H. E. Patrice Kitebi
Minister of Finance
Ministry of Finance
B.P. 12997 Blvd. du 30 juin
Kinshasa/Gombe

Re: Democratic Republic of Congo: IDF Grant for the Private Sector Development and Competitiveness Project
IDF Grant No. TF014018

Excellency:

In response to the request for financial assistance made on behalf of the Democratic of Congo ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank") proposes to extend to the Recipient a grant from the World Bank's Institutional Development Fund ("IDF") in an amount not to exceed four hundred and twenty thousand United States Dollars (U.S.$420,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date specified by the World Bank in accordance with Section 4.02 of the Annex to this Agreement.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Eustache Ouayoro
Country Director for Democratic Republic of Congo
Africa Region
AGREED:

DEMOCRATIC REPUBLIC OF CONGO

By

Authorized Representative

Name: RAYELE KAMBI
Title: MINISTER DELEGUE
Date: 22/07/2013

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank Out of Various Funds dated February 15, 2012 ("Standard Conditions") constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement and the following term has the following meaning:

"ARMP" or « Agence de Régulation des Marchés Publics » means an independent public entity created pursuant to ministerial Decree No. 10/21 dated April 27, 2010, with the purpose of regulating the system of making public contracts.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to strengthen the capacity of private sector actors, particularly the small and medium enterprises (SMEs), to participate in competitive bidding processes under the new public procurement framework. The Project consists of the following parts:

Part 1: Baseline Diagnostics and Training Program Design

(a) Carrying out of a thorough diagnostic of the baseline conditions in the Recipient’s territory consisting of an assessment of the needs and capacity of private sector entrepreneurs on essential contract preparation, marketing, management, procurement and performance audits issues.

(b) Development of a training program and modules on process, instruments and tools pertaining to procurement, accountability and value for money audits and evaluation methods.

Part 2: Local Capacity Building

Preparation of an action plan and provision of training - based on the training program developed in Part 1 (b) above - to approximately 70 representatives from the private sector with the aim of setting up a pool of a minimum of 20 certified trainers and advisors (Trainers) in their relevant areas of competence.

Part 3: Expanded Capacity Building and Technical Assistance

(a) Provision of training by Trainers to a minimum of 300 entrepreneurs in new procurement code and contract management.
(b) Provision of hands-on coaching to SMEs on all aspects of compliance with the new procurement law.

(c) Carrying out of annual financial and operational audits of the Grant activities.

2.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause the Project to be carried out by the *Agence de Régulation des Marchés Publics* ("ARMP") ("Project Implementing Entity") in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 ("Anti-Corruption Guidelines"); and (c) this Article II.

2.03. **Institutional and Other Arrangements.** Without limitation upon Section 2.02 of this Annex, the Recipient shall:

(a) no later than three (3) months after signature of this Agreement, the Recipient shall establish and maintain throughout the implementation of the Project a steering committee composed of representatives of private sector entrepreneurs and administration, vested with the responsibility of supervising the coordination and implementation of the Project ("Steering Committee");

(b) for the purpose of implementing the Project, make the proceeds of the Grant available to ARMP under a subsidiary grant agreement (Subsidiary Grant Agreement), in form and substance satisfactory to the World Bank, to be entered into between the Recipient and ARMP. The Subsidiary Grant Agreement shall describe the implementation arrangements as referred to in Section 2.04 below; and

(c) cause ARMP to adopt an operational manual in form and substance satisfactory to the World Bank ("Operational Manual"). The Operational Manual shall include all administrative, procurement, financial, monitoring and evaluation arrangements and procedures as shall be required by the Project.

2.04  **Subsidiary Grant Agreement.** (a) The Recipient shall ensure that the Subsidiary Grant Agreement shall maintain, at all times during Project implementation, provisions to the following effect:

(i) the Recipient’s obligation to provide the proceeds of the Grant to ARMP on terms and conditions satisfactory to the World Bank;

(ii) ARMP’s obligation to adopt an Operational Manual in form and substance satisfactory to the World Bank;

(iii) ARMP’s obligation to carry out the Project with due diligence and efficiency, in conformity with appropriate administrative, technical, environmental and social practices,
under the supervision of qualified and experienced management assisted by competent staff in adequate numbers, and in accordance with the provisions of the Operational Manual;

(iv) ARMP’s obligation to acquire an accounting software satisfactory to the World Bank no later than thirty (60) days after signature of this Subsidiary Grant Agreement;

(v) ARMP’s obligation to recruit both an internal and external auditor acceptable to the World Bank not later than thirty (30) days after signature of this Subsidiary Grant Agreement;

(vi) ARMP’s obligation to maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Project;

(vii) ARMP’s obligation to carry out the Project in accordance with the Anti-Corruption Guidelines;

(viii) ARMP’s obligation to procure the services required for the Project and to be financed out of the proceeds of the Grant, in accordance with the provisions of Section 2.07 of this Annex;

(ix) ARMP’s obligation to furnish all such information as the Recipient or the World Bank shall reasonably request;

(x) ARMP’s obligation to promptly inform the Recipient and the World Bank of any condition which interferes or threatens to interfere with the progress of the implementation of the Project and the performance of its obligations under the Subsidiary Grant Agreement; and

(xi) ARMP’s obligation to neither take nor concur in any action which would have the effect of amending, abrogating, assigning or waiving the Subsidiary Grant Agreement.

(b) The Subsidiary Grant Agreement shall include a provision stipulating that in the case of conflict between the Subsidiary Grant Agreement and this Agreement, the latter shall apply.

2.05. Project Monitoring, Reporting and Evaluation. (a) The Recipient shall monitor and evaluate the progress of the Project and, upon the World Bank’s request, prepare Project Reports, in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover such period as shall be indicated in the World Bank’s request and shall be furnished to the World Bank not later than one month after the date of such request.
The Recipient shall, upon the World Bank's request, prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than five months after the Closing Date.

2.06. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty five days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

2.07. **Procurement**

(a) **General.** All consultants' and non-consulting's services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Procurement Guidelines”), in the case of goods and non-consulting services;

(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants' services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

(b) **Definitions.** The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank 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.

(c) **Particular Methods of Procurement of Non-consulting Services**

(i) Except as otherwise provided in sub-paragraph (ii) below, non-consulting services shall be procured under contracts awarded on the basis of National...
Competitive Bidding. The World Bank’s Standard Bidding Documents (SBD) or other SBD acceptable by the Bank will be used for all contracts involving national competition.

(ii) The following methods, other than National Competitive Bidding, may be used for procurement of non-consulting services for those contracts which are specified in the Procurement Plan: (A) Shopping; and (B) Direct Contracting.

(d) **Particular Methods of Procurement of Consultants’ Services**

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Selection of Individual Consultants; and (B) Single-source procedures for the Selection of Individual Consultants.

(d) **Review by the World Bank of Procurement Decisions.** The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank. All ToRs regardless the contract cost estimate shall be subject to the World Bank’s Prior Review.

### Article III

**Withdrawal of Grant Proceeds**

3.01. *Eligible Expenditures.* The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may 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 World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the 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 Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Non-consulting services and consultants’ services including audit</td>
<td>310,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Training</td>
<td>110,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>420,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
For the purposes of this Section, the term “Training” means the reasonable costs of training under the Project attributable to seminars and workshops, along with travel and subsistence allowances for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to course preparation and implementation; and

3.02. Withdrawal Conditions. Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. Withdrawal Period. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is three years after the date of countersignature of this Agreement by the Recipient.

Article IV
Effectiveness; Termination

4.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the Subsidiary Agreement referred to in Section 2.03 B of this Annex has been executed on behalf of the Recipient and the Project Implementing Entity and is legally binding upon each such party in accordance with its terms.

4.02. Except as the Recipient and the World Bank shall otherwise agree, the date on which this Agreement shall enter into effect shall be the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 4.01 of this Annex (“Effective Date”). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

4.03. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article V
Recipient’s Representative; Addresses

5.01. Recipient’s Representative. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its minister at the time responsible for finance.

5.02. Recipient’s Address. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance
B.P. 12997 Blvd. du 30 juin
Kinshasa/Gombe

Facsimile: 243 884 3711
5.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development 1818 H Street, N.W. Washington, D.C. 20433 United States of America

Cable: INTBAFRAD  
Telex: 248423 (MCI) or 64145 (MCI)  
Facsimile: 1-202-477-6391