H.E. Henri Yav Mulang
Minister
Ministry of Finance
Boulevard du 30 Juin
Commune de la Gombe
Kinshasa, BP 12997
Democratic Republic of Congo

Re: Democratic Republic of Congo: Advance Agreement for Preparation of Proposed Kinshasa Urban Development Project Project Preparation Advance No. V1090-DRC

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 two million two hundred sixty-five thousand Dollars ($2,265,000) ("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"). The objective of the Activities is to facilitate the preparation of a proposed project designed to improve the living conditions and socio-economic opportunities of selected poor and vulnerable neighborhoods in Kinshasa, and to strengthen 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 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effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received this countersigned copy within 90 days after the date of signature of this Agreement by the World Bank, unless the World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.

July 24, 2017

1818 H Street NW · Washington, DC 20433 USA
Mr. Henri Yav Mulang
Minister of Finance

Very truly yours,
INTERNATIONAL DEVELOPMENT ASSOCIATION

By, Ahmadou Moustapha Ndiaye
Country Director for DRC
Africa Region

AGREED:

DEMOCRATIC REPUBLIC OF CONGO

By [Signature]
Authorized Representative

Name: Henri Yav Mulang
Title: Ministre de la Finances
Date: 04 April 2017

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 “World Bank Disbursement Guidelines for Projects”, dated May 1, 2006.
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.

   (a) "M&E" means monitoring and evaluation.

   (b) "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.

   (c) "Project Coordination Unit" or "PCU" means the Project Coordination Unit established in the Recipient’s Ministry of Urban Planning and Housing for the purposes of Grant H842-ZR, dated June 8, 2013.

   (d) "Provincial Project Management and Procurement Unit" or "CGPMP" means the project management unit established in the Recipient’s Provincial Ministry of Plan, Budget, Public Works and Infrastructure, pursuant to Arrete No. SC/031/BGV/MINPBTPI/SMI/2013 dated February 26, 2013, for the purpose of managing projects and public procurement in the Province of Kinshasa.

   (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 Project.

Article II
Execution of the Activities

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

   (a) Assessment of the construction material and sector capacity for labor-intensive works;

   (b) Carrying out feasibility and technical studies for the key trunk and secondary urban roads,

   (c) Carrying out priority anti-erosion and drainage work program studies;
(d) Carrying out a technical study for a sludge treatment plant and organization of the value chain;
(e) Definition of a priority investment program in targeted neighborhoods;
(f) Carrying out a social assessment for the project areas;
(g) Carrying out a capacity building needs assessment for stakeholders involved in the delivery of social protection and social development activities;
(h) Carrying out a waste recycling management study;
(i) Financial and managerial evaluations of Kinshasa City Province and action plan;
(j) Development of an urban management program for capacity building in the Recipient’s agencies in the areas of urban planning, social housing strategies and resettlement strategies;
(k) Development of safeguards documents for the Project;
(l) Development of environmental and social impacts assessments, environmental management plans, and resettlement actions plans for identified infrastructure investments and strategy for large scale resettlement and housing;
(m) Development of project operation manuals;
(n) Carrying out economic analysis of the proposed project activities;
(o) Preparation, validation, dissemination and launching workshops with key stakeholders;
(p) Training sessions on project social safeguards; procurement, financial management and M&E;
(q) Knowledge and experience sharing to include participation of key stakeholders in relevant study tours and conferences, workshops to learn from other country experiences on how they address similar urban development challenges.
(r) Provision for supplies, equipment, software, and daily operation costs of the Project Coordination Unit (PCU) and to strengthen the capacity of the Provincial Project Management and Procurement Unit (CGPMP), inter alia; and
(s) Consultants to support the PCU and the CGPMP to coordinate and supervise the consultancies and stakeholder workshops mentioned above.

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 to be carried in accordance with the provisions of: (a) Article 11 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 paragraph 2.02 above, the Recipient shall maintain throughout the implementation of the Advance the Project Coordination Unit (PCU) with terms of reference, composition and resources satisfactory to the World Bank, which shall be responsible for overseeing the day-to-day implementation and fiduciary aspects of the Advance.
2.04. **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.

2.05. **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. Each such 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 Advance was made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

(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 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 months after the end of such period.

2.06. **Procurement**

All goods, non-consulting services and consulting services required for the Activities and to be financed out of the proceeds of the Advance shall be procured in accordance with the requirements set forth or referred to in the “World Bank Procurement Regulations for Borrowers under Investment Project Financing” dated July 1, 2016 (“Procurement Regulations”) and the provisions of the Recipient’s procurement plan for the Activities dated July 3, 2017 (“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 Advance

3.01. Eligible Expenditures. The Recipient may withdraw the proceeds of the 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:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Advance Allocated (expressed in Dollars)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services, consulting services, Operating Costs and Training</td>
<td>2,265,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>2,265,000</td>
<td></td>
</tr>
</tbody>
</table>

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.

3.03. Refinancing Date. The Refinancing Date is November 21, 2018.

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 or at any time thereafter, 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 the Minister in charge of finance.

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
Tel.: +243 82 58 522 40
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: 248423 (MCI) or 64145 (MCI)  
Facsimile: (1)-202-477-6391