Financing Agreement

(Additional Financing for the Regional and Domestic Power Markets Development Project)

between

DEMOCRATIC REPUBLIC OF CONGO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 28, 2011
FINANCING AGREEMENT

Agreement dated July 28, 2011, entered into between DEMOCRATIC REPUBLIC OF CONGO (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing additional financing for the Original Project (as defined in the Appendix to this Agreement). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equivalent to one hundred and seventy-four million and six hundred thousand Special Drawing Rights (SDR 174,600,000) (“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.

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 Payment Dates are March 1 and September 1 in each year.

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

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out Part 4(c) and 5(d) of the Project through the COPIREP and Parts 4(b), 5(b) and 5(c) of the Project through the MOE and shall cause Parts 1, 2, 3, 4(a), 5(a), 5(e), 5(f) and 5(g) of the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article IV of the General Conditions and the Project Agreement.

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 Project Implementing Entity’s Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.

(b) The Performance Contract has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.

4.02. The Co-financing Deadline for the effectiveness of the Co-financing Agreements is December 31, 2012.

ARTICLE V — EFFECTIVENESS; TERMINATION

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

(a) The Subsidiary Agreement has been amended on behalf of the Recipient and the Project Implementing Entity in a manner satisfactory to the Association.
(b) The Project Implementing Entity has revised the EPP in form and substance satisfactory to the Association and has thereafter disclosed it to the general public.

5.02. The Additional Legal Matters consist of the following:

(a) The Subsidiary Agreement as amended has been duly authorized or ratified by the Recipient and the Project Implementing Entity and is legally binding upon the Recipient and the Project Implementing Entity in accordance with its terms.

(b) The Recipient has taken, or caused to be taken, all actions necessary under its law to enable the Project Implementing Entity to acquire all land and rights in respect of land as shall be required for the implementation of the Project.

5.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

5.04. 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 ten (10) years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

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

6.02. The Recipient’s Address is:

Ministry of Finance
Rue Lubefu No.20, Commune de la Gombe Kinshasa I
Democratic Republic of Congo

6.03. The Association’s Address is:
International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America
<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cable:</td>
<td>Telex:</td>
<td>Facsimile:</td>
</tr>
<tr>
<td>INDEVAS</td>
<td>248423 (MCI)</td>
<td>1-202-477-6391</td>
</tr>
<tr>
<td></td>
<td>Washington, D.C.</td>
<td></td>
</tr>
</tbody>
</table>
AGREED at Kinshasa, Democratic Republic of Congo, as of the day and year first above written.

DEMOCRATIC REPUBLIC OF CONGO

By //s// Matata Ponyo Mapon

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By //s// Marie Francoise Marie-Nelly

Authorized Representative
SCHEDULE 1

Project Description

The objectives of the Project are to improve operational efficiency in the electricity sector and to expand renewable generation, transmission and distribution capacity, in order to better serve domestic power demand and to support regional power market integration.

The Project consists of the following parts:

Part 1: Generation

Rehabilitation of the hydroelectric facilities at Inga to increase reliable power capacity to about 1,300 megawatts, including rehabilitation of turbines (G11, G12, G14 and G15 units at Inga 1 Power Plant, and G21, G22, G27 and G28 at Inga 2 Power Plant) and other facilities, dredging and civil works on the intake canal of Fwamalo, provision of dam safety equipment and operation and maintenance of the facilities.

Part 2: Transmission

Construction of a second transmission line to deliver power from the Inga hydroelectric facilities to Kinshasa.

Part 3: Distribution

Rehabilitation and expansion of power distribution system in Kinshasa, including: (a) acquisition of cables and transformers; (b) construction and rehabilitation of power substations; (c) extension of the power grid into un-electrified areas of Kinshasa; (d) connection of about 35,000 new users to the power grid; and (e) installation of about 70,000 meters and 32,000 prepayment meters.

Part 4: Capacity Building and Governance

(a) Strengthening the Project Implementing Entity’s operational and managerial capacity to increase efficiency in the areas of, *inter alia:* (i) billing and collection of revenues, (ii) financial management and control systems and practices; (iii) procurement systems; (iv) management information and control systems; (v) personnel functions; (vi) communication operations; (vii) public/private partnerships
development, (viii) works’ programming and execution (including maintenance and dam safety); (ix) staff training; (x) black flies vector control at the Inga site; (xi) development of an expansion plan to expand electrification across the Recipient’s territory; (xii) strengthening of environmental and social management capacity; and (xiii) development of a demand side management program.

(b) Enhancing MOE’s capacity to foster the development of the Inga site and to develop adequate strategies for the power sector, including for decentralized electrification, sector regulation, energy efficiency and public private partnerships for power generation, transmission and/or distribution.

(c) Enhancing Project Implementing Entity’s corporate governance through a Performance Contract, a Technical Services Agreement, a monitoring framework and finalization of the transformation process of the Project Implementing Entity into a limited liability company;

Part 5: Project Implementation Support

(a) Provision of engineering services to support tender execution and contract supervision as well as operating costs, equipment and vehicles for the PMU and ESMU.

(b) Provision of support for the carrying out of procurement and financial management activities under the Project.

(c) Provision of consulting services, vehicles, equipment and operating costs for the PCU and CATE.

(d) Provision of consulting services for the COPIREP.

(e) Provision of letters of credit for the import of goods and equipment under Parts 1 and 3 of the Project.

(f) Provision of support to carry out a communication program on the Project benefits and results and the Project Implementing Entity’s performance and reform.

(g) Carrying out of financial and procurement audits for the Project Implementing Entity.
SCHEDULE 2
Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Recipient shall maintain throughout Project implementation the PCU and entrust it with the responsibility to coordinate the execution of the Project, with staff in adequate number and whose qualifications and experience shall be satisfactory to the Recipient and to the Association.

2. The PCU shall be headed by a Project coordinator from MOE, assisted by a deputy Project Coordinator from MDP and shall further comprise, inter alia: the chief executive officer of the Project Implementing Entity, representatives from the CATE, the PFM Agent and the PMU, the Executive Secretary of COPIREP and the Internal Auditor. The PCU’s membership may be amended from time to time as agreed upon between the Recipient and the Association.

3. The Recipient shall maintain COPIREP throughout implementation of the Project, with terms of reference, composition and resources satisfactory to the Association, which shall be responsible for, among others: (a) day-to-day financial management of Parts 4 (c), and 5(d) of the Project; (b) oversight of all technical, administrative, financial and social, matters relating to the implementation of Part 4(c) and 5(d) of the Project; (c) monitoring and evaluation of activities under Part 4(c) and 5(d) of the Project; and (d) carrying out of the procurement activities under Part 4(c) and 5(d) of the Project.

4. The Recipient shall maintain CATE throughout implementation of the Project, with terms of reference, composition and resources satisfactory to the Association, which shall be responsible for, among others: (a) day-to-day financial management of Part 4 (b), 5 (b) and 5 (c) of the Project; (b) oversight of all technical, administrative, financial and social, matters relating to the implementation of Part 4(b), 5 (b) and 5 (c) of the Project; (c) monitoring and evaluation of activities under Part 4(b), 5 (b) and 5 (c) of the Project; and (d) carrying out of the procurement activities under Part 4(b), 5 (b) and 5 (c) of the Project.

B. Subsidiary Agreement
1. To facilitate the carrying out of Parts 1, 2, 3, 4 (a), 5(a), 5(e), 5(f) and 5(g) of the Project by the Project Implementing Entity, the Recipient shall make the proceeds of the Financing allocated to Categories (1), (2), (3)(a), (4), (5)(a), (6)(a), (6)(c), (6)(d) and (7)(a) available to the Project Implementing Entity under a subsidiary agreement between the Recipient and the Project Implementing Entity (“Subsidiary Agreement”) under terms and conditions approved by the Association, which shall include:

(a) the obligation of the Recipient to:

(i) make the proceeds of the Financing available to the Project Implementing Entity in the form of a credit in Dollars, an interest at the rate of 5 percent per annum, and a repayment of principal over a maturity period of 20 years, including a grace period of 5 years; and

(ii) take all actions necessary to permit the Project Implementing Entity to carry out the Project and ensure the achievement of the objectives thereof.

(b) the obligation of the Project Implementing Entity to:

(i) carry out the Project in accordance with this Agreement, the Project Agreement, the Subsidiary Agreement, the Project Implementation Manual, the Anti-Corruption Guidelines and the Safeguard Instruments;

(ii) promptly refund to the Recipient for further refund to the Association any proceeds from the grant not used for purposes of carrying out the Project or for achieving the objectives thereof, or otherwise utilized in a manner inconsistent with the provisions of this Agreement or the Project Agreement;

(iii) at the request of the Recipient or the Association, exchange views with the Recipient and the Association with regard to the progress of the Project and the achievement of the objectives thereof, and the Project Implementing Entity's performance of its obligations under the Subsidiary Agreement, the Project Implementation Manual, the Anti-Corruption Guidelines and the Safeguard Instruments; and
(iv) promptly inform the Recipient of any condition which interferes or threatens to interfere with the implementation of the Project and the achievement of the objectives thereof.

(c) a provision stipulating that, in case of conflict between any of the provisions contained in the Subsidiary Agreement or the Project Implementation Manual, on one hand, and those set forth in this Agreement and the Project Agreement, on the other hand, the provisions of this Agreement and the Project Agreement shall at all times prevail.

2. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

C. Manuals

1. Except as the Association shall otherwise agree, the Recipient shall carry out the Project and/or cause the project to be carried out in accordance with the Project Implementation Manual (PIM), which shall be updated by not later than three (3) months following the Effective Date, and except as the Association shall otherwise agree, not amend, abrogate, waive, or permit to be amended, abrogated, or waived, the aforementioned, or any provision thereof, without the prior written agreement of the Association.

2. In the event of any conflict between the provisions of the PIM and those of this Agreement, the provisions of this Agreement shall prevail.

D. Anti-Corruption

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

E. Safeguards.

In order to ensure that the rights of the displaced persons from land are safeguarded and the environment is protected, the Recipient shall implement the Project in accordance with the Safeguard Instruments and the relevant national legal and policy requirements.

F. Other Arrangements
1. To enhance governance at the Project Implementing Entity and in the electricity sector, the Recipient shall promptly implement a program of measures, acceptable to the Association, aimed at enhancing transparency in the conduct of the Project Implementing Entity’s operation and in the sector. Said measures shall be provided for in a Performance Contract and shall include inter alia:

(a) adoption of performance targets for the Project Implementing Entity;
(b) adoption of targets and mechanisms for electricity bills payment by the Recipient and the Recipient’s state-owned enterprises;
(c) adoption of a process for public/private partnerships that provides for sound and equitable financial and technical partnerships, ensures transparency and favors competition;
(d) continued regular publication in timely manner of all partnership or joint-venture contracts entered into by the Project Implementing Entity, or by the Recipient with regard to the power sector;
(e) strengthening of the efficacy of the Project Implementing Entity’s Board of Directors by entrusting responsibility to designated directors with respect to monitoring of audit activities, procurement and access by directors to relevant management information;
(f) continued implementation by members of the Board of Directors of the Project Implementing Entity and members of the Project Implementing Entity’s upper management (Direction Générale) of the requirement for disclosure of assets and avoidance of financial conflicts in accordance with MDP Circular No-No. 007/MINPF/WK/CMU/JML/2007 of July 16, 2007;
(g) public and periodic quarterly disclosure of the Project Implementing Entity’s operational data and revenues collected by customer category; and
(h) carrying out of annual audits of the Performance Contract.

2. The Recipient shall ensure that the Performance Contract, in form and substance satisfactory to the Association, shall be executed on behalf of the Recipient and the Project Implementing Entity by not later than March 31, 2012.

3. The Recipient shall cause the Project Implementing Entity to appoint by not later than December 31, 2011 a new board in accordance with the Project Implementing Entity’s Legislation.
4. The Recipient shall:

(a) no later than March 31, 2012, or any other subsequent date agreed with the Association, carry out jointly with the Association, a mid-term review of the progress made in carrying out the Project;

(b) no later than thirty days after the completion of said mid-term review, start to implement the recommendations of the mid-term review as agreed with the Association; and

(c) said mid-term review shall assess, inter alia: (i) the overall progress made during the implementation of the Project; and (ii) the results of the Project’s monitoring and evaluation activities.

5. The Recipient shall cause by not later than March 31, 2012 the Project Implementing Entity to enter into a Technical Services Agreement with a reputable consultancy firm of international experience, with qualification and experience and in form and substance satisfactory to the Association.
Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators acceptable to the Association. Each Project Report shall cover the period of one calendar quarter, 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 (6) 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 one month after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, as well as a report on the operation of the O&M Account, 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 from the Grant Account was made. The audit of the Financial Statements and the O&M Account for each such period shall be furnished to the Association not later than six months after the end of such period.

4. The Recipient shall not later than three (3) months following the Effective Date: (a) revise the terms of reference of the Project’s international internal auditor under terms and conditions satisfactory to the Association, and (b) revise the terms of reference of the Project’s external auditors under terms and conditions satisfactory to the Association.

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 the Procurement Guidelines, or 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 table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding</td>
</tr>
<tr>
<td>(b) Limited International Bidding</td>
</tr>
<tr>
<td>(c) Shopping</td>
</tr>
<tr>
<td>(d) Direct Contracting</td>
</tr>
</tbody>
</table>

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 table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.
### Procurement Method

<table>
<thead>
<tr>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality-Based Selection</td>
</tr>
<tr>
<td>(b) Selection Based on Consultants’ Qualifications</td>
</tr>
<tr>
<td>(c) Single Source Selection</td>
</tr>
<tr>
<td>(d) Individual Consultants</td>
</tr>
</tbody>
</table>

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

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

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

#### A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works under Part 1 of the Project</td>
<td>79,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Works under Part 3 of the Project</td>
<td>56,700,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Parts 3, 4(a) and 5(a) of the Project</td>
<td>12,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(b) Part 5(c) of the Project</td>
<td>600,000</td>
<td></td>
</tr>
<tr>
<td>(4) Pesticides</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Consultants’ services under:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Part 4 (a) of the Project</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>(b) Part 4 (b) of the Project</td>
<td>5,300,000</td>
<td></td>
</tr>
<tr>
<td>(c) Part 4 (c) of the Project</td>
<td>6,600,000</td>
<td></td>
</tr>
<tr>
<td>(6) Consultants services:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) for Project management under Parts 1, 2, 3, and (4) (a) of the Project</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>(b) for PFM Agent</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>(c) for audits</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>(d) for communication program under Part 5 (f) of the Project</td>
<td>1,000,000</td>
<td></td>
</tr>
<tr>
<td>(7) Operating Costs:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) for Parts 5(a), (b), of the Project</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>(b) for Parts 5(c) of the Project</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>(8) Cost of Establishing Letters of Credit under Part 5(e) of the Project</td>
<td>1,900,000</td>
<td>100%</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, except that withdrawals may be made for payments not exceeding US$ 200,000 made prior to this date but on or after September 1, 2010, for Eligible Expenditures under Category (8) above.

2. The Closing Date is June 30, 2016.

Section V. Other Undertakings

1. The Recipient shall take all necessary measures to ensure that the Project will be exempted from all taxes and duties.

2. The Recipient has opened, or caused to be opened by not later than December 31, 2011, the O&M Account in accordance with the provisions of Section IV of the Schedule to the Project Agreement.

Section VI. Amendment to the Original Financing Agreement

The following provisions of the Original Financing Agreement are hereby modified to read as follows:

1. Schedule 1 of the Original Financing Agreement is replaced by the Project Description in Schedule 1 of this Agreement.

2. Section II.A of Schedule 1 of the Original Financing is modified to read as follows:

“A. Project Reports

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators acceptable to the Association. Each Project Report shall cover the period
of one calendar quarter, 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 (6) months after the Closing Date.”

3. The Closing Date in Part B.2 of Section IV of Schedule 2 of the Original Financing Agreement is replaced by the following date of June 30, 2016.

4. The table under Section IV.2 of Schedule 2 of the Original Financing Agreement is modified to read as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works under Part 1 of the Project</td>
<td>110,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Works under Part 3 of the Project</td>
<td>15,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(a) for Parts 3, 4 (a) and 5 (a) of the Project</td>
<td>130,000</td>
<td></td>
</tr>
<tr>
<td>(b) for Part 5 (c) of the Project</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>(4) Pesticides</td>
<td>800,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Consultants’ services under:</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(a) Part 4 (a) of the Project</td>
<td>17,100,000</td>
<td></td>
</tr>
<tr>
<td>(b) Part 4 (b) of the Project</td>
<td>4,100,000</td>
<td></td>
</tr>
<tr>
<td>(c) for Part 4 (c) of the Project</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>(6) Consultants services:</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(a) for Project management under Parts 1, 2, 3, and (4) (a) of the Project</td>
<td>17,700,000</td>
<td></td>
</tr>
<tr>
<td>Description</td>
<td>Amount</td>
<td>Percentage</td>
</tr>
<tr>
<td>-----------------------------------------------------------------------------</td>
<td>-----------</td>
<td>------------</td>
</tr>
<tr>
<td>(b) for PFM Agent</td>
<td>2,900,000</td>
<td></td>
</tr>
<tr>
<td>(c) for communication program under Part 5 (f) of the Project</td>
<td>400,000</td>
<td></td>
</tr>
<tr>
<td>(7) Operating Costs disbursed until May 1, 2011</td>
<td>2,400,000</td>
<td>100%</td>
</tr>
<tr>
<td>(7a) Operating Costs for Part 5(a) of the Project</td>
<td>1,400,000</td>
<td></td>
</tr>
<tr>
<td>(7b) for Part 5(c) of the Project</td>
<td>1,300,000</td>
<td></td>
</tr>
<tr>
<td>(8) Refund of Project Preparation Advance</td>
<td>2,000,000</td>
<td>Amount payable pursuant to Section 2.07 of the General Conditions</td>
</tr>
<tr>
<td>(9) Unallocated</td>
<td>20,870,000</td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>196,100,000</td>
<td></td>
</tr>
</tbody>
</table>

**APPENDIX**

**Definitions**

1. “AfDB Co-financing Agreement” means the co-financing agreement to be entered into between the Recipient and the African Development Bank for purposes of carrying out Part 3 of the Project.


3. “Anti-Corruption Plan” means the Recipient’s anti-corruption action plan to be adopted by the Recipient of this Agreement, as part of the Project Implementation Manual, which sets forth the measures and actions to be taken during implementation of the Project with respect to disclosure, civil society oversight, collusion mitigation, mitigation of forgery and fraud, complaints handling and sanctions and remedies.

4. “CATE” means *Cellule d’appui technique à l’énergie*, the unit within MOE responsible for providing guidance on sectoral strategies.
5. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

6. “Co-financiers” means, collectively the African Development Bank (AfDB), KfW and any other Co-financier who may enter into a Co-financing Agreement with the Recipient for purposes of carrying out Parts 1 and 3 of the Project; and “Co-financier” means any of them individually.

7. “Co-financing” means, for purposes of paragraph 11 of the Appendix to the General Conditions, the amount of the equivalent of US$ 32 millions for AfDB, US$88 millions for KfW and any other Co-financier who may have entered into a Co-financing Agreement to be provided by the Co-financier to assist in financing the Project.

8. “Co-financing Agreements” means, collectively, the AfDB Co-financing Agreement, the KfW Co-financing Agreement and any Co-financing Agreement entered into with any Co-financier for purposes of carrying out Parts 1 and 3 of the Project.


10. “COPIREP” means the Comité de Pilotage de la Réforme des Entreprises Publiques, the Committee established pursuant to the Recipient’s Decree N009/15 dated April 24, 2009 and responsible for the reform of government-owned enterprises, including SNEL (as defined hereinafter).

11. “Displaced Person(s)” means any person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such person must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person.

12. “EPP” means the Emergency Preparedness Plan referred to in Section 1 A. 7 of the Schedule to the Project Agreement.
13. “ESMU” means the Environment and Social Management Unit established pursuant to the Project Implementing Decision NoDG/179/2007 dated November 23, 2007 by the Project Implementing Entity (as defined hereinafter) to handle environmental and social activities related to the Project.

14. “Environmental and Social Management Framework” or “ESMF” means the Recipient’s framework, setting out the rules, guidelines and procedures to assess environmental and social impacts of the Project’s activities, and measures to reduce, mitigate or offset adverse social and environmental impacts and enhance positive impacts of said activities including public consultation, institutional arrangements for the implementation, monitoring and supervision of said measures, as the ESMF may be amended from time to time with the prior written approval of the Association.

15. “Environmental and Social Impact Assessment” or “ESIA” means an environmental and social impact assessment of a particular activity under the Project, required pursuant to the ESMF, which is acceptable to the Association, giving details of the status of the natural environment, social and potential risks and adverse impacts thereto, which are specific to the activity, along with proposed mitigation measures and “ESIAs” means all of them collectively.

16. “External Auditors” means the auditors appointed by the project implementation entity to review and advise on the implementation of the project.


18. “Inga 1 Power Plant” means the first phase of the hydroelectric scheme established at the Inga Dam, including turbines G11, G12, G13, G14, G15 and G16.

19. “Inga 2 Power Plant” means the first four power units built during the second phase of the hydroelectric scheme established at the Inga Dam and comprised of turbines G21, G22, G23 and G24.

20. “Internal Auditor” means the international external consultant appointed by the Recipient to review and advise independently on the implementation of the Project.

21. “KfW Co-financing Agreement” means the co-financing agreement to be entered into between the Recipient and the Kreditanstalt fur Wiederaufbau or Kfw for purposes of carrying out Parts 1 of the Project.
22. “MOE” means the Ministry of Energy (Ministère de l’Energie,) the Recipient’s ministry in charge of energy.

23. “MDP” means the Ministry of Portfolio of the State (Ministère du Portefeuille), the Recipient’s ministry in charge of public enterprises.

24. “O&M Account” means the operations and maintenance account referred to in Section IV of the Schedule to the Project Agreement.

25. “Operating Costs” means expenditures incurred for activities pertaining to implementation of the Project including inter alia expenses for acquisition of office equipment, materials and supplies, rental of offices, fuel, maintenance and repair of vehicles used for Project implementation, tickets and travel expenses and subsistence costs for travel related to the Project and salaries for contractual staff recruited for the Project except for the Recipient’s civil servants and the Project Implementing Entity’s regular staff.


27. “Original Project” means the Project described in the Original Financing Agreement.

28. “Performance Contract” means the contract to be entered into between the Recipient and the Project Implementing Entity to enhance the operational and financial performance of the Project Implementing Entity, under terms and conditions satisfactory to the Association.

29. “Pest Management Plan” or “PMP” means the pest management plan dated March 2007 setting forth the measures and arrangements necessary for the proper management of pesticides under the Project.

30. “PFM” means procurement and financial management.

31. “Project Coordinator” means the person appointed by MOE to serve as head of the PCU.

33. “Project Implementation Manual” or “PIM” means the manual outlining the administrative, financial, accounting and procurement arrangements for the implementation of the Project, dated April 8, 2011, as the same may be amended by agreement of the Recipient and the Association from time to time, and such term includes any schedules to the PIM.

34. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated March 31, 2011 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.

35. “Procurement and Financial Management Agent” or “PFM Agent” means the firm recruited by the Recipient to carry out PFM services.

36. “Project Agreement” means the agreement between the Association and the Project Implementing Entity dated October 4, 2007.

37. “Project Coordination Unit” or “PCU” means the established by the Recipient to coordinate activities pertaining to the execution of the Project and established pursuant to Project Implementing Decision No 003/2009 dated January 15, 2009.

38. “Project Implementing Entity” means SNEL (as hereinafter defined).

39. “Project Implementing Entity’s Legislation” means the Recipient’s Ordonnance-Loi No.70-033 of May 16, 1970 establishing and governing the Project Implementing Entity;

40. “Project Management Unit” or “PMU” means the unit established by the Project Implementation Entity to execute of Parts 1, 2, 3, 4(a), 5(a), 5(e), 5(f) and 5(g) of the Project and referred to in Section I.A.2 of Schedule 2 to this Agreement.

41. “Resettlement Action Plan” or “RAP” means the resettlement action plan for a particular activity under the Project, required pursuant to the Resettlement Policy Framework (as defined hereinafter), and which is satisfactory to the Association, describing the social impacts of such activity and providing measures for the compensation, resettlement and rehabilitation of Displaced Persons including institutional arrangements for implementation, supervision and monitoring of such measures, budget, environmental protection, participation and consultation of Displaced Persons and grievance processes available to them, as such plan may be
amended from time to time with the prior written approval of the Association, and “RAPs” means all of them collectively.

42. “Resettlement Action Plan for Part 2 and 3 of the Project” or “RAP 2&3” means the resettlement action plan dated April 2011, for activities to be carried out under Parts 2 and 3 of the Project, required pursuant to the Resettlement Policy Framework (as defined hereinafter), and which is satisfactory to the Association, describing the social impacts of such activity and providing measures for the compensation, resettlement and rehabilitation of Displaced Persons including institutional arrangements for implementation, supervision and monitoring of such measures, budget, environmental protection, participation and consultation of Displaced Persons and grievance processes available to them, as such plan may be amended from time to time with the prior written approval of the Association.

43. “Resettlement Policy Framework” or “RPF” means the Recipient's policy framework dated January 2007 providing procedures and guidelines for the preparation, adoption, implementation, supervision and monitoring of a Resettlement Action Plan or Plans, as said framework may be amended from time to time with the prior written approval of the Association.

44. “Safeguard Instruments” means, collectively, the Social and Environmental Safeguard Frameworks and the Supplemental Social and Environmental Safeguard Instruments.

45. “Social and Environmental Safeguard Frameworks” means, collectively, the Environmental and Social Management Framework and the Involuntary Resettlement Policy Framework.

46. “Supplemental Social and Environmental Safeguard Instruments” means any EMP, RAP, RAP 2&3, or other supplemental social and environmental safeguard instruments as required under the terms of any of the Social and Environmental Safeguard Frameworks.

47. “SNEL” means Société Nationale d’Electricité SARL, the Recipient’s National Electricity Company, established pursuant to the Recipient’s law No 08/007 on the transformation of public enterprises dated July 7, 2008 and operating in accordance with the statutes dated December 29, 2010, referred to here-above as the Project Implementing Entity.

48. “Subsidiary Agreement” means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to the Project Implementing Entity.
49. “Technical Services Agreement” means the contract to be entered into between the Project Implementing Entity and a consulting firm to provide managerial and technical support to improve the performance and corporate governance of the Project Implementing Entity.