Financing Agreement

(Additional Financing for the Human Development Systems Strengthening Project)

between

DEMOCRATIC REPUBLIC OF CONGO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 13, 2016
FINANCING AGREEMENT

AGREEMENT dated May 13, 2016, entered into between DEMOCRATIC REPUBLIC OF CONGO ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing additional financing for activities related to 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 twenty one million and eight hundred thousand Special Drawing Rights (SDR21,800,000) ("Grant" or, "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 May 15 and November 15 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 the Project through CFEF in accordance with the provisions of Article IV of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension consists of the following, namely that the Steering Committee Legislation have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Recipient to perform any of its obligations under this Agreement.

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

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following, namely that evidence satisfactory to the Association has been furnished to the Association that: (i) the GFF Grant Agreement has been executed and delivered; and (ii) all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.

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

5.03. For purposes of Section 8.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the date of this Agreement.
ARTICLE VI — REPRESENTATIVE; ADDRESSES

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

6.02. The Recipient’s Address is:

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

Email: cabfinances@minfinrdc.com
Tel.: +243 82 58 52 240

6.03. The Association’s Address is:

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

Cable: INDEVAS
Telex: 248423 (MCI)
Facsimile: 1-202-477-6391
AGREED at Kinshasa, DRC, as of the day and year first above written.

DEMOCRATIC REPUBLIC OF CONGO

By

Authorized Representative

Name: Henri Yov TULANG
Title: Ministre de Finances

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Ahmeda Mouctarou
Title: Country Director
SCHEDULE 1

Project Description

The objective of the Project is to strengthen select management systems for education and health services in targeted geographic areas in the Recipient’s territory.

The Project consists of the following parts:

Component 1: Information Systems

Support the Recipient to enable data-driven decision making, leading to a more efficient use of resources and improved human development while enhancing capacity-building and communication under the Project.

1.1. Education Program Information Management System and GIS School Mapping

Improve the governance, quality and decentralization of education information and initiate education system mapping at national, provincial and sub-provincial levels by: (i) developing a data management protocol for the education system; (ii) establishment of provincial education statistics units (cellules provinciales) in targeted provinces; (iii) upgrading and decentralizing the information collection and reporting capacity of existing education structures; (iv) ensuring a wider dissemination of the data in forms that are useful to different stakeholders, in order to encourage wider participation in the planning and management process; (v) developing and scaling up a computerized student identification system; and (vi) carrying out a geo-tagged survey of educational infrastructure in the Recipient’s territory.

1.2. Health Information Management Systems and GIS Health Infrastructure Mapping

Enable data-driven, quality and decentralized decision making through improved health information management and health mapping at national, provincial and operational level by: (i) upgrading the information collection and reporting capacity of existing health structures; (ii) encouraging the utilization of data in active decision making; (iii) ensuring a wider dissemination of the data in forms that are useful to different stakeholders, in order to encourage wider participation in the planning and management process; (iv) strengthening the national monitoring and evaluation planning, coordination and review processes; and (v) developing localized participatory and monitored versions of the national strategy and action plan in two of the Recipient’s provinces.
1.3. **Service Delivery Indicator Surveys**

Carry out two rounds of national surveys and disseminate results for the service delivery indicators to complement the information collected through the information management systems put in place under the Project by adopting the perspective of the population accessing a service in order to provide a service delivery report card on education and health care.

1.4. **Strengthening Civil Registration/Vital Statistics System**

Provide targeted support to review and advise on legal, institutional, and organizational information management, data collection and management aspects of the Recipient’s civil registration/vital statistics system, including linkages to a potential secure national identification system; and carry out catch up campaigns to increase the number of children who have birth certificate, supported by, *inter alia*, a communication campaign to ensure that parents are well informed of the initiative.

**Component 2: Systems for Safe Essential Medicines**

Support the Recipient to enhance its capacity to provide safe and effective essential medicines through an strengthened national system for delivery of pharmaceutical products with reinforced supply chains to public sector health facilities as well as stronger regulatory role to control the quality of said medicines while enhancing capacity-building and communication under the Project.

2.1. **Strengthening the Regulatory System**

Support capacity-building and expertise to DPM to: (i) prepare a business plan for its transition to a more autonomous regulatory authority with increased resources and financial sustainability; (ii) conduct a feasibility study to establish a national quality control laboratory and support the implementation of some of its recommendations; (iii) provide training to internal evaluators and inspectors; and (iv) carry out a set of key analytical studies to support technical regulatory functional areas, including registration, licensing, and post-market surveillance.

2.2. **Strengthening the Public Procurement System**

Support capacity-building and expertise to FEDECAME to: (i) establish a business plan to scale-up its activities and achieve financial sustainability; (ii) strengthen the prequalification process by making it smoother and expanding the number of prequalified suppliers per item; (iii) improve its organization, its quality management system and its operational management; and (iv) facilitate the increase of its current rolling capital for medicine procurement.
2.3. Strengthening the Public Supply Chain Management

Support capacity-building and expertise to PNAM to: (i) review its logistics in selected priority provinces with different patterns in order to identify strengths and weaknesses; (ii) propose an alternative design on a province-basis and explore options; (iii) present a full costing of each model; (iv) propose an appropriate public-private mix for SNAME; and (v) support with partners the deployment of a logistics management information system with a focus on sustainability and risk mitigation.

**Component 3: Analytical Products**

Support the Recipient to build the analytical basis required for informed decisions, learn from and share knowledge with the global community and ensure capacity-building and communication for the Project.

3.1. Analytical Products

Provide capacity-building, studies and analytical products to Line Ministries required for informed decisions.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

The Recipient shall maintain throughout the period of Project implementation the Project:

(a) the Steering Committee to provide general orientation, oversight and coordination between the Line Ministries and their relevant divisions and units, for the efficient implementation and coordination of the Project, with terms of reference, composition and powers acceptable to the Association as further described in the Project Implementation Manual; and

(b) the CFEF to run the day-to-day management, implementation and coordination of the Project, with staffing, terms of reference, composition and powers acceptable to the Association as further described in the Project Implementation Manual.

B. Annual Work Programs

1. The Recipient shall, not later than November 30 in each calendar year during Project implementation, prepare and furnish to the Association, a program of activities proposed for inclusion in the Project during the following calendar year, including: (a) a detailed timetable for the sequencing and implementation of said activities; and (b) the types of expenditures required for such activities and a proposed financing plan (“Annual Work Program”).

2. The Recipient shall exchange views with and seek approval of the Association on each such proposed Annual Work Program, and shall thereafter carry out such program of activities for such following year as shall have been agreed between the Recipient and the Association.

3. Only those activities which are included in an Annual Work Program shall be included in the Project. Notwithstanding the foregoing, the Annual Work Program might be amended from time to time to include new activities with the prior and written concurrence of 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. Project Implementation Manual

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

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

(c) In case of any conflict between the terms of the Project Implementation Manual and the terms of this Agreement, the terms of this Agreement shall prevail.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators set forth in the Project Implementation Manual and found acceptable to the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than one month after the end of the period covered by such report.

2. For purposes of Section 4.08(c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than six months after the Closing Date.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty-five days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the
Financial Statements shall cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal was made under the Preparation Advance for the Project. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

Section III. Procurement

A. General

1. Goods and Non-consulting Services. All goods 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 and Non-consulting Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (a) Limited International Bidding; (b) National Competitive Bidding, subject to the additional provisions referred to in subparagraph 3 below; (c) Shopping; (d) Direct Contracting; and (e) Procurement from United Nations Agencies.

3. Additional Provisions for National Competitive Bidding

National Competitive Bidding may be used subject to using the open procedure (“appel d’offres ouvert”) set forth in the Recipient’s Public Procurement Law No. 10/010 dated April 27, 2010 (the “PPL”) and the Manual of Procedures of the
PPL as per Recipient’s Decree No. 10/22 dated June 2, 2010 (the “Manual of Procedures”); provided however that such procedure shall be subject to the provisions of Section I and Paragraphs 3.3 and 3.4 of Section III of the Procurement Guidelines and the additional following modifications:

(a) **Standard Bidding Documents**: All standard bidding documents to be used for the Project under NCB shall be found acceptable to the World Bank before their use during the implementation of Project.

(b) **Eligibility**: Eligibility of bidders and acceptability of their goods and services shall not be based on their nationality and/or their origin; and association with a national firm shall not be a condition for participation in a bidding process. 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 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.
Publication of Contract Award: Information on all contract awards shall be published in at least a national newspaper of wide circulation or in the Recipient's Procurement Regulator (Autorité de Régulation des Marchés Publics) web-site.

Fraud and Corruption: In accordance with the Procurement Guidelines, each bidding document and contract shall include provisions stating the World Bank’s policy to sanction firms or individuals found to have engaged in fraud and corruption as set forth in the Procurement Guidelines.

Inspection and Audit Rights: In accordance with the Procurement Guidelines, each bidding document and contract shall include provisions stating the World Bank’s policy with respect to inspection and audit of accounts, records and other documents relating to the bid submission and contract performance.

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.

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; (g) Single-source procedures for the Selection of Individual Consultants; and (h) Selection of United Nations Agencies.
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) Goods, Non-Consulting Services, Consultants’ Services, Operating Costs, Workshops and Training for the Project except for Components 1.2 (iv), 1.2 (v) et 1.4</td>
<td>14,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, Non-Consulting Services, Consultants’ Services, Operating Costs, Workshops and Training for Component 1.4 of the Project</td>
<td>7,300,000</td>
<td>50%</td>
</tr>
<tr>
<td>MONTANT TOTAL</td>
<td>21,800,000</td>
<td></td>
</tr>
</tbody>
</table>
B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.

2. The Closing Date is December 31, 2020.

Section V. Other Undertakings

1. By June 30, 2018, or such other date as the Association shall agree upon, the Recipient through CFEF and the Line Ministries shall: (i) carry out jointly with the Association, a mid-term review of the implementation of operations under the Project, which shall cover the progress achieved in the implementation of the Project; and (ii) following such mid-term review, act promptly and diligently to take any corrective action as shall be agreed by the Association.
APPENDIX

Definitions

1. “Annual Work Program” means each annual work program prepared by the Recipient and approved by the Association in accordance with the provisions of Section I.B of Schedule 2 to this Agreement.


3. “CFEF” means *Cellule d’Exécution des Financements en Faveur des États Fragiles*, a unit within the administrative structure of the Recipient’s MOF, in charge of the day-to-day management, implementation and coordination of the Project, with qualified staff in adequate numbers and with terms of reference, composition and responsibilities acceptable to the Association as further described in the Project Implementation Manual.

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


7. “FEDECAME” means “Fédération des Centrales d’Approvisionnement en Medicaments Essentiels”, a not-for-profit entity created in accordance with the Recipient’s laws by the Recipient in order to manage the purchasing and distribution of the national supply of essential medicines.


9. ‘GFF Grant Agreement” means the agreement to be entered into between the Recipient and the World Bank, acting as administrator of the Global Financing Facility in Support of Every Woman and Every Child Multi-Donor Trust Fund, extending to the Recipient a grant in an amount of ten million United States Dollars (USD 10,000,000) to assist in financing part of the cost of activities related to the Project on the terms and conditions set forth in the GFF Grant Agreement.
10. “GIS” means Geographic Information System

11. “Line Ministries” means the Recipient’s six Ministries that are responsible for carrying out the activities under the Project, i.e. the Ministry in charge of public health, the Ministry in charge of primary, secondary and initiation to new citizenry, the Ministry in charge of employment, labor and social insurance, the Ministry in charge of justice and human rights, the Ministry in charge of interior and security, and the Ministry in charge of social affairs, humanitarian action and national solidarity, or any successor thereto.


13. “Operating Costs” means recurrent costs of the Project: (i) operation and maintenance of vehicle, repairs, fuel and spare parts; (ii) equipment and computer maintenance, including hardware and software; (iii) communication costs and shipment costs (whenever these costs are not included in the cost of goods); (iv) office supplies and equipment; (v) rent for office facilities; (vi) utilities and insurances; (vii) travel and per diem costs for technical staff carrying out training, supervisory and quality control activities; and (viii) salaries of support staff for CFEF, Line Ministries and the Steering Committee, but excluding salaries of the Recipient’s civil servants.


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

16. “PNAM” means Programme National d’Approvisionnement en Médicaments, a program carried out by the Recipient’s ministry in charge of public health and responsible for the coordination of SNAME, as established and operating under the Recipient’s Politique Pharmaceutique Nationale dated 1997.


18. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated February 12, 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.

19. “Project Implementation Manual” means a manual dated March 12, 2015 (as updated on February 12, 2016) found satisfactory to the Association and which
shall contain, *inter alia*: (i) the terms of reference, functions, working facilities and responsibilities under the Project for CFEF, Line Ministries and the Steering Committee, including the hiring of an accountant for CFEF; (ii) the procedures for procurement of goods, non-consulting services, consultants’ services, Operational Costs, Training and Workshops, as well as for financial management (including the upgrade of the accounting software) and audits under the Project (including the terms of reference for the independent auditors and the updated terms of reference for the internal auditors under the Project); (iii) details of the procurement training program for the Line Ministries staff; (iv) details of CFEF archiving system and obligations under the Project; (v) the indicators, baselines and targets to be used in the monitoring and evaluation of the Project; (vi) the Annual Work Program for the implementation of Project, in form and substance satisfactory to the Association; and (vii) flow and disbursement arrangements of Project funds; as said manual may be amended from time to time with the Association’s prior approval.

20. “SNAME” means “*Systeme National d’Approvisionnement en Medicaments Essentiels*”, the Recipient’s overall system for procurement and distribution of essential medicines, as established and operating under the Recipient’s *Politique Pharmaceutique Nationale* dated December 2008.


22. “Workshops and Training” means workshops and training conducted and covered under the Project, including purchase and publication of materials, rental of facilities, course fees, and travel and subsistence for participants, trainees and trainers.