Project Agreement

(Multimodal Transport Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

SOCIETE NATIONALE DES CHEMINS DE FER DU CONGO

Dated July 14, 2010
AGREEMENT dated July 14, 2010, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and SOCIETE NATIONALE DES CHEMINS DE FER DU CONGO (“SNCC” or “Project Implementing Entity”) (“Project Agreement”) in connection with the Financing Agreement (“Financing Agreement”) of same date between the DEMOCRATIC REPUBLIC OF CONGO (“Recipient) and the Association.

The Association and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to the Financing 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 Financing Agreement or the General Conditions.

ARTICLE II — PROJECT

2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out Part A of the Project in accordance with the provisions of Article IV of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for its Respective Part of the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Association and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out its Respective Part of the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — TERMINATION

3.01. For purposes of Section 8.05 (c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is ten years after the date of this Agreement.
ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity’s Representative is its Directeur Général.

4.02. The Association’s Address is:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America

Cable: INDEVAS  Telex: 248423(MCI)  Facsimile: 1-202-477-6391
Washington, D.C.

4.03. The Project Implementing Entity’s Address is:

Société Nationale des Chemins de fer du Congo (SNCC)
Place de la Gare n°115, Lubumbashi
République Démocratique du Congo
Tel: (+243)991 008 004 and (+243)993 577 812 and (+243)997 029 350
Fax: +243 23 41 170
E-mail: snccdg@yahoo.fr and vts@vecturis.com
AGREED at Kinshasa, July 14, 2010, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By //s// Marie Francoise Marie-Nelly

Authorized Representative

SOCIETE NATIONALE DES CHEMINS DE FER DU CONGO

By //s// Norbert Lubanda

Authorized Representative
SCHEDULE

Execution of the Project Implementing Entity’s Respective Part of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Project Implementing Entity shall provide support to the Project Implementation Unit for Part A of the Project throughout implementation of the Project, with staff and resources satisfactory to the Association, which shall be responsible for the: (a) day-to-day financial management of Part A of the Project, including audits and management of the Designated Account for Part A of the Project; (b) oversight of all technical, social, and environmental matters relating to the implementation of Part A of the Project; (c) monitoring and evaluation of activities carried out under Part A of the Project; (d) carrying out of the procurement of goods, works and services for Part A of the Project; and (e) managing any Training activity carried out under the Part A of the Project.

2. The Project Implementing Entity shall establish by not later than March 31, 2011 and thereafter maintain an Environmental Unit throughout implementation of the Project, with terms of reference, composition and resources satisfactory to the Association, responsible for the coordination and follow-up activities related to managing the environmental and social impacts of SNCC activities and safety of the SNCC railway transport network.

B. Subsidiary Agreement

1. To facilitate the carrying out of Part A of the Project, the Project Implementing Entity shall enter into a subsidiary agreement with the Recipient which shall make part of the proceeds of the Financing available in the form of a grant to the Project Implementing Entity, under terms and conditions approved by the Association, which shall include (a) the principal amount of such financing denominated in Dollars; (b) the Recipient’s right to suspend, terminate or seek refund, of such financing to the Project Implementing Entity in the event the latter fails to perform its obligations under the subsidiary agreement; and (c) the rights and obligations of the Project Implementing Entity and the Recipient (“SNCC Subsidiary Agreement”).

2. The Project Implementing Entity shall exercise its rights and carry out its obligations under the SNCC Subsidiary Agreement in such manner as to protect the interests of the Project Implementing Entity and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate or waive the SNCC Subsidiary Agreement or any of its provisions.
C. Anti-Corruption

1. The Project Implementing Entity shall ensure that its Respective Part of the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines and the Anti-Corruption Plan.

D. Manual

1. Except as the Association shall otherwise agree, the Project Implementing Entity shall carry out, Part A of the Project in accordance with the AFAPM, and except as the Association shall otherwise agree, not amend, abrogate, waive, or permit to be amended, abrogated, or waived, the aforementioned, or any provision thereof, without the prior written agreement of the Association.

E. Safeguards

1. The Project Implementing Entity shall ensure that Part A of the Project is implemented in accordance with the provisions of the Environmental and the Social Management Framework (ESMF), the Resettlement Policy Framework (RPF) and the Indigenous Peoples Development Framework (IPDF).

2. The Project Implementing Entity shall: (a) ensure that all measures necessary for the carrying out of the ESMF, RPF and IPDF for Part A of the Project are taken in a timely manner; (b) ensure that adequate resources are made available for the proper implementation of the ESMF, RPF and IPDF for Part A of the Project; and (c) ensure that the Project Reports referred to in Section II of this Schedule will include adequate information on monitoring the measures defined in the ESMF, RPF and IPDF for Part A of the Project.

3. The Project Implementing Entity shall not suspend, amend, abrogate, waive or otherwise modify, whether in whole or in part, any provision of the ESMF, RPF and IPDF for Part A of the Project without the prior written agreement of the Association.

4. The Project Implementing Entity shall carry out Part A of the Project in accordance with the provisions of the Environmental Management Plan (EMP), the Environmental and Social Impact Assessment (ESIA), the Resettlement Action Plan (RAP) and the Indigenous Peoples Plan (IPP), as the case may be, under terms and conditions satisfactory to the Association and, except as the Association shall otherwise agree, the Project Implementing Entity shall not amend, abrogate, or waive, or permit to be amended, abrogated, or waived, the aforementioned, or any provision of either one thereof, without the prior written agreement of the Association.
5. In the event of any conflict between the provisions of the ESMF, RPF, IPDF, EMP, ESIA, RAP, or IPP as the case may be, and those of this Agreement, the provisions of this Agreement shall prevail.

6. The Project Implementing Entity shall ensure that all legal and administrative urban planning and environmental permits and authorizations necessary to carry out Part A of the Project are secured in a timely manner and with due diligence in compliance with the laws of the Recipient.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Project Implementing Entity shall monitor and evaluate the progress of its Respective Part of the Project and prepare Project Reports for its Respective Part of the Project in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators agreed with the Association in the Financing Agreement. Each such Project Report shall cover the period of one calendar quarter, and shall be furnished to the Recipient not later than forty five days after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Project Report.

2. The Project Implementing Entity shall provide to the Recipient not later than three (3) months after the Closing Date, for incorporation in the report referred to in Section 4.08 (c) of the General Conditions all such information as the Recipient or the Association shall reasonably request for the purposes of such Section.

B. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to its Respective Part of the Project.

2. Without limitation on the provisions of Part A of this Section, the Project Implementing Entity shall prepare and furnish to the CEPTM as part of the Project Report not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for Part A of the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association. Each audit of these financial statements shall cover the period of a Fiscal Year. The audited financial statements for each period shall be furnished to the Association not later than six months after the end of the period.

Section III. Procurement

All goods, works and services required for the Project Implementing Entity’s Respective Part of 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 Schedule 2 to the Financing Agreement.

Section IV. Other Undertakings

1. The Project Implementing Entity shall implement with due diligence the SNCC Recovery Plan, in form and substance satisfactory to the Association. Except as the Association shall otherwise agree, the Project Implementing Entity shall not amend, abrogate, waive, or permit to be amended, abrogated, or waived, the aforementioned, or any provision thereof, without the prior written agreement of the Association.

2. The Project Implementing Entity shall adopt by not later than June 30, 2012 a governance plan referred to in Part B.5 of the Project, under terms satisfactory to the Association and immediately thereafter take all measures and provide sufficient resources to implement said plan in a manner satisfactory to the Association and shall not suspend, amend, abrogate, waive or otherwise modify, whether in whole or in part, any of provision of said plan without the prior written agreement of the Association.

3. The Project Implementing Entity shall prepare and implement by not later than December 31, 2011 and throughout the implementation of the Project a prevention and treatment HIV/AIDS program under terms and conditions satisfactory to the Association.

4. The Project Implementing Entity shall allow access to its files, records and sites to the individual external financial and procurement auditors for the SNCC hired by the Recipient and the external financial auditor for the CEPTM so as to allow them to carry out their tasks in accordance with the terms and conditions satisfactory to the Association.
5. The Project Implementing Entity shall by not later than January 1, 2013 maintain for the remainder of the implementation of the Project the expenses related to its Board of Directors at or below the rate of 0.5% of the Project Implementing Entity’s annual turnover.

6. The Project Implementing Entity shall not enter, throughout the implementation of the Project, into arrangements or contracts (including employees’ promotions and salary increases) that could materially and/or adversely affect its ability to perform any of its obligations under this Project Agreement and/or its financial viability, unless otherwise agreed in writing with the Association.

7. The Project Implementing Entity shall implement the plan for the cross-debt annulment of state owned enterprises adopted by the Beneficiary, under terms and conditions satisfactory to the Association.

8. The Project Implementing Entity shall carry out the SNCC Retirement Plan Agreement under terms satisfactory to the Association and shall not suspend, amend, abrogate, waive or otherwise modify, whether in whole or in part, any provision of said agreement without the prior written agreement of the Association.

9. (a) The Project Implementing Entity shall carry out by not later than March 31, 2011 a plan for the liquidation of its salary arrears and social debt, not financed with the financial assistance of the Association, for all its employees and voluntarily departed eligible retirees as of December 31, 2010, under terms satisfactory to the Association.

(b) To this effect, the Project Implementing Entity shall:

(i) By not later than January 31, 2011 or any other later date agreed with the Association, adopt the report, prepared under terms satisfactory to the Association, by an independent auditor, hired under terms and qualifications and experience satisfactory to the Association, certifying the amount of salary arrears and outstanding social debt owed by the Project Implementing Entity to its employees and voluntarily departed retirees as of December 31, 2010, under terms satisfactory to the Association.
(ii) Unless otherwise agreed with the Association, by not later than March 31, 2011, March 31, 2012, March 31, 2013, March 31, 2014 and March 31, 2015 deposit the sum equivalent to 20% of the certified amount referred to paragraph (i) above in a commercial bank account, under terms satisfactory to the Association, and thereafter promptly pay the *pro rata* amounts to each employee of the SNCC and each of the voluntarily departed retirees of the SNCC on account of salary arrears and outstanding social debt not financed by the Association, in accordance with the Recipient’s law.

(iii) If the Project Implementing Entity anticipates by not later than February 28 of any year throughout the implementation of the Project that it will be unable to make the payments referred to in paragraph (ii) above, it shall take all measures to alert the Recipient and the Association in due time so as to enable the Recipient to make sufficient provisions to ensure the payment in due course.