Financing Agreement

(Forest and Economic Diversification Project)

between

REPUBLIC OF CONGO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 13, 2012
CREDIT NUMBER 5121-CG

FINANCING AGREEMENT

AGREEMENT dated 13, 2012, entered into between REPUBLIC OF CONGO ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). 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 six million five hundred thousand Special Drawing Rights (SDR 6,500,000) (variously, "Credit" and "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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.

2.06. The Payment Dates are April 1 and October 1 in each year.

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

2.08. The Payment Currency is the Dollar.
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through MSDFE 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 Association has determined that at any time before the Closing Date, the Recipient has failed to apply sound environmental or social standards or practices in its management of natural forests and plantations or carrying out of natural forest or plantation related activities.

(b) The Association has determined that the Forestry Legislation has been amended, suspended, abrogated, repealed or waived in such a manner as to affect materially and adversely the ability of the Recipient to perform any of its obligations under this Agreement or to achieve the objective of the Project.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Conditions of Effectiveness consist of the following:

(a) The Recipient has employed all the staff referred to in Section I.A.2(b) of Schedule 2 to this Agreement, in accordance with the provisions of said Section.

(b) The Recipient has adopted the Project Implementation Manual in accordance with the provisions of Section I.B of Schedule 2 to this Agreement.

(c) The Recipient has deposited at least five hundred million CFA Francs (CFAF 500,000,000) into the Project Counterpart Funds Account in accordance with the provisions of Section I.C of Schedule 2 to this Agreement.

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

5.03. 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 (20) years after the date of this Agreement.
ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is its minister at the time responsible for finance.

6.02. The Recipient’s Address is:

Ministère des Finances, du Budget et du Portefeuille Public
Boulevard Denis Sassou Nguesso / Avenue Foch
B.P. 2083
Brazzaville
Republic of Congo

Facsimile:
242-2281-43-69

6.03. The Association’s Address is:

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

Cable: INDEVAS Telex: 248423 (MCI) Facsimile: 1-202-477-6391
Washington, D.C.
AGREED at Brazzaville, June 13, 2012 as of the day and year first above written.

REPUBLIC OF CONGO

By Gilbert CONGOCO

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By Eustache CUAYOCO

Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to increase the capacity of the Recipient to: (a) promote better implementation of its forestry legislation; and (b) enhance the policy environment for participation of local communities and the private sector in sustainable forest management and reforestation.

The Project consists of the following parts:

Part A: Capacity Building and Institutional Strengthening of MSDFEE

1. Strengthening Operational and Management Capacity

Carrying out of a program to strengthen MSDFEE’s operational and management capacity, said program to consist of:

(a) capacity building in human resources and fiduciary management, through upgrading of financial and human resources management systems, training in financial management, human resources management, procurement and utilization of said management systems; and training in results-based management;

(b) (i) in-service technical training for MSDFEE’s staff in forest policy and its legislative and regulatory framework and strategies for forestry resource and environmental management (including participatory approaches, forest management planning and implementation, social and environmental responsibility contracts, forest product traceability mechanisms, international obligations under VPA–FLEGT and REDD+, environmental services, environmental and social impact studies and risk management); and (ii) in-service administrative training for said staff;

(c) capacity building of staff of the National Forest and Wildlife Resources Inventory and Management Center in forest inventory and data processing, through provision of training and technical experts;

(d) (i) development and operationalization, within MSDFEE’s department responsible for studies and planning, of a management information system for planning, monitoring and evaluation; and (ii) provision of training in the application of said system;

(e) further development and improvement of the articulation among forest information and management systems, through: (i) a stocktaking of said systems; and (ii) development and implementation of a plan to operationalize said systems, improve tools for data collection, train the users and managers of said systems, and train forest engineers and rangers in data collection and processing;
strengthening of MSDFEE's communication capacity, through the: (i) upgrading and maintenance of its website to provide better information on the forestry regulatory framework and forestry activities, and provision of training in the management and maintenance of said site; and (ii) development and implementation of annual communications plans, including information campaigns regarding its activities, notably VPA-FLEGT;

establishment of a functioning national system of traceability of forest products, by: (i) strengthening the capacity of MSDFEE's staff responsible for forest products traceability to conduct site visits and to operate and maintain computerized timber tracking and legality certification systems; and (ii) provision of training and technical assistance to enterprises on fulfilling VPA-FLEGT requirements and of information sessions to the public on VPA-FLEGT procedures; and

provision of goods (including inter alia, vehicles, global positioning systems computer hardware and software), carrying out of field visits and refurbishing and furnishing of offices, all as required for the activities included in this Part A.1.

2. Strengthening the Forestry and Nature Conservation Regulatory Framework.

Carrying out of a program to strengthen the Recipient's forest management and nature conservation regulatory framework, said program to consist of:

(i) review of the forestry legislation, as needed, in order to assess consistency with VPA-FLEGT and sound environmental, social and governance standards; and (ii) preparation and implementation of a community and media outreach plan to improve the public's knowledge and understanding of the legislation (as possibly revised to ensure such consistency);

(ii) development in a participatory manner, of manuals detailing the procedures for forest gazetting and de-gazetting; (ii) field testing of said procedures; (iii) dissemination of said manuals to communities living in forest concession areas and protected areas to increase their awareness of said procedures; and (iv) provision of training in their use to staff of MSDFEE and of local non-governmental organizations;

(i) development of appropriate procedures for awarding forest concessions, including design of financial and technical criteria for evaluation of proposed awards, and methods for consultations with affected local communities; and (ii) dissemination of said procedures and criteria and provision of training in their application;
(d) development and adoption of a regulatory framework (and associated procedures) for taxation of forest activities and products, as well as for tax revenue benefit sharing;

(e) operationalization of an inter-ministerial committee with mandate to address and facilitate resolution of land-use conflicts over natural eco-systems, through: (i) updating of its regulatory framework, as needed; (ii) development of suitable operating procedures for the committee; (iii) conduct of meetings of the committee; (iv) carrying out of technical studies required to support its deliberations; (v) dissemination of its functions; and (v) consultations with local communities as necessary; and

(f) provision of goods required for the activities included in this Part A.2.

3. Strengthening Environmental Management

Carrying out of a program to strengthen environmental management in the Recipient’s territory, said program to consist of:

(a) (i) preparation, adoption and dissemination of an appropriate regulatory framework for the Recipient’s environmental legislation; and (ii) preparation and implementation of a plan for the wide dissemination of said framework to the public;

(b) (i) development of guidelines on the carrying out of environmental and social impact assessments, with a particular focus on forestry, mining, onshore petroleum, infrastructure, hydro-electric energy and agriculture activities; and (ii) dissemination of said guidelines and provision of training to governmental staff and private firms involved in said sectors on the preparation and evaluation of such assessments, as well as in monitoring environmental management plans;

(c) (i) carrying out of a feasibility study for an environmental quality monitoring laboratory; and (ii) on the basis of the results of said study, establishment of the laboratory through refurbishment of existing facilities and provision of training to laboratory assistants in its operation;

(d) carrying out of such additional environmental studies and assessments related to the forestry sector as may be agreed with the Association; and

(e) provision of goods required for the activities included in this Part A.3.

4. Promotion of Sustainable Development

(a) Preparation and dissemination to the public of: (i) a national strategy designed to promote sustainable development; and (ii) a related action plan for the implementation of said strategy.
(b) (i) Carrying out of a program to enhance the capacity of MSDFEE's general directorate responsible for sustainable development to raise awareness among other ministries of emerging sustainable development issues (such as climate change, biodiversity, and soil degradation); and (ii) carrying out of such awareness raising activities.

(c) Carrying out of preparatory studies on forestry and environmental issues, as needed to develop a national land use plan.

(d) Carrying out of studies to enable MSDFEE to play an active and effective role on the inter-ministerial committee referred to in Part A.2(e) of the Project.

(e) Provision of goods required for the activities included in this Part A.4.

5. **Project Coordination**

Provision of staff, training and goods (including inter alia vehicles, furniture, small field equipment and maps), as required for Project coordination.

**Part B: Improving the Enabling Environment for Private Sector and Smallholder Activities in the Forest Sector**

1. **Afforestation and Reforestation.** Carrying out of a program to facilitate the creation of a favorable environment for appropriate private sector and smallholder investments in plantation forests and agro-forestry, said program to consist of:

(a) carrying out of a diagnostic study to identify constraints to private sector investments in forest and agro-forestry plantations, and to evaluate and recommend environmentally, socially, financially and technically appropriate options for addressing such constraints;

(b) carrying out of a study on potential markets for plantation products;

(c) development of a detailed national afforestation and reforestation program, including economically viable plantation models, on the basis, *inter alia*, of the studies carried out under Part B.1(a) and (b) of the Project;

(d) (i) carrying out of a study to identify, evaluate and recommend appropriate legislative and regulatory measures designed to facilitate private investments in plantations and development of markets for their products; and (ii) conduct of consultation and validation workshops required for the purpose;

(e) development of sound procedures and criteria for consultations with local communities and indigenous peoples designed to facilitate identification and allocation of land for reforestation by the private sector in a manner designed to respect the land use rights of said communities and peoples;
(f) development of appropriate environmental and social guidelines for different plantation types;

(g) (i) establishment of a comprehensive data bank of information on plantations; and (ii) provision of training to staff in its operation and management, computer hardware and software and cartographic equipment required for the purpose;

(h) preparation and carrying out of training programs to enhance the skills of the Recipient’s staff and non-governmental organizations, in order to facilitate the environmentally, socially and technically sound establishment and management of plantations;

(i) carrying out of information campaigns to increase awareness of the Recipient’s afforestation and reforestation activities and related legislative and regulatory framework;

(j) strengthening of the capacity of the Recipient’s staff to coordinate and facilitate reforestation and afforestation activities, through the provision of computer hardware and software, vehicles, small field equipment required for the purpose;

(k) strengthening of the capacity of the Recipient’s staff to provide technical assistance to small-holder tree planters in savannah zones, through the provision of vehicles and small field equipment; and

(l) development of a strategy to protect forested areas against fires and other risks.

2. Small and Medium Scale Forest Enterprises

(a) (i) Reinforcement of the training program for timber artisans in Pointe Noire; and, (ii) on the basis of the results of such reinforcement, extension of the training program to Brazzaville; all through the refurbishing, furnishing and equipping of woodworking buildings and provision of technical advisory services.

(b) Carrying out of a participatory study with small and medium wood enterprises in order to develop a development strategy for such enterprises, such study to identify, evaluate and recommend: (i) potential markets for artisanal production; (ii) opportunities for technical and marketing improvements; and (iii) scenarios for formalizing such enterprises.

(c) Design of an environmentally sustainable strategy for the development of endangered non-timber forest products, such as *Gnetum africanum* and rattan.
3. **Environmental Services.**

Carrying out of a program to promote environmental services (such as carbon sequestration, REDD+, and biodiversity conservation) in the Recipient’s territory, such program to consist of:

(a) capacity building: (i) of private and other non-governmental developers of environmental services projects to enable them to develop such projects in compliance with legal requirements and access financing for such projects; and (ii) of government agencies to enable them oversee such projects; all through the provision of training.

(b) economic evaluation of environmental services provided by the Recipient’s ecosystems (including costs associated with degradation of said ecosystems and potential of such services to mitigate such degradation);

(c) (i) information campaigns to raise awareness of environmental services and to inform interested parties regarding the conditions for accessing funding for environmental services and potential project developers; and (ii) south-south exchanges to increase the knowledge of government staff, civil society and private entities regarding environmental services initiatives outside the Recipient’s territory;

(d) technical assistance to local communities in their preparation of environmental services project proposals, including feasibility studies, socio-economic and legal studies, studies on financing mechanisms, and design of monitoring and evaluation tools;

(e) consultations, committee meetings and analytical studies required for the finalization of the Recipient’s REDD+ strategy and implementation framework; and.

(f) provision of goods required for the activities included in this Part B.3.

**Part C: Enhancing the Participation of Local and Indigenous Communities in Forest Management**

Carrying out of a program designed to enhance local and indigenous community participation and benefit sharing in the elaboration and implementation of forest management plans, said program to consist of:

1. technical assistance to local and indigenous communities: (a) in the design of social responsibility contracts and management plans for community development zones within forest concessions; and (b) to enhance the capacity of community development councils to conduct negotiations of such contracts and plans;
2. (a) information campaigns designed to promote awareness on the part of local and indigenous communities of their rights and responsibilities relating to participation and benefit sharing in forest management; and (b) provision of negotiating skills training to said communities;

3. training of staff of the Recipient, as well as non-governmental organizations, in forest management planning procedures and negotiations and monitoring of social responsibility contracts and forest management plans;

4. a study to review and clarify the forest regulatory framework in respect of local and indigenous community participation, as needed; and

5. provision of goods required for the activities included in this Part C.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall maintain throughout the period of Project implementation, within the DSP qualified and experienced staff in adequate numbers, to be responsible for overall Project coordination and management.

2. Without limitation upon the provisions of paragraph 1 of this Section I.A, the Recipient shall:

   (a) maintain within the DSP, throughout the period of Project implementation, the following staff, whose qualifications, experience and terms of reference shall be satisfactory to the Association:

      (i) a coordinator for the Project;
      (ii) a deputy coordinator for the Project; and
      (iii) a forestry expert; and

   (b) employ and thereafter, except as otherwise agreed with the Association in writing, maintain within the DSP at all times during Project implementation, the following staff, whose qualifications, experience and terms of reference shall be satisfactory to the Association:

      (i) an administrative, financial management and accounting specialist;
      (ii) a procurement specialist;
      (iii) an expert in natural resources management with experience in monitoring and evaluation; and
      (iv) a social scientist with experience in communications.

B. Project Implementation Manual

1. The Recipient shall prepare, in accordance with terms of reference acceptable to the Association and furnish to the Association, a proposed implementation manual for the Project, containing detailed: (a) administrative; (b) procurement; (c) financial management; (d) monitoring and evaluation procedures and arrangements; and (e) procedures for applying the Safeguard Frameworks under the Project.
2. The Recipient shall: (a) furnish said manual to the Association for review; (b) afford the Association a reasonable opportunity to exchange views with the Recipient on said manual; and (c) thereafter, adopt such Project implementation manual as shall have been approved by the Association ("Project Implementation Manual").

3. The Recipient: (a) shall ensure that the Project is carried out in accordance with the Project Implementation Manual; and (b) shall not amend or waive any of its provisions without the prior written agreement of the Association.

4. Notwithstanding the foregoing, in the event of any inconsistency between the provisions of the Project Implementation Manual and those of the Financing Agreement, the provisions of the Financing Agreement shall prevail.

C. Project Counterpart Funds

1. The Recipient shall open and thereafter, at all times throughout the implementation of the Project, maintain in a financial institution and on terms and conditions acceptable to the Association, an account into which the Recipient shall deposit all counterpart funds required for the Project ("Project Counterpart Funds Account").

2. Without limitation upon the provisions of Section 4.03 of the General Conditions, the Recipient shall deposit into the Project Counterpart Funds Account the following amounts in CFA Francs not later than the dates indicated next to such amount:

<table>
<thead>
<tr>
<th>CFA Franc amount to be deposited</th>
<th>Date not later than which the amount shall be deposited in the Project Counterpart Funds Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>CFAF 500,000,000</td>
<td>Effective Date</td>
</tr>
<tr>
<td>CFAF 1,500,000,000</td>
<td>March 31, 2013</td>
</tr>
<tr>
<td>CFAF 1,500,000,000</td>
<td>September 30, 2013</td>
</tr>
<tr>
<td>CFAF 1,500,000,000</td>
<td>March 31, 2014</td>
</tr>
<tr>
<td>CFAF 1,500,000,000</td>
<td>September 30, 2014</td>
</tr>
<tr>
<td>CFAF 1,500,000,000</td>
<td>March 31, 2015</td>
</tr>
<tr>
<td>CFAF 1,300,000,000</td>
<td>September 30, 2015</td>
</tr>
<tr>
<td>CFAF 1,000,000,000</td>
<td>March 31, 2016</td>
</tr>
<tr>
<td>CFAF 1,000,000,000</td>
<td>September 30, 2016</td>
</tr>
</tbody>
</table>

3. The Recipient shall use all amounts deposited in the Project Counterpart Funds Account exclusively to pay for Eligible Expenditures included in the Annual Work Plan.
D. **Annual Work Plan**

1. The Recipient shall, not later than December 1 in each calendar year, prepare and furnish to the Association, a plan of activities proposed for inclusion in the Project during the following calendar year, including: (a) a detailed budget for said activities; (b) a detailed timetable for the sequencing and implementation of said activities; (c) the types of expenditures required for such activities and a proposed financing plan for such expenditures (including counterpart funds to be provided by the Recipient for each semester during said following calendar year); and (d) if any of said activities would require the preparation of a Safeguard Instrument pursuant to the Safeguard Frameworks, said Safeguard Instrument.

2. The Recipient shall exchange views with the Association on each such proposed annual work plan, and shall thereafter carry out such plan of activities for such following year as shall have been agreed between the Recipient and the Association ("Annual Work Plan").

3. Only those activities which are included in an Annual Work Plan shall be included in the Project and eligible for financing under the Financing.

4. The Recipient shall ensure that in preparing any training or workshops proposed for inclusion in the Project under an Annual Work Plan, it shall include in the proposed Annual Work Plan: (a) the objective and content of the training or workshop envisaged; (b) the selection method of the institutions or individuals conducting such training or workshop, and said institutions and individuals if already known; (c) the expected duration and an estimate of the cost of said training or workshops; and (d) the selection method of the personnel who will attend the training or the workshop, and said personnel if already known.

E. **Anti-Corruption**

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

F. **Safeguards**

1. The Recipient shall ensure that:

   (a) all terms of reference for any studies or other technical assistance to be carried out under the Project are consistent with and pay due attention to the Safeguard Frameworks and to the Recipient's own laws relating to the environment and social aspects; and

   (b) in drafting any laws or regulations under the Project, due attention is given to the Safeguard Frameworks and laws.
2. To this end, the Recipient shall, prior to undertaking each study included in the Project: (a) prepare and furnish the terms of reference for such study to the Association for its review; (b) afford the Association a reasonable opportunity to exchange views with the Recipient on said terms of reference; and (c) promptly finalize such terms of reference as shall have been approved by the Association.

3. Further to the provisions of paragraphs 1 and 2 of this Section I.F, if any refurbishing (or other activity) proposed to be carried out under the Project would, pursuant to the provisions of the Safeguard Frameworks, require the preparation of a Safeguard Instrument, the Recipient shall:

(a) prior to the commencement of said activity:
   (i) prepare and furnish to the Association for review, such Safeguard Instrument (as part of the Annual Work Plan in which the Recipient proposes to include said activity in the Project), in accordance with the Safeguard Frameworks;
   (ii) adopt and publicly disclose said Safeguard Instrument as approved by the Association; and
   (iii) implement all measures required pursuant to said Safeguard Instrument to be implemented prior to undertaking such activity; and
(b) thereafter, ensure the implementation of said activity in accordance with said Safeguard Instrument and the Safeguard Frameworks.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

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 indicators acceptable to the Association. Each Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Association not later than one (1) month after the end of the period covered by such report.

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 forty-five (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 (1) fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal was made under the Preparation Advance for the Project. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

4. In order to ensure the proper maintenance of the financial management system referred to in paragraph 1 of this Part B, and the timely carrying out of the audits referred to in paragraph 3 of this Part B, the Recipient shall, not later than three (3) months after the Effective Date:

(a) install and configure, in accordance with guidelines satisfactory to the Association, a suitable accounting software procured in accordance with the provisions of Section III of this Schedule; and

(b) engage auditors, whose terms of reference, qualifications and experience are satisfactory to the Association, for the purpose, in accordance with the provisions of Section III of this Schedule.

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 of this Part B, 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 and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services, as specified in the Procurement Plan: (a) National Competitive Bidding, subject to the following additional provision, namely that the Recipient shall use the standard bidding documents of the Association or other bidding documents agreed with the Association prior to their use; (b) Shopping; and (c) Direct Contracting.

C. Particular Methods of Procurement of Consultants’ Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 of this Part C, 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, as specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants’ Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines 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 of this Part A.

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:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, services, Operating Costs and Training for the Project</td>
<td>5,900,000</td>
<td>30.7%</td>
</tr>
<tr>
<td>(2) Refund of Preparation Advance</td>
<td>600,000</td>
<td>Amount payable pursuant to Section 2.07 of the General Conditions</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>6,500,000</td>
<td></td>
</tr>
</tbody>
</table>

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.

2. The Closing Date is November 30, 2017.
SCHEDULE 3

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 April 1 and October 1:</td>
<td></td>
</tr>
<tr>
<td>commencing October 1, 2017 to and including April 1, 2027;</td>
<td>1.65%</td>
</tr>
<tr>
<td>commencing October 1, 2027 to and including April 1, 2037</td>
<td>3.35%</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

Modifications to the General Conditions

Section I. Definitions

1. "Annual Work Plan" means each annual work plan for the Project prepared by the Recipient and approved by the Association in accordance with the provisions of Section I.D of Schedule 2 to this Agreement.


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


5. "CFA Franc" and "CFAF" each means the franc of the Central Africa Economic and Monetary Community (CEMAC), whose common central bank is the Bank of Central African States (BEAC).

6. "Directorate of Studies and Planning" and "DSP" each means the directorate within MSDFE responsible for studies and planning, and any successor thereto.


8. "Forestry Legislation" means the following laws and decrees of the Recipient, as the same may be amended from time to time:


   (b) law no. 5-2011 dated February 25, 2011, and entitled "Loi portant promotion et protection des droits des populations autochtones";
(c) decree no.2009-415, dated November 20, 2009 and entitled “Décret fixant le champ d’application, le contenu et les procédures de l’étude et de la notice d’impacts environnemental et social”;

(d) decree no. 2009-303, dated August 31, 2009 and entitled “décret fixant les modalités de sélection des offres de soumission pour l’attribution des titres d’exploitation forestière”; and

(e) decree no. 2009-304, dated August 31, 2009 and entitled “décret instituant un comité interministériel de concertation en cas d’usages superposés dans les écosystèmes naturels”.

9. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010, with the modifications set forth in Section II of this Appendix.


11. “Ministry of Sustainable Development, Forest Economy and Environment” and “MSDFEE” each means the Recipient’s ministry responsible for forests, environment and sustainable development, currently known as “Ministère du Développement Durable, de l’Economie Forestière et de l’Environnement”, and any successor thereto.

12. “National Forest and Wildlife Resources Inventory and Management Center” means the Recipient’s center, known as “Centre National d’Inventaire et d’Aménagement des Ressources Forestières et Fauniques.”, established and operating pursuant to the Recipient’s decree no. 2002-435, dated December 31, 2002; as the same may be amended from time to time.

13. “Operating Costs” means reasonable expenditures for office supplies, vehicle operation and maintenance, communication and insurance costs, banking charges, rental expenses, office and office equipment maintenance, utilities, document duplication/printing, consumables, travel cost and per diem for Project staff for travel linked to the implementation of the Project, and salaries of contractual staff for the Project, but excluding salaries of officials of the Recipient’s civil service.

14. “Preparation Advance” means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient, pursuant to the letter agreement, signed on behalf of the Association on October 21, 2011, and on behalf of the Recipient on November 21, 2011.

16. "Procurement Plan" means the Recipient's procurement plan for the Project, dated April 17, 2012 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.

17. "Project Counterpart Funds Account" means the account to be opened by the Recipient in accordance with the provisions of Section I.C of Schedule 2 to this Agreement.

18. "Project Implementation Manual" means the Recipient's manual for the implementation of the Project, approved by the Association, and referred to in Section I.B of Schedule 2 to this Agreement, as the same may be revised from time to time in accordance with the provisions of said Section.

19. "Reducing Emissions from Deforestation and Degradation +" and "REDD+" each means a mechanism that uses market and financial incentives to reduce the emission of greenhouse gases from deforestation and forest degradation, and to restore and rehabilitate forests, manage forests sustainably and/or reforest in a measurable and verifiable way.


21. "Safeguard Frameworks" means, collectively, the Environmental and Social Management Framework (ESMF), Resettlement Policy Framework (RPF), and Indigenous Peoples' Planning Framework (IPPF); and "Safeguard Framework" means one of the Safeguard Frameworks, as the context may require.

22. "Safeguard Instrument" means any of the following instruments which may be required for a Project activity pursuant to the Safeguard Frameworks: (a) an environmental and social impact assessment; (b) a resettlement action plan; or (c) an Indigenous Peoples' Plan; and "Safeguard Instruments" means more than one of such plans, as the context may require.

23. "Training" means the reasonable costs, approved by the Association as part of each Annual Work Plan, for expenditures associated with training and workshop participation under the Project, consisting of travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental
of training facilities, preparation and reproduction of training materials, and other costs directly related to course or workshop preparation and implementation.

24. "Voluntary Partnership Agreement for Forest Law Enforcement, Governance and Trade" and "VPA-FLEGT" each means the agreement between the Recipient and the European Community, and entitled "Accord de Partenariat Volontaire entre la Communauté Européenne et la République du Congo sur l'Application des Réglementations Forestières, la Gouvernance et les Echanges Commerciaux des Bois et Produits Dérivés vers la Communauté Européenne."

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

A. Section 3.02 is modified to read as follows:

"Section 3.02. Service Charge and Interest Charge

(a) Service Charge. The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.

(b) Interest Charge. The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months."

B. Paragraph 28 of the Appendix ("Financing Payment") is modified by inserting the words "the Interest Charge" between the words "the Service Charge" and "the Commitment Charge".

C. The Appendix is modified by inserting a new paragraph 32 with the following definition of "Interest Charge", and renumbering the remaining paragraphs accordingly:

"32. "Interest Charge" means the interest charge specified in the Financing Agreement for the purpose of Section 3.02(b)."

D. Renumbered paragraph 37 (originally paragraph 36) of the Appendix ("Payment Date") is modified by inserting the words "Interest Charges" between the words "Service Charges" and "Commitment Charges".
E. Renumbered paragraph 50 (originally paragraph 49) of the Appendix ("Service Charge") is modified by replacing the reference to "Section 3.02" with a reference to "Section 3.02 (a)".