OFFICIAL DOCUMENTS

CREDIT NUMBER 5852-ZR

Financing Agreement

(Regional Great Lakes Integrated Agriculture Development Project)

between

DEMOCRATIC REPUBLIC OF CONGO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 7, 2016
FINANCING AGREEMENT

AGREEMENT dated September 7, 2016, entered into between DEMOCRATIC REPUBLIC OF CONGO ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association").

WHEREAS (A) the Recipient and the Republic of Burundi have joined in an initiative designed to consolidate peace, revitalize regional economic development, create jobs and opportunities for young people, and improve livelihoods throughout the Great Lakes region (Great Lakes Initiative);

(B) the Recipient, having satisfied itself as to the feasibility and priority of the Project aimed at supporting the Great Lakes Initiative, and described in Schedule 2 to this Agreement, has requested the Association to assist in the financing of the Project;

(C) the Republic of Burundi also intends to obtain funds from the Association to assist in the financing of programs and actions consistent with the Great Lakes Initiative;

(D) the Recipient intends to obtain from the Policy and Human Resources Development Fund, a Grant in an amount of two million seven hundred thousand US Dollars ("PHRD Grant") in support of activities related to the Project; and

WHEREAS (E) the Association has agreed, on the basis, inter alia, of the foregoing, to extend the Credit to the Recipient upon the terms and conditions set forth in this Agreement;

NOW THEREFORE 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 one hundred five million and nine hundred thousand Special Drawing Rights (SDR 105,900,000) (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 the provisions of 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 Payment Dates are March 15 and September 15 in each year.

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

2.07. 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 the Project, 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 — EFFECTIVENESS; TERMINATION

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

(a) The Recipient has: (i) established a Project Coordination Unit, in accordance with the provisions of Section I.A.1 of Schedule 2 to this Agreement; and (ii) appointed a Project coordinator, a procurement specialist, a finance and administration manager, and an accountant for the Project Coordination Unit, all in accordance with the provisions of Section III of Schedule 2 to this Agreement.
(b) The Recipient has established the Project Steering Committee, in accordance with the provisions of Section I.A.2 of Schedule 2 to this Agreement. and

(c) The Recipient has adopted the Project Implementation Manual, in accordance with the provisions of Section I.B.1 of Schedule 2 to this Agreement.

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

4.03. 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 V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient’s Representative is its minister responsible for finance.

5.02. The Recipient’s Address is:

Ministry of Finance
Boulevard du 30 Juin
Commune de la Gombe
Kinshasa 1, Democratic Republic of Congo

Tel.: +243 99 39 000 39

5.03. 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, Democratic Republic of Congo, as of the day and year first above written.

DEMOCRATIC REPUBLIC OF CONGO

By

[Signature]

Authorized Representative

Name: Henri YAV

Title: Directeur des Finances

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: Ahmadou Babatoura

Title: Country Director
SCHEDULE 1

Project Description

The objectives of the Project are: (i) to increase agricultural productivity and commercialization in Targeted Areas in the territory of the Recipient and improve agricultural regional integration; and (ii) to provide immediate and effective response in the event of an eligible crisis or emergency.

The Project consists of the following parts:

PART A: AGRICULTURAL VALUE-CHAIN DEVELOPMENT

1. Enhancing productivity and market linkages of selected value chains

(a) Supporting the rice and cassava value chains through the provision of technical advisory services, equipment and logistical assistance for: (i) the institutional capacity building of selected producers’ organizations and the establishment of agribusiness linkages with suppliers, traders or processors; (ii) the rehabilitation of irrigation schemes; (iii) the establishment of poles of aggregation for collective storage, service provision and linkages to financial services; (iv) the provision of specialized facilitation support; (v) the multiplication and dissemination of certified rice seed and cassava cuttings; (vi) the promotion of good agricultural practices; and (vii) carrying out of a program to ensure access to improved inputs and equipment, including provision of Matching Grants to Beneficiaries therefor.

(b) Developing the livestock/dairy value chain through the provision of technical advisory services, equipment and logistical assistance to dairy producers for: (i) the strengthening of small scale producers organized in groups of farmers and concentrated along the road to markets; (ii) the improvement of access to animal health services, including the development of community animal health workers and vaccination campaigns; (iii) the improvement of animal nutrition including the development of forage, the diversification of animal feeding, the conservation and valorization of agriculture crop residues, pastures improvement and their better management, training in animal nutrition and animal husbandry; (iv) the strengthening of the delivery of improved animals; (v) the preparation of an action plan for animal genetic improvement, the development of artificial insemination, and the development of a system for animal identification and performance recording; (vi) building capacity of selected officials and producers; and (vii) facilitating activities pertaining to crop-livestock integration.
2. Development of critical rural infrastructure for improved market access

Carrying out a program of public and collective infrastructure for value chain development, through: (i) the rehabilitation of 540 km of feeder roads connecting production areas to markets, including establishment of a community-based road maintenance mechanism; (ii) the rehabilitation of irrigation schemes in the Ruzizi River Valley and in other lowlands; and (iii) the rehabilitation of selected small hydro-electricity dams that are deemed necessary for the connection of selected agro-enterprises to existing water systems.

PART B. SUPPORT FOR THE DEVELOPMENT OF THE PRIVATE AGRO-INDUSTRIAL SECTOR

1. Improving the business environment and access to finance

(a) Development, at the provincial level, of a Public Private Dialogue (PPD) mechanism to improve inclusiveness and sustainability of regulatory reforms, through the existing Fédération des Entreprises du Congo, and build capacity to carry out investment promotion and implement investment climate reforms.

(b) Carrying out of a detailed market study, and based on its recommendations, supporting tailored technical assistance to selected financial institutions to help strengthen their operations, and develop agriculture sector financing, with products and services better fitted to the sector’s specificities, including: (i) general and specific training of loan officers on the essentials of agriculture lending, lending practices and procedures; and (ii) establishment of agribusiness finance as a core offering by developing a strategy, risk management framework, operations process, and products catering for this market segment.

(c) Provision of technical advisory services to build capacity of cooperatives, private enterprises and startup companies to enable them to develop projects to levels that are acceptable for private investors and financial institutions.

2. Support development of competitive and inclusive agro-industrial parks based on market demand and economic, social and financial viability

(a) Carrying out of: (i) a diagnostics of agro-industrial parks with a series of go/no-go decision points, including sites assessments to determine their suitability for agro industrial park development and rank them according to their potential feasibility; (ii) a benchmarking exercise on the top three sites to determine the competitiveness of each site; and (iii) feasibility studies of select sites.
(b) Carrying out of a program of development of the agro industrial park.

(c) Carrying out of a program of establishment of multi-service platforms in selected areas based on a master plan to be prepared under the Project.

PART C: REGIONAL INTEGRATION

1. Regional Cooperation and joint natural resources management

Provision of technical advisory services, equipment and logistical assistance to facilitate: (i) regional planning, monitoring and evaluation activities necessary for the establishment and monitoring of complementarity of investments amongst neighboring countries; and (ii) regional exchange of information, knowledge and technologies, including the establishment of a web-based exchange platform in coordination with the CEPGL.

2. Regional Agriculture Research for Development and Promotion of Other Strategic Value Chains

Strengthening and aligning national priorities with regional priorities within the national agricultural research system focusing on key agricultural Research for Development (R4D) priorities through, inter alia, the provision of technical advisory services, equipment and logistical assistance to: (i) targeted regional agriculture and nutrition research; (ii) upgrade the physical infrastructure and equipment of two select research facilities; (iii) improve knowledge and information systems; (iv) develop human capital, including provision of scientific training at the post-graduate level, and short courses or targeted training at a lower level; and (v) prepare strategic interventions to promote fisheries and aquaculture and other value chains.

PART D. SUPPORT SERVICES AND PROJECT MANAGEMENT

1. Capacity strengthening of public, non-governmental organizations, and private technical services

Provision of funds for the: (i) construction or rehabilitation of office buildings and seed laboratories; (ii) training and study tours for public agents to neighboring countries; (iii) technical advisory services and equipment to the designated technical units to enable them to better carry out their functions; (iv) carrying out general training; and (v) technical support to non-governmental organizations and private actors at provincial level to enable them to better participate in the implementation and monitoring of Project activities.

2. Project management, monitoring and evaluation

Provision of equipment, technical assistance and logistical support for the establishment or strengthening of the provincial services of relevant ministries,
including capacity strengthening of public technical units, private actors and NGOs, and Project management, monitoring and evaluation at national and provincial levels.

3. Contingency Emergency Response

Financing of recovery activities through a contingency fund to be used in the event of a natural disaster affecting the agricultural sector.
SCHEDULE 2
Project Execution

Section I. Institutional and Implementation Arrangements

A. Institutional Arrangements

1. Coordination Unit

The Recipient shall: (a) maintain until the completion of the Project, the Project Coordination Unit under its Ministry in charge of Agriculture, to be responsible for day-to-day implementation, planning, management and coordination of activities under the Project; (b) shall take all actions, including the provision of funds, personnel and other resources necessary to enable said Project Coordination Unit to perform said functions; and (c) to this end, shall, by no later than three (3) months after the Effective Date, recruit a technical Project management expert, monitoring and evaluation specialist, and an internal auditor for the Project Coordination Unit, in accordance with the provisions of Section III of this Schedule 2.

2. Project Steering Committee; Regional Coordination Committee

The Recipient shall: (a) maintain until the completion of the Project, the Project Steering Committee, with a composition, mandate, terms of reference and resources satisfactory to the Association, to be responsible for, inter alia, providing strategic and policy guidance on matters relating to the Project; and (b) designate, by no later than December 15, 2016, a representative for the Regional Coordination Committee.

3. Project Implementation Units

The Recipient shall establish two Project Implementation Units (PIUs) in Bukavu and Kalemie, under the tutelage of the provincial Ministry in charge of Agriculture for each province, to be responsible for the direct supervision of program activities subcontracted to service providers, selected based on their comparative advantages and proven experience, with terms of reference acceptable to the Association.

4. Provincial Monitoring Committees

Without limitation upon the provisions of paragraphs 1, 2 and 3 above, the Recipient shall, by no later than six (6) months after the Effective Date, establish, and thereafter maintain until the completion of the Project, a Provincial Monitoring Committee for each of the provinces of South Kivu and Tanganyika, with a composition, mandate and terms of reference satisfactory to the Association, in each case to be responsible for Project oversight at the provincial level, and shall
take all actions including the provision of funds, personnel and other resources necessary to enable the Provincial Monitoring Committees to perform said functions.

5. Other

The Recipient shall: (a) no later than three months after the Effective Date, upgrade the existing financial management software, acceptable to the Association, which shall also include the procurement system (planning, monitoring, and contract management) for the Project; (b) no later than three months after the Effective Date, update its financial manual of procedures, to reflect the needs of the Project; and (c) no later than six months after the Effective Date, appoint an independent external auditor for the Project, in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.

B. Implementation Arrangements

1. Project Implementation Manual

(a) The Recipient shall ensure that the Project is carried out in accordance with the Project Implementation Manual; provided, however, that in case of any conflict between the provisions of the Project Implementation Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail.

(b) Except as the Association shall otherwise agree, the Recipient shall not amend, abrogate or waive any provision of the Project Implementation Manual.

2. Annual Work Plan and Budget

(a) The Recipient shall prepare and furnish to the Association not later than two (2) months prior to the start of each calendar year, a work plan and budget containing all activities (including Matching Grants) proposed to be included in the Project during the following calendar year (including Safeguard Instruments applicable to said activities and details pertaining to the Safeguards Action Plan), and a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts and sources of financing.

(b) Each such proposed work plan and budget shall specify any Training activities that may be required under the Project, including: (i) the type of Training; (ii) the purpose of the Training; (iii) the personnel to be trained; (iv) the institution or individual who will conduct the Training; (v) the location and duration of the Training; and (vi) the cost of the Training.
The Recipient shall afford the Association a reasonable opportunity to exchange views with the Recipient on each such proposed work plan and budget, and thereafter ensure that the Project is implemented with due diligence during said following calendar year in accordance with such work plan and budget as shall have been approved by the Association (“Annual Work Plan and Budget”).

The Recipient shall not make or allow to be made any change to the approved Annual Work Plan and Budget without prior approval in writing by the Association.

C. Anti-Corruption

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

D. Matching Grants

1. The Recipient shall ensure that each Matching Grant to Beneficiaries shall be eligible for financing only upon the Recipient’s determination, on the basis of an appraisal conducted in accordance with the criteria, guidelines and detailed procedures set forth in the Project Implementation Manual, that the Matching Grant satisfies the eligibility criteria specified in the Project Implementation Manual, and has been, *inter alia:*

   (a) appraised on the basis of an environmental and social assessment and other guidelines acceptable to the Association (and be accompanied by appropriate Safeguard Instruments, if required);

   (b) designed to avoid any involuntary resettlement of persons or loss of their income or productive capacity;

   (c) approved by the Recipient and the Association, unless with respect to the Association’s approval, the Association has notified the Recipient in writing that its prior approval is not required; and

   (d) included in the Annual Work Plan and Budget, approved by the Association, in accordance with Paragraph B.2. of this Schedule.

2. The Recipient, through the PIU, shall make each Matching Grant available to the Beneficiary, under a Matching Grant Agreement with the respective Beneficiary on terms and conditions approved by the Association, which shall, *inter alia,* include the following:
The Recipient shall obtain rights adequate to protect its interests and those of the Association, including the right to: (i) suspend or terminate the right of the Beneficiary to use the proceeds of the Matching Grant, or obtain a refund of all or any part of the amount of the Matching Grant then withdrawn, upon the Beneficiary’s failure to perform any of its obligations under the Matching Grant Agreement; and (ii) require each Beneficiary to: (A) carry out the activities financed by the Matching Grant with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works and services to be financed out of the Matching Grant in accordance with the provisions of this Agreement; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Matching Grant and the achievement of its objectives; (E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Matching Grant; and (2) at the Association’s or the Recipient’s request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association; (F) enable the Recipient and the Association to inspect the activities financed by the Matching Grant and any relevant records and documents; and (G) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

3. The Recipient shall exercise its rights under each Matching Grant 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 any Matching Grant Agreement or any of its provisions.

E. Safeguards

1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the ESMF, the RPF and the IPPM.
2. Whenever an ESIA, ESMP, IPP and/or RAP shall be required for any proposed Project activity in accordance with the provisions of the ESMF and/or the RPF, the Recipient shall:

(a) prior to the commencement of such activity, proceed to have such ESIA, ESMP, IPP and/or RAP, as the case may be: (i) prepared in accordance with the provisions of the ESMF, IPPF and the RPF; (ii) furnished to the Association for review and approval; and (iii) thereafter adopted and disclosed as approved by the Association, in a manner acceptable to the Association;

(b) thereafter take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such ESIA, ESMP, IPP or RAP; and

(c) in the case of any resettlement activity under the Project involving Affected Persons, ensure that no displacement (including restriction of access to legally designated parks and protected areas) shall occur before necessary resettlement measures consistent with the RAP have been executed, including, in the case of displacement, full payment to Affected Persons of compensation and of other assistance required for relocation, prior to displacement.

3. The Recipient shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the ESMF, the IPPF, the RPF, IPPM, and any ESIA, ESMP, IPP and/or RAP adopted in accordance with the provisions of paragraph 2 of this Part E, unless the Association has provided its prior approval thereof in writing, and the Recipient has complied with the same consultation and disclosure requirements as applicable to the original adoption of the said instruments.

4. Without limitation on its other reporting obligations under this Agreement, the Recipient shall collect, compile and submit to the Association on a quarterly basis (or such other frequency as may be agreed with the Association) consolidated reports on the status of compliance with the ESMF, IPPF RPF, IPPM and ESIA, ESMPs, IPPs and RAPs, as applicable, giving details of: (a) measures taken in furtherance of the said instruments; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the said measures; and (c) remedial measures taken or required to be taken to address such conditions.

5. The Recipient shall ensure that all terms of reference for any technical assistance and studies to be carried out under the Project are prepared in form and substance satisfactory to the Association and taking into account appropriate environmental and social safeguards measures.
F. **Immediate Response Mechanism**

1. In order to ensure the proper implementation of Part D.3 of the Project, the Recipient shall:

   (a) prepare and furnish to the Association for its review and approval, an operations manual which shall set forth detailed implementation arrangements for Part D.3 of the Project, including: (i) designation of, terms of reference for and resources to be allocated to, the entity to be responsible for coordinating and implementing Part D.3 of the Project; (ii) specific activities which may be included in Part D.3 of the Project, Eligible Expenditures required therefor, and any procedures for such inclusion; (iii) financial management arrangements for Part D.3 of the Project; (iv) procurement methods and procedures for Emergency Expenditures to be financed under Part D.3 of the Project; (v) documentation required for withdrawals of Emergency Expenditures; (vi) environmental and social safeguard management frameworks for Part D.3 of the Project, consistent with the Association's policies on the matter; and (vi) any other arrangements necessary to ensure proper coordination and implementation of Part D.3 of the Project;

   (b) afford the Association a reasonable opportunity to review said proposed operations manual;

   (c) promptly adopt such operations manual for Part D.3 of the Project as shall have been approved by the Association (IRM Operations Manual);

   (d) ensure that Part D.3 of the Project is carried out in accordance with the IRM Operations Manual; provided, however, that in the event of any inconsistency between the provisions of the IRM Operations Manual and this Agreement, the provisions of this Agreement shall prevail; and

   (e) not amend, suspend, abrogate, repeal or waive any provision of the IRM Operations Manual without prior approval by the Association.

2. The Recipient shall, throughout the implementation of Part D.3 of the Project, maintain a Coordinating Agency, with adequate staff and resources 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 indicators acceptable to the Association. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

2. The Recipient shall, not later than two (2) months prior to the mid-term review referred to in paragraph 3 of this Section II.A, furnish to the Association for comments, a report, in such detail as the Association shall reasonably request, on the progress of the Project, and giving details of the various matters to be discussed at such review.

3. The Recipient shall, not later than thirty (30) months after the Effective Date, undertake, in conjunction with all agencies involved in the Project, a comprehensive mid-term review of the Project during which it shall exchange views with the Association and implementing agencies generally on all matters relating to the progress of the Project, the performance by the Recipient of its obligations under this Agreement and the performance by said implementing agencies, having regard to the performance indicators referred to in paragraph 1 of this Section II.A.

4. Following the mid-term review, the Recipient shall act promptly and diligently in order to take any corrective action deemed necessary to remedy any shortcoming noted in the implementation of the Project, or to implement such other measures as may be required in furtherance of the objectives of the Project.

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. 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.
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 in paragraph 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 ("NCB") 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 Association before their use during the implementation of the 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. Therefore, except for the ineligibility situations referred to in paragraphs 1.10(a) (i) and 1.10(a) (ii) of the Procurement Guidelines, the eligibility of bidders must be based solely on their qualification, experience and capacity to carry out the contract related to the specific 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 thirty (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’s (*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 Association’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 Association’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 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, non-consulting services, consultants’ services,</td>
<td>79,800,000</td>
<td>100%</td>
</tr>
<tr>
<td>Training and Operating Costs (excluding Part A.1(a) of the Project)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, consultants’ services,</td>
<td>7,000,000</td>
<td>92%</td>
</tr>
<tr>
<td>Training and Operating Costs for Part A.1(a) (except Part A.1(a) (vii) of the Project)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3) Matching Grants under Part A.1(a) (vii)</td>
<td>14,100,000</td>
<td>100% of amounts disbursed</td>
</tr>
<tr>
<td>(4) Emergency Expenditures under Part D.3 of the Project</td>
<td>00</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Refund of Preparation Advance</td>
<td>1,500,000</td>
<td>Amount payable pursuant to Section 2.07 of the General Conditions</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. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made under Category 3, unless the Association is satisfied that the Matching Grants comply with the provision of Part D.1 of Schedule 2 to this Agreement.

3. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made under Category 4 for Emergency Expenditures under Part D.3 of the Project, unless and until the Association is satisfied, and notified the Recipient of its satisfaction, that all of the following conditions have been met in respect of said activities:

   (a) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in Part D.3 of the Project in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof;

   (b) the Recipient has prepared and disclosed all Safeguards Instruments required for said activities, and the Recipient has implemented any actions which are required to be taken under said instruments, all in accordance with the provisions of Section I.E.3 of Schedule 2 to this Agreement;

   (c) the Recipient's Coordinating Agency has adequate staff and resources, in accordance with the provisions of Section I.F.2 of this Schedule 2 to this Agreement, for the purposes of said activities; and

   (d) the Recipient has adopted an IRM Operations Manual in form, substance and manner acceptable to the Association in accordance with the provisions of Section I.F.1 of this Schedule 2 so as to be appropriate for the inclusion and implementation of said activities under Part D.3 of the Project.

4. The Closing Date is December 31, 2021.
**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 March 15 and September 15, commencing September 15, 2022, to and including March 15, 2054</td>
<td>1.5625%</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

1. “Affected Person” means a person who as a result of: (a) the involuntary taking of land under the Project is affected in any of the following ways: (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 the affected person must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas suffers adverse impacts on his or her livelihood.

2. “Annual Work Plan and Budget” means an annual work plan and budget referred to in Section I.B.2 of Schedule 2 to this Agreement.


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

6. “CEPGL” means Commission Economique des Pays des Grands Lacs, the Economic Community of the Great Lakes Countries, a sub-regional organization created under the Treaty of Gisenyi in Rwanda on September 20, 1976, and aiming at insuring the safety of member states, at favoring the creation and the development of activities of public interest, at promoting the trades and the traffic of the persons and the possessions, at establishing the cooperation in a narrow way in all the domains of the political, economic and social life.


8. “Eligible Crisis or Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster.

9. “Emergency Expenditure” means any of the Eligible Expenditures set forth in the IRM Operations Manual in accordance with the provisions of Section I.F.1 (a)(ii) of Schedule 2 to this Agreement and required for the activities included in the IRM Part of the Project.
10. "ESIA" means an environmental and social impact assessment to be prepared by the Recipient for a specific Project activity, in each case identifying and assessing the potential environmental and social impacts of a proposed Project activity; and "ESIAs" means more than one such ESIA, as such ESIAs may be amended from time to time with the prior written agreement of the Association.

11. "ESMF" or "Environmental and Social Management Framework" means the framework satisfactory to the Association, prepared and adopted by the Recipient, and disclosed in country and in the Association’s Infoshop on February 22, 2016, outlining the process for management of the environmental and social aspects of the Project as the same may be amended from time to time with the Association’s prior written concurrence.

12. "ESMP" means an environmental and social management plan to be prepared by the Recipient for a specific Project activity, in each case consistent with the ESMF, and setting forth appropriate mitigation, monitoring and institutional measures designed to mitigate the potential adverse environmental and social impacts of a proposed Project activity; and "ESMPs" means more than one such ESMP, as such ESMPs may be amended from time to time with the prior written agreement of the Association.


14. "Immediate Response Mechanism Operations Manual" or "IRM Operations Manual" means the operations manual referred to in Section 1.F.1 of Schedule 2 to this Agreement, to be adopted by the Recipient for Part D.3 of the Project in accordance with the provisions of said Section.

15. "Indigenous Peoples’ groups" means distinct, vulnerable, social and cultural groups that may be identified pursuant to the studies outlined in the IPPF (as hereinafter defined) for the purposes of this Project.

16. "Indigenous Peoples Planning Framework" or "IPPF" means an instrument prepared by the Recipient, satisfactory to the Association, disclosed in country and in the Association’s Infoshop on February 22, 2016, outlining the basis for identifying indigenous people and their rights, the appropriate consultative process as well as guidelines to avert, minimize, mitigate, or provide culturally appropriate compensation for any potentially adverse effects as the same may be amended from time to time with the Association’s prior written concurrence.

17. "Indigenous Peoples’ Plan" or "IPP" means each of the plans to be prepared by the Recipient, satisfactory to the Association, disclosed in country and in the Association’s Infoshop, which sets out the measures to be carried out by the Recipient to ensure that: (a) an Indigenous People’s group affected by the Project
receive culturally appropriate social and economic benefits; and (b) when potential adverse effects on Indigenous Peoples are identified, those adverse effects are compensated for, avoided, minimized, or mitigated.

18. “IPPM” means the Recipient’s Integrated Pest Management Plan, satisfactory to the Association, duly disclosed in country and in the Association’s Infoshop on February 22, 2016, which sets out the measures to guide the use of pesticides and related products under the Project and the adequate management of their contents.

19. “Matching Grant” means each grant provided to Beneficiaries under Part A.1(a) (vii) of the Project to carry out a series of activities.

20. “Matching Grant Agreement” means the agreement to be entered into between the Recipient and the Beneficiary for the financing of Matching Grants and referred to in Paragraph D.2, Section I of Schedule 2 to this Agreement.

21. “Operating Costs” means the reasonable expenses incurred by the Project Coordination Unit at the national level and the Project Implementation Units at the provincial units on accounts of Project implementation, based on an Annual Work Plan and Budget approved by the Association pursuant to Section I.B.2 of Schedule 2 to this Agreement, including: expenditures for maintenance of equipment, facilities and vehicles used for Project implementation, fuel, routine repair and maintenance of equipment, vehicles and office premises, communication costs, use of internet costs, stationery and other office supplies, utilities used for Project implementation, consumables, travel per diems, accommodation expenses, workshop venues and materials, and costs of translation, printing, photocopying and advertising, but excluding salaries, top-ups, honoraria, or allowances of the Recipient’s civil servants.

22. “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 July 11, 2014, and on behalf of the Recipient on July 21, 2014.


24. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated May 5, 2016, 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.

25. “Project Coordination Unit” means the Recipient’s Project coordination unit referred to in Section I.A.1 of Schedule 2 to this Agreement.
26. “Project Implementation Manual” means the manual, satisfactory to the Association, adopted by the Recipient pursuant to Section 401(c) of this Agreement and, which shall include provisions on the following matters: (i) capacity building activities for sustained achievement of the Project’s objectives; (ii) arrangements on financial management, setting forth the detailed policies and procedures for financial management under the Project; (iii) procurement management procedures; (iv) institutional administration, coordination and day to day execution of Project activities; (v) monitoring and evaluation; (vi) reporting; (vii) information, education and communication of Project activities; (viii) guidelines for carrying out of Matching Grants (including Safeguard Instruments applicable to said Matching Grants), including, inter alia, the eligibility criteria and detailed procedures for the selection, approval and implementation of said Matching Grants; (ix) guidelines for assessing potential environmental and social impacts of the Project (including said Matching Grants) and designing appropriate mitigation, management, and monitoring measures in respect of said impacts; and (x) such other technical and organizational arrangements and procedures as shall be required for the Project.

27. “Project Implementing Units” or “PIUs” means the Project Implementation Units for the provinces of Bukavu and Kalemie, referred to in Section I.A.3 of Schedule 2 to this Agreement.

28. “Project Steering Committee” means the Recipient’s Project Steering Committee referred to in Section I.A.2 of Schedule 2 to this Agreement.

29. “Provincial Monitoring Committees” means the Recipient’s Provincial Monitoring Committees for the provinces of South Kivu and Tanganyika, referred to in Section I.A.4 of Schedule 2 to this Agreement; and “Provincial Monitoring Committee” refers to one such committee.

30. “Resettlement” means resettlement and rehabilitation of persons affected by the implementation of the Project, including as a result of the acquisition of land and other assets, and loss of access to land, other assets or income, whether permanent or temporary.

31. “RPF” or “Resettlement Policy Framework” means the framework for the Project prepared by the Recipient, disclosed in country and in the Association’s Infoshop on February 22, 2016, for compensation payments to be made under the Project to Affected Persons, including a Process Framework, as the said document may be amended and/or supplemented from time to time with the prior written concurrence of the Association.

32. “RAP” means a resettlement action plan to be prepared by the Recipient for a specific Project activity, consistent with the RPF, and describing, for a proposed Project activity, the compensation and other resettlement assistance to be provided,
consultation to be conducted with Affected Persons, institutional responsibilities for the implementation, procedures for grievance redress, and arrangements for monitoring and evaluation; and "RAPs" means more than one such RAP, as such RAPs may be amended from time to time with the prior written agreement of the Association.

33. “Regional Coordination Committee” means the regional coordination committee for the Project, referred to in Section I.A.2 of Schedule 2 to this Agreement.

34. “Safeguard Action Plan” means the Action Plan for Safeguards, dated August 5, 2015, setting forth a time-bound plan for the sequential planning, preparation and coordination of Project activities and the preparation by the Recipient of Safeguards Instruments; as such plan may be amended from time to time with the prior written agreement of the Association.

35. “Safeguard Frameworks” means, collectively, the ESMFs, RPF and IPPF; and “Safeguard Framework” means any one of the Safeguard Frameworks.

36. “Safeguard Instrument” means, in respect of a given Project activity: (a) for which the ESMF requires an ESIA, said ESIA; (b) for which the ESIA requires an ESMP, said ESMP; (c) for which the RPF requires a RAP, said RAP; (d) for which a IPPF requires a IPP, said IPP; and (e) the IPPM, all as shall have been prepared in accordance with the provisions of Section 1.E of Schedule 2 to this Agreement.

37. “Targeted Areas” means the areas located in the provinces of South Kivu and Tanganyika, and more specifically the Bukavu-Uvira-Kalemie corridor (Bukavu, Ruzizi plain, coastal plain Baraka-Fizi-Kalemie).

38. “Training” means the reasonable costs associated with training, workshops and study tours provided under the Project, based on an Annual Work Plan and Budget approved by the Association pursuant to Section I.B.2 of Schedule 2 to this Agreement, consisting of reasonable expenditures (other than expenditures for consultants’ services) for: (a) travel, room, board and per diem expenditures incurred by trainers and trainees in connection with their training and by non-consultant training facilitators; (b) course fees; (c) training facility rentals; and (d) training material preparation, acquisition, reproduction and distribution expenses.