H.E. Calixte Nganongo  
Minister of Finance, Budget and Public Portfolio  
Ministry of Finance, Budget and Public Portfolio  
B.P. 2028  
Brazzaville  
Republic of Congo

Re: Republic of Congo  
Urban Development and Poor Neighborhood Upgrading Project  
Loan No. 8588-CG  
Amendment No. 1 to the Loan Agreement

Excellency:

We refer to the Loan Agreement (the “Loan Agreement”), dated December 7, 2016, between the Republic of Congo (the “Borrower”) and the International Bank for Reconstruction and Development (the “Bank”) for the Urban Development and Poor Neighborhood Upgrading Project (the “Project”), pursuant to which the Bank has extended the above captioned loan (“Loan”). Please note that capitalized terms used in this amendment letter (“Amendment Letter”) and not defined herein have the meaning ascribed to them in the Loan Agreement.

We also refer to your letter dated September 15, 2017 requesting the amendment of the Loan Agreement.

In view of the above and our recent discussions, the Bank proposes to amend the Loan Agreement to: (a) finance the Front-end Fee from the Loan; (b) modify the disbursement calendar for counterpart contributions; and (c) modify the percentage of expenditures to be financed by the Loan.

Accordingly, the Loan Agreement is amended as follows:

1. Article 2.03 of the Loan Agreement is hereby amended and replaced in its entirety to read as follows:

“2.03 The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.”

2. Section I.F.3 of Schedule 2 to the Loan Agreement is hereby amended and replaced in its entirety to read as follows.
“3. Notwithstanding paragraphs 1 and 2 above, the Borrower shall:

(a) make all arrangements necessary to disburse its expected counterpart contribution to the expenditures under the Project as follows: (i) forty percent (40%) by January 15, 2020; (ii) thirty percent (30%) by December 31, 2020; and (iii) thirty percent (30%) by May 18, 2021; and

(b) pay the full cost of any cash or in kind compensation of Project affected persons, pursuant to the Resettlement Policy Framework; such funds to be in addition to its counterpart funds require for the implementation of Parts A, B and C of the Project.”

3. The table under Section IV.A.2 of Schedule 2 to the Loan Agreement is hereby amended and replaced in its entirety to read as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Proposed Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, Training and Operating Costs for the Project</td>
<td>79,800,000</td>
<td>100% through December 31, 2019 or until disbursements under this Category reach an aggregate amount of 63,800,000, whichever occurs first; and 66.7% thereafter</td>
</tr>
<tr>
<td>(2) Front-end Fee</td>
<td>200,000</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07(b) of the General Conditions</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>80,000,000</td>
<td></td>
</tr>
</tbody>
</table>

4. Section IV.B.1 of Schedule 2 to the Loan Agreement is hereby amended to read in its entirety as follows:

“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 as specifically amended herein, all other provisions of the Loan Agreement shall remain in full force and effect.

Please confirm the Borrower’s agreement with the foregoing amendments to the Loan Agreement by countersigning and dating both copies of this Amendment Letter and returning one of the countersigned copies to us. Upon receipt by the Bank of the copy of this Amendment Letter countersigned by you, this Amendment Letter will become effective as of the date of the countersignature.
Please also note that the Restructuring Paper dated October 24, 2017, a copy of which is enclosed herewith, will be disclosed on the Bank’s external website as per the Bank’s policy on Access to Information.

Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By:

Ahmadou Moustapha Ndiaye
Country Director for the Republic of Congo
Africa Region

AGREED:

REPUBLIC OF CONGO

By: ________________________________

Authorized Representative

Name: H.E. Calixte Nganongo
Title: Ministre des Finances et du Budget
Date: 20 Nov. 2017

Enclosure