrears in accordance with the provisions of Section 4.02 of this Agreement. Service charges shall be computed on the basis of a 360-day year of twelve 30-day months.

4.02. **Repayment.** The Withdrawn Advance Balance shall be repaid by the Recipient to the World Bank (together with any service charges accrued thereon) in accordance with the provisions of Article IV of the Standard Conditions and the following provisions:

(a) *Refinancing under the Refinancing Agreement:* If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, then the full amount of the Withdrawn Advance Balance shall be repaid to the World Bank (together with any service charges accrued on the Advance to the date of repayment) as soon as the Refinancing Agreement becomes effective, by means of a withdrawal by the World Bank of an amount of the Refinancing Proceeds equivalent to the Withdrawn Advance Balance plus such service charges, in accordance with the provisions of the Refinancing Agreement.

(b) *Repayment in the absence of a Refinancing Agreement:* If, on or before the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, or if, by such date, it has been so executed but terminates without becoming effective, then:

- (i) if the amount of the Withdrawn Advance Balance does not exceed \$50,000, it shall be repaid by the Recipient to the World Bank (together with service charges accrued on the Withdrawn Advance Balance to the date of repayment) on such date as the World Bank shall specify in a notice to the Recipient, which shall in no event be earlier than 60 days following the date of dispatch of such notice; and
- (ii) if the amount of the Withdrawn Advance Balance exceeds \$50,000, it (together with service charges accrued on the Withdrawn Advance Balance to the Notice Date) (the "Aggregate Balance") shall be paid by the Recipient to the World Bank in ten approximately equal semiannual installments, in the amounts and on the dates ("Payment Dates") which the World Bank shall specify in a notice to the Recipient. In no event shall the first Payment Date be set earlier than 60 days following the date ("Notice Date") of dispatch of such notice. The Recipient shall pay a service charge on the Aggregate Balance at the rate of three-fourths of one percent ($3/4$ of 1%) per annum, payable in arrears on each Payment Date. The service charge shall be computed on the basis of a 360-day year of twelve 30-day months.

**Article V
Recipient's Representative; Addresses**

5.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 9.02 of the Standard Conditions is its minister in charge of finance.

-8-June 29, 2020

5.02. **Recipient's Address.** The Recipient's Address referred to in Section 9.01 of the Standard Conditions is:

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

Email:
cabfinances@minfinrdc.com

5.03. **World Bank's Address.** The World Bank's Address referred to in Section 9.01 of the Standard Conditions is:

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

Telex:	Facsimile:
248423 (MCI) or 64145 (MCI)	(1)-202-477-6391