Re: Democratic Republic of Congo: SPF Grant No. TF016616
Community Resilience Project

Dear Sir:

In response to the request for financial assistance made on behalf of the Democratic Republic of Congo ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development (the "World Bank"), acting as administrator of grant funds provided by the Development Grant Facility under the State and Peace-building Fund proposes to extend to the Recipient, a grant in an amount not to exceed four million and nine hundred thousand United States Dollars (US$4,900,000) ("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").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

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effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within 90 days after the date of signature of this Agreement.
Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

By
Eustache Dujardin
Country Director for the Democratic Republic of Congo
Africa Region

AGREED:
DEMOCRATIC REPUBLIC OF CONGO

By
Authorized Representative

Name: PATRICE NGIBI
Title: MINISTRE DELEGUE

Date: _______________

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
ANNEX

Article I
Standard Conditions; Definitions


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.

(a) “Community” means an eligible community from the Recipient’s rural or urban areas to which FSRDC proposes to make, or has made, a Community Grant for a Community Subproject.

(b) “Community Grant” means a grant made or proposed to be made out of the proceeds of the Grant to finance a Community Subproject.

(c) “Community Grant Agreement” means the agreement between FSRDC and a Community, setting forth the terms and conditions under which proceeds of the Grant are to be made available to the Community for the purpose of financing a Community Subproject.

(d) “Community Subprojects” means a small scale project to be carried out by a Community under Component I of the Project.

(e) “Eastern Provinces” means the Recipient’s Provinces of South Kivu, North Kivu and Orientale.

(f) “Environment and Social Management Framework” or “ESMF” means the Recipient’s document, dated May 2011 which: (i) sets out the modalities to be followed by the Recipient in assessing the potential adverse environmental and social impacts of the Project, and the measures to be taken to offset, reduce or mitigate such adverse impacts; and (ii) consists, inter alia, of sections dealing with environmental and social screening processes for the Project as well as for the preparation of environmental and social management plans.

(g) “FSRDC” or “Fonds Social de la République Démocratique du Congo” or “Project Implementing Entity” means the Democratic Republic of Congo Social Fund, a public entity established pursuant to the Recipient’s decree number 009/2002 dated February 5, 2002 and finalized by decree number 05/063 dated July 22, 2005, for the purpose of, inter alia, improving the conditions of living of the population and of access to social services as well as to support income generation and employment to alleviate poverty and promote social and economic development.
(h) "Indigenous Peoples Plan" or "IPP" means the Recipient’s plan, dated July 2007, outlining measures to ensure culturally appropriate social and economic benefits under the Project and avoid, minimize, or mitigate or compensate for any potential adverse effects associated with activities to be implemented under the Grant, including the Community Subprojects, as the same may be updated from time to time with the prior written approval of the World Bank, and such term includes any schedules to the Indigenous Peoples Plan.

(i) "Project Implementation Manual" means the manual referred to in Section 2.03(A)(i) of this Annex.

(j) "Subsidiary Agreement" means an agreement to be executed between the Recipient and FSRDC for the implementation of the Project.

Article II
Project Execution

2.01. Project Objectives and Description. The Grant is made to test approaches to improve community resilience and livelihoods of conflict-affected populations in the Eastern Provinces of the Recipient and break the vicious cycle of socioeconomic vulnerability and conflict.

The Project consists of the following components:

Component 1: Support to Community Resilience

Support the Recipient (with information, consultation, preparation, training, technical assistance, and supervision) to strengthen community resilience in the Eastern Provinces through participatory Community Subprojects aimed at:

(a) improving access to local services and community infrastructure and equipment;
(b) facilitating and improving inclusive community participation processes; and
(c) strengthening local conflict prevention and resolution mechanisms in targeted communities selected for treatment.

Component 2: Livelihoods and Employment Generation

Support the Recipient to promote employment creation through:

(a) labor-intensive public works (including training) for road rehabilitation, reforestation, solid waste management and maintenance/rehabilitation/construction of agricultural drainage, inter alia, and
advisory services and analytical work to identify the best ways to promote sustainable livelihoods and initial investments in support of said sustainable livelihoods.

Component 3: Project Management / Monitoring and Evaluation

Support the Recipient to ensure efficient, effective, transparent and accountable Project delivery through the provision of goods, consultant services, training and operating costs for Project coordination, implementation, management, and monitoring and evaluation.

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 FSRDC ("Project Implementing Entity") in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article II; and (c) 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; and (d) the Subsidiary Agreement.

2.03. Institutional and Other Arrangements. To facilitate the carrying out of the Project, the Recipient shall:

(a) make the proceeds of the Grant 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 World Bank ("Subsidiary Agreement"), including terms whereby the Project Implementing Entity shall be required to:

(i) adopt the Project Implementation Manual, in form and substance satisfactory to the World Bank, outlining the eligibility, appraisal and implementation modalities for Community Subprojects, monitoring and evaluation, and other implementation arrangements, as the same such Project Implementation Manual may be amended from time to time with the concurrence of the World Bank, and such term includes any annexes to the Project Implementation Manual, such as the Environmental and Social Management Framework ("ESMF") and the Indigenous Peoples Plan ("IPP");

(ii) carry out the Project in accordance with the Project Implementation Manual;

(iii) carry out the Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the World Bank, including in accordance with the provisions of the Anti-Corruption Guidelines;

(iv) provide, promptly as needed, the resources required for the purpose;

(v) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the World Bank, the progress of the Project and the achievement of its objectives;
(vi) (A) 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; and (B) at the World Bank's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank, and promptly furnish the statements as so audited to the Recipient and the World Bank;

(vii) enable the Recipient and the World Bank to inspect the Project, their operation and any relevant records and documents; and

(viii) prepare and furnish to the Recipient and the World Bank all such information as the Recipient or the World Bank shall reasonably request relating to the foregoing.

(b) obtain rights adequate to protect its interests and those of the World Bank and shall perform its obligations and exercise said rights under the Subsidiary Agreement in such a manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions; and

(c) ensure that the Project Implementing Entity is maintained with functions, resources and staff satisfactory to the World Bank.

2.04 Community Grants

(a) No Community Grant under Component I of the Project shall be eligible for financing out of the proceeds of the Grant unless said Community Grant satisfies eligibility criteria set forth or referred to in the Project Implementation Manual satisfactory to the World Bank, which shall include, but not be limited to, the following:

(i) the proposed Community Subproject shall have been requested from a Community;

(ii) the proposed Community Subproject shall be completed in a maximum of twelve (12) months;

(iii) the proposed Community Subproject shall be economically, financially and technically viable, and environmentally and socially sound;

(iv) the proposed Community Subproject shall be in compliance with the standards set forth in the applicable laws and regulations of the Recipient relating to health, safety and environmental protection; and

(v) the cost of the proposed Community Subproject shall not exceed one hundred thousand Dollars (US$100,000) each.
In financing Community Grants, the Project Implementing Entity shall enter into a Community Grant Agreement with a Community under terms and conditions satisfactory to the World Bank, which shall require each Community to:

(i) procure the goods and services to be financed out of the proceeds of the Small-Grant in conformity with the provisions referred to in Section 2.07 of this Annex and ensure that the goods and services shall be used exclusively in the carrying out of the Community Subproject;

(ii) 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 Community Subproject;

(iii) carry-out the proposed Community Subproject in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of grant proceeds other than the Recipient;

(iv) enable the Recipient and the World Bank to inspect the Community Subproject, its operation and any relevant records and documents; and

(v) prepare and furnish to the Recipient and the World Bank all such information as the Recipient or the World Bank shall reasonably request relating to the foregoing.

The Project Implementing Entity shall exercise its rights under each Community Grant Agreement in such manner as to protect the interests of the Recipient, the Project Implementing Entity and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate or waive any Community Grant Agreement or any of its provisions.

2.05. Monitoring, Reporting and Evaluation of the Project. The Recipient shall cause the Project Implementing Entity to monitor and evaluate the progress of the Project in accordance with the provisions of Section 2.08 of the Standard Conditions.

2.06. Financial Management

(a) The Recipient shall cause the Project Implementing Entity to 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 cause the Project Implementing Entity to 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 semester, covering the semester, in form and substance satisfactory to the World Bank.
The Recipient shall cause the Project Implementing Entity to have the Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements for the Project shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for the Project for 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 goods, works, non-consulting services and consultants’ services required for the Activities 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, works 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 Activities 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 Goods, Works and Non-consulting Services

(i) Except as otherwise provided in sub-paragraph (ii) below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (A) National Competitive Bidding, subject to the additional provisions referred to in subparagraph (f) below; (B) Shopping; (C) Direct Contracting; (D) Community Participation procedures which have been found acceptable to the World Bank; and (E) Procurement from United Nations Agencies.
(d) \textbf{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) Quality-based Selection; (B) Least Cost Selection; (C) Selection based on Consultants' Qualifications; (E) Single-source Selection of consulting firms; (F) Selection of Individual Consultants; and (G) Single-source procedures for the Selection of Individual Consultants.

(e) \textbf{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.

(f) \textbf{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:

(i) \textbf{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.

(ii) \textbf{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.

(iii) \textbf{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.

(iv) \textbf{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.
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.

Preferences: No preference shall be given to domestic/regionally 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.

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 100% of Eligible Expenditures consisting of Goods, Works, Non-
Consulting Services, Consultant’s Services, Training and Workshops, Community Subprojects and Incremental Operating Costs, inclusive of Taxes.

For the purpose of Section 3.01 the terms, (i) “Training and Workshops” means the costs associated with training and workshop participation of trainees, including travel and subsistence costs, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training courses and workshop preparation and implementation; and (ii) “Incremental Operating Costs” means incremental expenses incurred on account of the Project implementation, support and management and reasonably related thereto, as shall be included in an annual budget submitted to the World Bank, including office rental, communications, utilities, stationary, domestic travel costs and per diem, maintenance of vehicles and equipment funded by the proceeds of the Financing, but excluding salaries, fees and honoraria of the Recipients’ civil servants.

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 [January 31, 2016].

Article IV
Recipient’s Representative; Addresses

4.01. Recipient’s Representative. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Recipient’s Minister in charge of finance.

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

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

Facsimile: 00 243 880 23 81
4.03. **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 and International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America  

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