Financing Agreement

(Public Service Reform and Rejuvenation Project)

between

DEMOCRATIC REPUBLIC OF CONGO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated February 15th, 2014
FINANCING AGREEMENT

AGREEMENT dated February 18, 2014, entered into between DEMOCRATIC 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 grant in an amount equivalent to fifty million and two hundred thousand Special Drawing Rights (SDR 50,200,000) ("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. 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 Payment Dates are April 1 and October 1 in each year.

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

3.01. The Recipient declares its commitment to the objective of the Project and the Program. To this end, the Recipient shall carry out the Project through MPS 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(a) The CPMAP Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Recipient to perform any of its obligations under this Agreement.

(b) The CMRAP Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Recipient to perform any of its obligations under this Agreement.

(c) As a result of events which have occurred after the date of this Agreement, an extraordinary situation has happened which makes it improbable that the Program or a substantive part thereof will be carried out.

4.02. The Additional Event of Acceleration consists of the following namely that any of the events specified in Section 4.01 of this Agreement occurs.

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. Except as provided in Section 2.02 of this Agreement, the Recipient’s Representative is its Minister 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 99 39 000 39

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
AGREED at Kinshasa, DRC, as of the day and year first above written.

DEMOCRATIC REPUBLIC OF CONGO

By

Authorized Representative

Name: PATRICE KITEBI
Title: MINISTRE DES FINANCES

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: EUSTACHE OUAYORD
Title: Directeur des Opérations
SCHEDULE 1

Project Description

The objectives of the Project are to improve the human resource management capacity of the Recipient’s Targeted Ministries and Agencies and rejuvenate their workforce.

The Project consists of the following parts:

Component 1: Supporting the Implementation of the Program

Support the Recipient’s public sector reform program in terms of coordination, implementation, and monitoring progress, impact of key aspects of said reform, and communication strategy to build broad consensus around the reform by:

1.1. Strengthening the Recipient’s capacity to plan, coordinate, and build consensus on the implementation of the Program through:

(i) technical assistance to CPMAP and MPS to steer the reform, monitor progress, anticipate problems and solutions in order to advance the reform process efficiently;

(ii) the preparation of the legal framework for the public administration by putting in place implementation regulations and procedures for the enactment of the Organic Law on Public Services;

(iii) a communications strategy on the Program, including regular surveys to assess the public perception of the reform by the Recipient’s authorities, its public service and its citizens with information, communication and technology tools, if applicable; and

(iv) workshop activities to raise awareness and build consensus among civil servants and trade unions on the key strategic objectives and implementation strategy of the Program.

1.2. Supporting the restructuring of the organization and functions of the Recipient’s Targeted Ministries and institutions through technical assistance to:

(i) undertake organizational and functional reviews and governance auditing for the Recipient’s Targeted Ministries and Agencies;

(ii) elaborate and implement an action plan based on the recommendations of the organizational audits, including assessment of staff competences and re-assignment according to newly identified needs and functions; and
(iii) update PRONAREC to strengthen capacity of the Recipient's public service staff according to staff needs and objectives, in coordination with SENAREC and other training centers and national schools.

1.3. Building Capacity for Human Resources Data Management and Control through:

(i) technical assistance to data treatment generated by the biometric census to ensure the reliability of the data;

(ii) independent audit of the data treatment process to ensure the management and integrity of the process;

(iii) technical assistance and information and technology, if need be, to build capacity in the department in charge of inspections at MPS to detect and resolve irregularities; and

(iv) capacity building for the department in charge of human resources at the Targeted Ministries and Agencies for human resources data management.

1.4. Building capacity to establish a human resources management system through technical assistance to:

(i) design and implement a human resources management system including recruitment, planning, employment and career management; and

(ii) support the review and rationalization of the payroll policies and system.

1.5. Supporting a pilot young professionals program to rejuvenate the civil service through:

(i) technical assistance to establish an effective program for young professionals that includes training modules, new working tools, and methods to ensure enhanced career prospects and successful integration of the young professionals into the Recipient's public service;

(ii) the recruitment and remuneration of approximately 500 talented young professionals under the pilot young professionals program, based on a rigorous needs assessment and budgetary implications as further defined in the Project Operation Manual; and

(iii) the recruitment and remuneration of approximately 50 senior professionals for coaching and mentoring the young professionals, based on well-identified coaching needs.
1.6. **Implementing support and impact evaluation exercises through:**

(i) the provision of expert and technical staff for CMRAP;

(ii) the completion of minor works to refurbish the office space and provide adequate information technology and logistics equipment for CMRAP; and

(iii) technical assistance for the design and implementation of a development impact and evaluation initiative to test the effectiveness of alternative approaches to support the Program.

**Component 2: Supporting the Retirement Process**

Support the Recipient to promote greater accountability in the retirement process by:

2.1. **Paying Retirement Benefits through:**

(i) independent verification of the formula underpinning the calculation of said Retirement Benefits to ensure its correct application;

(ii) independent verification to finalize the list of eligible civil servants and manage the payment of the Retirement Benefits after biometric identification of the eligible civil servants;

(iii) technical *a-posteriori* audits to verify the integrity and compliance of the operation of the payments of Retirement Benefits; and

(iv) design and delivery of orientation training courses for eligible retirees.

2.2. **Establishing grievance and dispute resolution mechanisms through:**

(i) The recruitment of an independent agency to manage the grievances and dispute resolution mechanism linked to the retirement process supported by the Project.

2.3. **Providing technical assistance to establish a public service pension fund through:**

(i) legal advisory services for the preparation of legal framework, rules and procedures needed to establish the public service pension fund including workshop for validation of the proposed legal framework; and

(ii) the implementation of systems and procedures for the management of the public service pension fund.
SCHEDULE 2
Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

The Recipient shall maintain throughout the period of Project implementation:

(a) the CPMAP to serve as a steering committee for the Project with at least semi-annual meetings whose minutes shall be sent to the Association; and

(b) the CMRAP to run the day-to-day management of the Project, and provide secretariat services to CPMAP;

all with the composition and powers acceptable to the Association as further described in the Project Operations Manual.

B. Anti-Corruption

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

C. Project Operations Manual

(a) The Recipient shall carry out the Project in accordance with the Project Operations Manual.

(b) The Recipient shall not amend the Project Operations Manual without the prior written approval of the Association.

(c) In the event of any conflict between the provisions of the Project Operations Manual and this Agreement, the provisions of this Agreement shall prevail.

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 indicators set forth in the Project Operations Manual and found acceptable to the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than one month after the end of the period covered by such report.
2. For purposes of Section 4.08(c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than six months after the Closing Date.

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 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 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 months after the end of such period.

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) Limited International Bidding; (b) National Competitive Bidding, subject to the additional provisions referred to in subparagraph 3 below; (c) Shopping; (d) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the Association; and (e) Direct Contracting.

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 World Bank 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;

   (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 World Bank’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 World Bank’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) 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 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 Credit 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 Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Works, Non-Consulting Services, Consultants' Services, Operating Costs, and Training for the Project</td>
<td>29,300,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Payment of Retirement Benefits to Eligible Retirees under Component 2.1 (iii) of the Project</td>
<td>15,260,000</td>
<td>100% of amounts indicated in the Verification Reports</td>
</tr>
<tr>
<td>(3) Refund of Preparation Advance</td>
<td>1,080,000</td>
<td>Amount payable pursuant to Section 2.07 of the General Conditions</td>
</tr>
<tr>
<td>(4) Unallocated</td>
<td>4,560,000</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>50,200,000</strong></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:

   (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR5,000,000 equivalent may be made for payments made 12 months prior to this date, for Eligible Expenditures under Category (1); or

   (b) under Category (2) unless the World Bank has received: (i) the Payment Manager’s executed contract, in form and substance satisfactory to the Association; (ii) the Technical Auditor’s executed contract in form and substance satisfactory to the Association; and (iii) the first Verification Report.

2. The Closing Date is April 30, 2019.
Section V. **Other Undertakings**

1. Prior to any disbursement under Category (2) of the table under Section IV.A.2 of this Schedule, the Recipient shall present to the Association, the Verification Report, in form and substance satisfactory to the Association for the verification of the eligible retirees under Component 2.1(iii) of the Project and the calculation of their Retirement Benefits.

2. After each disbursement under Category (2) of the table under Section IV.A.2 of this Schedule, the Recipient shall have the payments made by the Payment Manager audited by the Technical Auditor, in form and substance satisfactory to the Association, and shall furnish said audits to the Association not later than four months after each respective disbursement under Category (2).

3. By October 31, 2016, or such other date as the Association shall agree upon, the Recipient through CMRAP shall: (i) carry out jointly with the Association, a mid-term review of the implementation of operations under the Project, which shall cover the progress achieved in the implementation of the Project; and (ii) following such mid-term review, act promptly and diligently to take any corrective action as shall be agreed by the Association.
APPENDIX

Section I. Definitions


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

3. “CMRAP” means Cellule de Mise en Œuvre de la Réforme de l'Administration Publique, the Recipient’s implementation unit for the public administration reform in charge of the day-to-day management of the Project.


5. “CPMAP” means Comité de Pilotage et de Coordination de la Modernisation de l'Administration Publique, the Recipient’s public administration and modernization steering committee.


9. “MPS” means Ministère de la Fonction Publique, the Recipient’s Ministry of Public Services.


11. “Operating Costs” means recurrent costs of the Project: (i) operation and maintenance of vehicle, repairs, fuel and spare parts; (ii) equipment and computer maintenance, including hardware and software; (iii) communication costs and shipment costs (whenever these costs are not included in the cost of goods); (iv) office supplies; (v) rent for office facilities; (vi) utilities and insurances; (vii) travel and per diem costs for technical staff carrying out training, supervisory and quality control activities; and (viii) salaries of support staff for CMRAP, but excluding salaries of the Recipient’s civil servants.
12. “Payment Manager” means the private company to be selected by the Recipient to manage payments of Retirement Benefits to eligible retirees, as contracted in accordance with Section III of Schedule 2 to this Agreement.


14. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated October 31, 2013 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.

15. “Project Operations Manual” means a manual dated October 29, 2013 found satisfactory to the Association and which shall contain, *inter alia*: (i) the terms of reference, functions and responsibilities for the personnel of CMRAP and of the members of CPMAP; (ii) the procedure manuals for the recruitment of 500 young professionals and for the recruitment of 50 senior professionals for coaching and mentoring said young professionals; (iii) the procedures for procurement of goods, works, non-consulting services, consultants’ services, Operational Costs, and Training, as well as for financial management and audits under the Project; (iv) an anti-corruption action plan; (v) the grievance mechanism under Component 2 of the Project; (vi) the indicators to be used in the monitoring and evaluation of the Project; (vii) flow and disbursement arrangements of Project funds; and (viii) the procedures to be followed for the preparation of the Verification Report; as said manual may be amended from time to time with the Bank’s prior approval.


18. “SENAREC” means the Recipient’s National Secretariat for Capacity Building *(Secrétariat National du Renforcement des Capacités)*, as established and operating under the Recipient’s Decree of the Prime Minister No. 011/35 dated August 13, 2013.

19. “Retirement Benefits” means the end-of-career allocations as defined in Title V, Chapter I of the Recipient’s Law for Civil Servants published in the Recipient’s Official Gazette on August 15, 2004 as well as the repatriation fees as defined by the Recipient’s Inter-Ministerial Order referenced CAB. MIN/FP/BUDGET/FIN/004/2010 dated May 12, 2010.
20. "Targeted Ministries and Agencies" means the Recipient’s ministries at the time in charge of finance, budget, planning, state owned enterprises and public services, and any other Recipient’s ministry or agency as may be agreed from time to time between the Association and the Recipient.

21. “Technical Auditor” means the private company to be selected by the Recipient to audit the payments of Retirement Benefits to eligible retirees, as contracted in accordance with Section III of Schedule 2 to this Agreement.

22. “Training” means the training of persons involved in Project-supported activities, based on annual budgets approved by the Association, such term including seminars, workshops, and study tours, and costs associated with such activity including 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 training preparation and implementation.

23. “Verification Report” means a report to be presented by the Recipient prior to any disbursement under Category (2) of the table under Section IV.A.2 of Schedule 2 to this Agreement for the verification of the eligible retirees under Component 2.1(iii) of the Project and for the calculation of their Retirement Benefits.