Agreement Providing for the Amendment and Restatement of the Financing Agreement

(Urban Water Supply Project and Additional Financing for the Urban Water Supply Project)

between

DEMOCRATIC REPUBLIC OF CONGO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated March 18th, 2016
ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions 2006 and the General Conditions 2010 (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement and shall apply respectively to the Original Project and to the Additional Financing.

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 nineteen million and eight hundred thousand Special Drawing Rights (SDR119,800,000) ("Financing" or "Additional Grant") to assist in financing the project described in Schedule I 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 15 and September 15 each year.

2.05. The Payment Currency is Dollar
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project and the Program. To this end, the Recipient shall cause 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(a) The Project Implementing Entity’s Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations arising under or entered into, pursuant to the Project Agreement, or to achieve the objectives of the Project.

(b) The Recipient’s legal or regulatory framework has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the objective of the Project or its ability to be carried out or the implementation of the Services Contract and of the Performance Contract.

(c) A situation has occurred that makes it improbable that a material aspect of the Program or any obligations undertaken by the Recipient under the Program will be carried out.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following, namely that the Subsidiary Agreement has been amended and executed on behalf of the Recipient and the Project Implementing Entity.

5.02. The Additional Legal Matter consists of the following, namely that the amended Subsidiary Agreement 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.
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 twenty years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

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

6.02. The Recipient’s Address is:

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

Email: cabfinances@minfinrdc.com
Tel.: + 243 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, Democratic Republic of Congo, as of the day and year first above written.

DEMOCRATIC REPUBLIC OF CONGO

By

[Signature]  
Authorized Representative
Name: Henri YAV HULANG  
Title: Ministre de Finances

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]  
Authorized Representative
Name: Ahmadou Moustapha N'Diaye  
Title: Country Director
SCHEDULE 1

Project Description

The objective of the Project is to increase access to sustainable water services in selected urban areas and to improve the operational performances and viability of the Project Implementing Entity.

The Project consists of the following parts:

Part A - Improvement and Expansion of Water Supply Services in Targeted Cities

1. For the City of Kinshasa

   Support to the Recipient for the implementation of an investment program in the city of Kinshasa through the provision of works and goods including for: (a) the construction of a water intake and water treatment plant (110,000 m³ per day); (b) the rehabilitation of selected pumping and booster stations and one water storage tank; (c) the rehabilitation and strengthening of selected feeder pipes (approximately 39 km); (d) the rehabilitation and expansion of approximately 610 km of secondary and tertiary distribution networks and the rehabilitation of approximately 100,000 service connections; (e) the provision and installation of approximately 390,000 new meters and the provision of ancillary materials; (f) the rehabilitation of the Kinshasa meter workshop; and (g) the construction of approximately 51,000 new service connections and 200 stand posts.

2. For the City of Lubumbashi

   Support to the Recipient for the implementation of an investment program in the city of Lubumbashi through the provision of works and goods including for: (a) the rehabilitation, strengthening, expansion and equipment of selected groundwater production facilities; (b) the rehabilitation of selected pumping stations; (c) the rehabilitation of one water storage tank and the construction of three water storage tanks; (d) the rehabilitation and expansion of approximately 595 km of pipes; (e) the rehabilitation of approximately 15,000 service connections; (f) the provision and installation of approximately 15,000 new meters; and (g) the construction of approximately 25,000 new service connections and 100 stand posts.

3. For the City of Matadi

   Support to the Recipient for the implementation of an investment program in the city of Matadi, through the provision of works and goods including for: (a) the rehabilitation of selected production facilities and one pumping station; (b) the rehabilitation and expansion of approximately 136 km of pipes; (c) the rehabilitation of approximately 6,500 service connections; (e) the provision and installation of approximately 10,000 new meters; and (f) the construction of approximately 10,000 new service connections and 100 stand posts.
4. For the City of Kindu

Support to the Recipient for the implementation of an investment program in the city of Kindu, through the provision of works and goods including for: (a) the construction of a water intake and water treatment plant (500 m³ per hour); (b) the construction of a pumping station, two water storage tanks and a discharge pipe (5 km); (c) the rehabilitation and expansion of the existing distribution network; and (d) the construction of approximately 1,000 new service connections, 50 stand posts and 50 km of pipes.

Part B - Support to Sector Reform, Capacity Building and Improved Governance

1. Services Contract and Performance Contract

Financing of the Services Contract and related audits of the Services Contract and the Performance Contract.

2. Repair, Replacement and Operational Support

Support to the financing of such expenditures as: (a) minor works, replacement and repair of connections, meters and data processing tools as deemed necessary by the Services Provider; and (b) chemical products required for the treatment and disinfection of water.

3. Staff Optimization

Support to the Recipient for: (a) the design and implementation of the Staff Restructuring Plan, including the financing of Retrenchment Payments and related services; and (b) the design and implementation of an action plan for improving human resources management in the Project Implementing Entity.

4. Communication Program

Support to the Recipient in the design and implementation of a communication program to ensure a full understanding by civil society and main stakeholders of the objectives and improvements targeted by the reform of the Recipient’s water sector, through the provision of goods, technical assistance and Training including for the preparation and implementation of: (a) a specific communication plan oriented towards customers satisfaction in the Targeted Cities; (b) a communication strategy on key messages to improve the water sector management; and (c) a specific communication strategy addressing hygiene, sanitation and HIV AIDS in selected cities.

5. Capacity Building and Project Management

Support to the Recipient in the strengthening of capacities within ME, MP, COPIREP and the Project Implementing Entity, including: (a) the provision of technical assistance and Training to ME in the fields of planning and regulation; (b) the provision of Training to staff
of the Project Implementing Entity and the provision of works and goods for the rehabilitation of training centers in Kinshasa and Lubumbashi; (c) Training and legal assistance to MP and COPIREP for the negotiation and implementation of the Services Contract; (d) the implementation of the information technology master plan for the Project Implementing Entity; (e) carrying out of studies in connection with the organization of the urban water sector including the implementation of a decentralization strategy; (f) carrying out of studies of the financial model of the Project Implementing Entity and of water tariffs; (g) carrying out of water supply master plans in four selected cities and of miscellaneous technical studies; (h) the provision of goods, technical assistance, Training and Operating Costs to IU for the implementation of the Project; (i) the organization of Project launch and mid-term review workshops; and (j) the financing of COPIREP's costs incurred by the management of procurement activities and supervision of Parts B.1 and B.3 of the Project.

6. Improved Governance in the Water Sector

Support to the Recipient in improving the governance in the water sector, through the provision of goods, Training and technical assistance for: (a) carrying out public information campaigns, workshops and consultations, including customer satisfaction surveys to improve governance in the water sector; (b) the set up of a website to, among others, publicize the award of contracts financed under the Project; (c) the creation of a call center in Kinshasa; and (d) support to the monitoring of citizen engagement.

7. Reduction and Control of Water Consumption by Public Institutions and Related Personnel

Support to the Recipient in the preparation and implementation of an action plan to reduce and control water consumption by public institutions and related personnel, through the provision of goods, goods, technical assistance and Training including to: (a) ensure rigorous metering of water use, billing, and payment, in a timely manner; and (b) support the rehabilitation and upgrading of facilities serving large public entities.

8. Sanitation Studies

Provision of technical assistance to the Recipient to: (a) carry out studies to develop urban sanitation strategies and programs in Matadi and Lubumbashi; and (b) carry out institutional studies of the urban sanitation sector.

9. Monitoring and Evaluation, Supervision of Works and Audits

Support to the Recipient in carrying out monitoring and evaluation activities under the Project through the provision of technical assistance including to: (a) carry out environmental and social impact studies required under the Project, as well as overall monitoring of Project indicators; (b) carry out impact evaluation studies of the Project; (c) carry out technical and financial audits of the Project; (d) carry out financial audits of the Project Implementing Entity; (e) carry out supervision of works funded under the Project; and (f) carry out engineering studies and bidding documents for Part A of the Project.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Subsidiary Agreement

1. To facilitate the carrying out by the Project Implementing Entity of the Project, the Recipient shall make the entire proceeds of the Financing available to the Project Implementing Entity under a subsidiary agreement between the Recipient and the Project Implementing Entity, under terms and conditions approved by the Association, which shall include the following:

   a. The obligation of the Recipient to transfer the entire proceeds of the Financing to the Project Implementing Entity on a non-reimbursable grant basis, and otherwise to take all action 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 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. The obligation of the Project Implementing Entity, at the request of the Recipient, to exchange views with the Recipient 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 Agreement and the Project Manuals.

   d. The obligation of the Project Implementing Entity to carry out the Project in accordance with this Agreement, the Project Agreement, the Subsidiary Agreement and Project Manuals, and at all times to ensure that only Eligible Expenditures that comply with the Subsidiary Agreement and Project Manuals will be financed from the proceeds of the Financing.

   e. The mutual obligation of the Recipient and the Project Implementing Entity to comply with the ESD and the Project Manuals and to take all necessary steps to ensure that the ESD shall be carried out in a manner satisfactory to the Association.

   f. The obligation of the Project Implementing Entity to promptly refund to the Recipient any proceeds from the Financing not used to finance Eligible Expenditures.

   g. A provision stipulating that, in case of conflict between any of the provisions contained in the Subsidiary Agreement or Project Manuals, on the one hand,
and those set forth in this Agreement and the Project Agreement, on the other, 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 of any of its provisions.

B. Institutional Arrangements

1. The Recipient shall, at all times during Project implementation take all actions necessary or appropriate to enable the Project Implementing Entity to carry out its obligations as set forth or referred to in this Agreement and the Project Agreement, including, without limitation, the provision of facilities, site access, services and other resources required for that purpose; and cause any governmental body and public agencies and institutions at the central or local level to take all actions necessary or appropriate to facilitate the smooth execution of the Project by the Project Implementing Entity.

Manuals

2. Except as the Association shall otherwise agree in writing, the Recipient shall: (i) apply the criteria, policies, procedures and arrangements set out in the Project Manuals; and (ii) not amend or waive, or permit to be amended or waived, any of the Project Manuals, or any provision thereof.

Inter Ministerial Steering Committee

3. The Recipient shall, at all times during the execution of the Project:

   (a) maintain the Inter-Ministerial Steering Committee, in form and with functions satisfactory to the Association, in charge of: (i) providing overall guidance to evaluate and ascertain the Project’s results; (ii) ensuring the coordination of the Project with the Recipient’s overall water service improvement program; and (iii) review and, as the case may be, approve any strategic plans or policy reforms in connection with the urban water sector; and

   (b) cause the Inter-Ministerial Steering Committee to meet at least twice a year.

LSC

4. The Recipient shall maintain at all times during the execution of the Project, LSC in form and with functions satisfactory to the Association, in charge of overseeing Project implementation at the local level in each Targeted City and with staff having qualifications and experience and terms of reference satisfactory to the Association.
ME

5. The Recipient shall ensure that ME allocates proper resources and assigns staff in number and with qualifications satisfactory to the Association to allow for: (a) proper coordination of reforms supported under the Project within overall sector policies; and (b) adequate inputs in connection with the adoption of required sectoral policies.

MP

6. The Recipient shall ensure that MP allocates proper resources and assigns staff in number and with qualifications satisfactory to the Association to allow for: (a) proper coordination of reforms supported under the Project within overall state owned enterprises reforms; and (b) adequate inputs in connection with the adoption of required sectoral policies.

C. Services Contract, Performance Contract and Settlement and Payment Contract

1. No later than three months from the Effective Date, the Recipient shall: (a) with support of COPIREP execute a Services Contract with the Services Provider in accordance with the provisions of Section III of the Schedule to the Project Agreement; and (b) thereafter cause the Project Implementing Entity to maintain at all times during the implementation of the Project, the Services Contract under terms and conditions satisfactory to the Association, including, inter alia:

   a. a detailed description of the services to be rendered by the Services Provider, including the proposed schedule for carrying out its mission, as well as technical standards to be complied with;

   b. a detailed description of the financing mechanisms made available to the Project Implementing Entity, including this Financing, and the resulting fiduciary or other requirements and obligations undertaken by the Project Implementing Entity;

   c. a detailed list of objectives to be attained, along with expected achievement dates and performance indicators;

   d. a detailed description of personnel to be provided by the Services Provider, together with the required qualifications and experience, and to include competent staff in adequate numbers;

   e. a list of deliverables and report or strategies to be delivered by the Project Implementing Entity;

   f. the Cahier des Charges attached as an annex; and

   g. provisions with respect to the periodic review of the performance of the Services Provider.
2. Within two months from the date of signing of the Services Contract, the Recipient shall have: (i) designated or maintained any representatives within the Project Implementing Entity as prescribed by the applicable laws and the Services Contract; (ii) proceeded with any corporate nominations prescribed by the applicable laws, including, any representative from the Services Provider pursuant to the Services Contract; and (iii) submitted to the Association an opinion or opinions satisfactory to the Association of counsel acceptable to the Association showing on behalf of the Recipient and the Project Implementing Entity, that the Services Contract has been duly authorized or ratified by, and executed and delivered on behalf of, such party and that all corporate nominations required under the Services Contract are legally valid.

3. The Recipient shall: (a) no later than twelve months from the Effective Date execute the Performance Contract under terms and conditions satisfactory to the Association and thereafter maintain at all times during the implementation of the Project said Performance Contract; and (b) maintain the Performance Contract Oversight Committee under terms and conditions and with composition satisfactory to the Association and cause the Project Implementing Entity and the Performance Contract Oversight Committee to promptly take any action needed for the due implementation of the Performance Contract.

4. The Recipient shall no later than three months from the Effective Date enter into a Settlement and Payment Agreement with the Project Implementing Entity under terms and conditions satisfactory to the Association and thereafter maintain at all times during the implementation of the Project said Settlement and Payment Agreement.

5. COIREP shall have a semi-annual technical and financial review of the implementation of Services Contract and Performance Contract carried out by the Performance Auditors and submit its report no later than two months after the end of the relevant semester to the Services Provider, the Performance Contract Oversight Committee and to the Association.

6. Unless otherwise agreed in writing with the Association, the Beneficiary shall not, at any time during the Implementation of the Project, amend, suspend, abrogate, repeal, waive or transfer the Services Contract, the Performance Contract or the Settlement and Payment Agreement.

D. **Tariffs Structure and Costs Recovery Plan**

1. The Recipient shall: (a) no later than twenty four months from the Effective Date, submit to the Association the Tariffs Structure and Costs Recovery Plan; and (b) promptly thereafter take all necessary governmental actions required for its due implementation, including all actions to be taken within public administrations and public enterprises at the central or local level, including its publication and the carrying out of a communication strategy.
E. **Coordination**

1. The Recipient shall ensure proper consultation with and dissemination of information to all stakeholders involved in the water sector reform supported under the Project and shall ensure and take all necessary actions for the due cooperation of all concerned parties at the central and at the local level to allow for the smooth and prompt implementation of the Project.

F. **Urban Water Sector Reform Plan**

1. No later than one year before the Closing Date, the Recipient shall prepare and submit to the Association for its review, the Urban Water Sector Reform Plan and following an exchange of views with the Association, adopt said plan thereafter within 6 months.

G. **Anti-Corruption**

1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines 2006 (for the Original Project), Anti-Corruption Guidelines 2011 (for the Additional Grant) and of the Anti-Corruption Plan.

H. **Safeguards**

1. The Recipient shall ensure that the Project is implemented in accordance with the provisions of the ESDs, and except as the Association shall otherwise agree in writing, shall not amend or waive, or permit to be amended or waived, any provision of any of the ESDs.

**Section II. Project Monitoring, Reporting and Evaluation**

A. **Project Reports**

1. The Recipient shall cause the Project Implementing Entity to 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 and set forth in the Project Manuals. The Project Report shall include a review of the extent and quality of compliance with the implementation procedures, including the Anti-Corruption Plan. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than forty-five days 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 cause the Project Implementing Entity to 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 cause the Project Implementing Entity have the Financial Statements related to the Project audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements related to the Project 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 the Project for each such period shall be furnished to the Association not later than six months after the end of such period.

Section III. Procurement

All goods, works and services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the provisions of Section III of the Schedule to the Project Agreement.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Original Grant and the Additional Grant 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 paragraphs 2 and 3 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Original Grant (“Category”), the allocations of the amounts of the Original Grant 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 Original Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed by the Original Grant (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods and works for the Part A of the Project - Improvement and expansion of water supply services in Targeted Cities:</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(a) Kinshasa</td>
<td>36,340,000</td>
<td></td>
</tr>
<tr>
<td>(b) Lubumbashi</td>
<td>28,590,000</td>
<td></td>
</tr>
<tr>
<td>(c) Matadi</td>
<td>18,760,000</td>
<td></td>
</tr>
<tr>
<td>(2) Services Contract and related audits</td>
<td>6,710,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods and works under Part B.2 of the Project - Repair, Replacement and Rehabilitation Fund</td>
<td>6,570,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Retrenchment Payments and related services under Part B.3 of the Project - Staff Restructuring Plan</td>
<td>8,350,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Goods, works, consultants’ services, Training, and Operating Costs under Part B.4 through B.9 of the Project</td>
<td>21,310,000</td>
<td>100%</td>
</tr>
<tr>
<td>(6) Refund of Preparation Advance</td>
<td>830,000</td>
<td>Amount payable pursuant to Section 2.07 of the General Conditions</td>
</tr>
<tr>
<td>(7) Unallocated</td>
<td>40,000</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>127,500,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
3. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Additional Grant ("Category"), the allocations of the amounts of the Additional Grant 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 Additional Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed by the Additional Grant (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works and consultants' services, Training and Operating Costs</td>
<td>119,800,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>119,800,000</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, 2018.

Section V. Other Undertakings

1. By July 1, 2017, or such other date as the Association shall agree upon, the Recipient shall: (i) carry out jointly with the Project Implementing Entity and the Association, a mid-term review of the implementation of operations under the Project, which shall cover the progress achieved in the implementation of the Project; and (ii) following such mid-term review, act promptly and diligently to take any corrective action as shall be agreed by the Association.
APPENDIX

Section I. Definitions

1. “Additional Grant” means the grant extended through an additional financing to the Recipient by the Association on terms and conditions set forth or referred to in this Agreement.


4. “Anti-Corruption Plan” means the Recipient’s anti-corruption action plan dated March 19, 2009 satisfactory to the Association, 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.

5. “Cahier des Charges” means the technical annex setting forth the technical specifications for the purpose of the Services Contract, as set forth in Section I.C.1 of Schedule 2 to this Agreement.

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


8. “COPIREP” means Comité de Pilotage de la Réforme des Entreprises du Portefeuille de l’Etat, the Recipient’s agency in charge of implementing the Recipient’s program for reforming state owned enterprises.


11. "Displaced Person" means a person, a group of people or entities who, on account of
the execution of the Project, has experienced direct economic and social impacts
caused by the involuntary taking of land resulting in: (i) relocation or loss of shelter;
(ii) loss of assets or access to assets, totally or partially; or (iii) loss of income or means
of livelihood, whether or not such person must move to another location.

12. "EMP" means an environmental and social management plan in form and substance
satisfactory to the Association, adopted by the Recipient on the basis of the ESIA,
describing measures for the mitigation, reduction and or offset of the environmental
and social impacts of activities identified under the Project.

13. "ESD" and "Environmental and Social Documents" means, collectively, the ESIA,
ESMF, EMP, RPF and RAP.

14. "ESIA" means an environmental and social impact assessment of the potential
environmental risks and impacts of activities under the Project, satisfactory to the
Association, prepared and disclosed by the Recipient in accordance with the ESMF
prior to the start of any works, as the same may be amended from time to time with
the prior written approval of the Association.

15. "ESMF" and "Environmental and Social Management Framework" means the
document, prepared and adopted by the Recipient on November 3, 2008 as amended
and published on December 9, 2015, consisting of a framework outlining the
modalities for environmental and social screening of activities to be carried out under
the Project and rules and procedures for the preparation and implementation of
environmental and social impact assessments of such activities, in every case each
such assessment to be completed and disclosed in a manner satisfactory to the
Association prior to carrying out any of said activities.

16. "Financial Restructuring Plan" means the plan satisfactory to the Association dated
October 2012 adopted by the Recipient and setting forth measures and dated actions
for to the improvement of the financial situation of the Project Implementing Entity
and to include specific measures for the clearance of its debts.

17. "General Conditions" means collectively the General Conditions 2006 and the
General Conditions 2010.

18. "General Conditions 2006" means the “International Development Association
General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through
October 15, 2006) with the modifications set forth in Section II of this Appendix.

19. "General Conditions 2010" means the “International Development Association

20. "Implementing Unit" and "IU" mean the unit established within the Project
Implementing Entity and operating pursuant to arrêté interministériel No. 528/2009
of August 8, 2009.
21. “Inter-Ministerial Steering Committee” means the inter-ministerial committee established and operating pursuant to arrêté interministériel No. 527/2009 dated August 8, 2009.

22. “Local Steering Committees” and “LSC” mean the committees with form and functions satisfactory to the Association, comprising representatives of the provincial and municipal authorities in Targeted Cities, the Project Implementing Entity and representatives from ME, MP, and the ministries in charge of finance and budget, as well as representatives of local representative groups, established pursuant to Section I.B of Schedule 2 to this Agreement.


25. “Operating Costs” means the incremental expenses, based in each case on annual budgets acceptable to the Association, incurred by IU, on account of Project implementation, management and monitoring, including office supplies, vehicles operation and maintenance, communication costs, rental expenses, utilities expenses, consumables, transport, travel and accommodation, supervision costs and salaries of locally contracted staff other than officials or civil servants of the Recipient.


27. “Original Grant” means the grant extended to the Recipient by the Association on terms and conditions set forth or referred to in the Original Financing Agreement.

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

29. “PAFAM” and “Project Administrative, Financial and Accounting Manual” mean the manual dated December 20, 2015 satisfactory to the Association, outlining the administrative, financial management and accounting and auditing arrangements for the implementation of the Project, as the same may be amended with the prior written agreement of the Association, and such term includes any schedules to the PAFAM.

30. “Performance Auditors” means the auditors satisfactory to the Association, recruited pursuant to Section I.C.5 of Schedule 2 to this Agreement for the purpose of auditing the performance of the Services Provider under the Services Contract and of auditing the execution of the Performance Contract.

31. “Performance Contract” means the contract entitled “Contrat de Performance État - REGIDESO” to be entered between the Recipient and the Project Implementing Entity as per the provisions of Section I.C.3 of Schedule 2 to this Agreement.
32. "Performance Contract Oversight Committee" means the committee with form and functions satisfactory to the Association established through *Arrêtés interministériels* No. 006 CAB/MINPF/LMM/2012 and No. 028 CAB/MINENER/2012 dated August 6, 2012, in charge of overseeing the implementation of the Services Contract, the Performance Contract, the evaluation of the Services Provider’s performance, and, more generally, the resolution of any question that may arise in connection with the Services Contract or the Performance Contract.

33. "PIM" and "Project Implementation Manual" mean the manual satisfactory to the Association dated December 15, 2015 outlining, *inter alia*, (a) the institutional, disbursement, procurement and monitoring arrangements for the implementation of the Project, including performance indicators; (b) environmental and social safeguards requirements and procedures for the Project included in the ESD; (c) the Anti-Corruption Plan; (d) the performance indicators for the Project; and (e) the Services Contract, as the same may be amended with the prior written agreement of the Association, and such term includes any schedules to the PIM.

34. “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 May 7, 2007 and on behalf of the Recipient on May 24, 2007.


37. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated November 5, 2008 for the Original Project and referred to in paragraph 1.16 of the Procurement Guidelines 2006 and paragraph 1.24 of the Consultant Guidelines 2006, and December 14, 2015 for this Additional Financing as referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines 2014, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

38. “Program” means the program designed to improve the supply of urban water and the management of the Project Implementing Entity, including the adoption of an action plan to control and pay on time the water bills of public entities, carry out retrenchment of redundant personnel in the Project Implementing Entity and contract a professional private sector operator to manage the Project Implementing Entity for five years under a service contract and set forth or referred to in the letter dated November 3, 2008, from the Recipient to the Association as supplemented by the letter dated May 19, 2012, from the Recipient to the Association.
39. "Project Agreement" means the Agreement providing for the Amendment and Restatement of the Project Agreement of same date herewith entered into between the Association and the Project Implementing Entity.

40. "Project Implementing Entity" means Régie de Distribution d’Eau (REGIDESO), the Recipient’s public water utility.

41. "Project Implementing Entity’s Legislation" means, collectively, Royal Decree dated March 28, 1933, law No. 73-026 of 1973, Ordinance No. 78-197 of May 5, 1978, as the same may have been amended as of the date of this Agreement.

42. "Project Manuals" means, collectively, the PAFAM and the PIM.

43. "Project Repair, Replacement and Rehabilitation Fund" means the amount allocated under Category 3 of the first table in Section III of Annex 2 to this Agreement, which shall be used for small expenses rehabilitation and repairs carried out by the Project Implementation Entity and to be disbursed on the basis of annual budgets.

44. “RAP” and “Resettlement Action Plan” mean an action plan, in form and substance satisfactory to the Association, prepared and published by the Recipient, as the case may be, in connection with Displaced Persons, in accordance with the provisions of the RPF.

45. “RPF” and “Resettlement Policy Framework” mean the policy framework for land acquisition, compensation, resettlement and rehabilitation of Project Displaced Persons adopted by the Recipient on November 3, 2008, as amended and published on December 8, 2015, as said policy framework may be amended from time to time with the prior written agreement of the Association.

46. "Retrenchment Payments" means cash payments to be financed under the Project and paid to eligible employees of the Project Implementing Entity.

47. "Staff Restructuring Plan" means the plan, in form and substance satisfactory to the Association, established by the Recipient and setting forth modalities for the improvement of human resources management of the Project Implementing Entity.

48. "Services Contract" means collectively the contract entered into between the Recipient and the Service Provider on December 27, 2012 and the new Services Contract to be entered with Said Service Provider, all in terms and conditions satisfactory to the Association, as set forth in Section I.C of Schedule 2 to this Agreement.

49. "Services Provider" means the private sector firm satisfactory to the Association recruited by the Recipient in accordance with the provisions of Section III of the Schedule to the Project Agreement for the purpose of the Services Contract, as set forth in Section I.C of Schedule 2 to this Agreement.
50. "Settlement and Payment Agreement" means an agreement satisfactory to the Association to be entered into between the Project Implementing Entity and the Recipient, as set forth in Section I.C.4 of Schedule 2 to this Agreement.

51. "Subsidiary Agreement" means the agreement dated October 2009 to be amended by the Recipient and the Project Implementing Entity as referred to in Section I.A of Schedule 2 to this Agreement pursuant to which the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity.

52. "Targeted Cities" means the cities of Kinshasa, Lubumbashi, Matadi and Kindu and "Targeted City" any one of said cities.

53. "Tariffs Structure and Costs Recovery Plan" means the plan satisfactory to the Association to be prepared by the Project Implementing Entity and to be adopted by the Recipient setting forth the necessary urban water tariffs adjustments to allow for the economically sustainable management and distribution of urban water and measures aimed at reducing financial and technical network losses as well as to improve billing and recovery, such plan to be prepared on the basis of the study to be carried out by the Services Provider, pursuant to Section I.D Schedule 2 to this Agreement.

54. "Training" means the expenses based on annual budgets acceptable to the Association, in respect of travel, accommodation, purchase of training materials, rental of facilities and per diem, and includes workshops and seminars.

55. "Urban Water Sector Reform Plan" means the plan satisfactory to the Association to be prepared by the Recipient pursuant to Section I.F of Schedule 2 to this Agreement, setting forth strategic orientations and an action plan for the continuation of reforms started under the Project in the medium-term, including proposed measures for the participation of the private sector and decentralized authorities.

Section II. Modifications to the General Conditions 2006

The modifications to the General Conditions for Credits and Grants of the Association, dated July 1, 2005 (as amended through October 15, 2006) are as follows:

1. Section 2.07 is modified to read as follows:

   "Section 2.07. Refinancing Preparation Advance

   If the Financing Agreement provides for the repayment out of the proceeds of the Financing of an advance made by the Association or the Bank ("Preparation Advance"), the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Financing Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Association shall pay the amount so withdrawn to itself
or the Bank, as the case may be, and shall cancel the remaining unwithdrawn amount of the advance.”

2. Paragraph (i) of Section 6.02 is modified to read as follows:

“Section 6.02. Suspension by the Association

... (l) Ineligibility. The Association or the Bank has declared the Project Implementing Entity ineligible to receive proceeds of any financing made by the Association or the Bank or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Association or the Bank, as a result of a determination by the Association or the Bank that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Association or the Bank.”

3. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:

(a) The term “Project Preparation Advance” is modified to read “Preparation Advance” and its definition is modified to read as follows:

“‘Preparation Advance’ means the advance referred to in the Financing Agreement and repayable in accordance with Section 2.07.”