H.E. Patrice Kitebi Kibol Mvul  
Minister Delegate to the Prime Minister, in charge of Finance  
Ministry of Finance  
B.P. 12997Blvd. du 30 juin  
Kinshasa/Gombe  
Democratic Republic of Congo

Re: Democratic Republic of Congo: Advance Agreement for  
Preparation of Proposed Emergency Eastern Recovery Project  
Project Preparation Advance No. Q8810

Excellency:

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 Development Association ("World Bank") proposes to extend to the Recipient an advance out of the World Bank’s Project Preparation Facility in an amount not to exceed six million Dollars ($6,000,000) ("Advance") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in financing the activities described in the Annex ("Activities"). The objective of the Activities is to facilitate the preparation of a proposed project designed to improve resilience in vulnerable communities in the Recipient’s eastern provinces ("Project"), for the carrying out of which the Recipient has requested the World Bank’s financial assistance.

The Recipient represents, by confirming its agreement below, that: (a) it understands that the provision of the Advance does not constitute or imply any commitment on the part of IBRD or IDA to assist in financing the Project; and (b) it is authorized to enter into this Agreement and to carry out the Activities, repay the Advance and perform its other obligations under this Agreement, all in accordance with the provisions of 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 5.02 of the Annex to this Agreement.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Eustache Onyoro
Country Director for Democratic Republic of Congo
Africa Region

AGREED:

DEMOCRATIC REPUBLIC OF CONGO

By

Authorized Representative

Name: PATRICE LITEBI
Title: MINISTER DE L'EQUIPE
Date: 28 OCTOBRE 2013

Enclosures:

(1) “Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility”, dated July 31, 2010; and

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


1.02. 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:

(a) "FSRDC" or "Fonds Social de la République Démocratique du Congo" 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.

(b) "Beneficiary" means selected community members from the Recipient’s rural or urban areas to which FSRDC proposes to make, or has made, a Sub-grant for a Sub-project.

(c) "Operational Manual" or "OM" means the manual referred to in Section 2.03 (A) (i) of this Annex.

(d) "Environment and Social Management Framework" or "ESMF" means the Recipient’s document, dated December 2006 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 Activities as well as for the preparation of environmental and social management plans.

(e) "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 Activities and avoid, minimize, or mitigate or compensate for any potential adverse effects associated with activities to be implemented under the Advance, including the Sub-projects, 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.

(f) "Small-grant" means a grant made or proposed to be made out of the proceeds of the Advance to finance a Sub-project.
(g) "Small-grant Agreement" means the agreement between FSRDC and a Beneficiary, setting forth the terms and conditions under which proceeds of the Advance are to be made available to the Beneficiary for the purpose of financing a Sub-project.

(h) "Sub-project" means a small scale construction and rehabilitation project to be carried out by a Beneficiary under Part B of the Project.

**Article II**

**Execution of the Activities**

2.01. **Description of the Activities.** The Activities for which the Advance is provided consist of the following parts:

A. Provision of technical assistance for:

(a) the preparation and disclosure of all relevant safeguards instruments for the Project;
(b) the preparation of an implementation manual for the Project;
(c) the carrying out of studies on value chain development and other employment opportunities; and
(d) conducting a baseline for the Project’s impact evaluation.

B. Provision of Sub-grants to Beneficiaries for Sub-projects consisting of the construction or rehabilitation of schools, clinics, roads, water systems and other socio-economic infrastructure in the Recipient’s provinces of South Bukavu, North Bukavu and Orientale.

C. The recruitment of staff needed for the implementation of the Project including: (i) an accountant; (ii) a financial management specialist; (iii) procurement staff; (iv) a specialist in conflict transformation; (v) a monitoring and evaluation specialist; and (vi) key field staff for the FSRDC offices in the eastern provinces.

D. Strengthening the FSRDC’s capacity to enable it to implement the Project, including the acquisition of vehicles and equipment required for the purpose, and the rehabilitation of office space.

2.02. **Execution of the Activities Generally.** The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall cause the Activities to be carried out by the FSRDC ("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 Activities, the Recipient shall:

(a) make the proceeds of the Advance available to the Implementing Entity under a subsidiary agreement between the Recipient and the Implementing Entity, under terms and conditions approved by the World Bank ("Subsidiary Agreement"), including terms whereby the Implementing Entity shall be required to:
(i) revise its manual of procedures, in form and substance satisfactory to the World Bank, outlining the eligibility, appraisal and implementation modalities for Sub-projects, monitoring and evaluation, and other implementation arrangements ("Operational Manual"), as the same such Operational Manual may be amended from time to time with the concurrence of the World Bank, and such term includes any annexes to the Operational Manual, such as the Environmental and Social Management Framework ("ESMF") and the Indigenous Peoples Plan ("IPP").

(ii) carry out the Activities in accordance with the Operational Manual;

(iii) carry out the Activities 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 Activities 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 Activities, 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 Advance. 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 Implementing Entity is maintained with functions, resources and staff satisfactory to the World Bank.

2.04 Sub-Grants. (a) No Sub-grant under Section 2.01 B of this Annex shall be eligible for financing out of the proceeds of the Advance unless said Sub-grant satisfies eligibility criteria set forth or referred to in the Operational Manual satisfactory to the World Bank, which shall include, but not be limited to, the following:
(i) the proposed Sub-project shall have been requested from the community;

(ii) the proposed Sub-project shall be completed in a maximum of twelve (12) months;

(iii) the proposed Sub-project shall be economically, financially and technically viable, and environmentally and socially sound;

(iv) the proposed Sub-project 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 Sub-project shall not exceed one hundred thousand Dollars (US$100,000) each.

(b) In financing Sub-grants, the Implementing Entity shall enter into a Sub-grant Agreement with a Beneficiary under terms and conditions satisfactory to the World Bank, which shall require each Beneficiary 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 Sub-project;

(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 Sub-project;

(iii) carry-out the proposed Sub-project 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 Sub-project, 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.

(c) The Recipient shall exercise its rights under each Sub-grant Agreement in such 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 any Sub-grant Agreement or any of its provisions.

2.05. Monitoring, Reporting and Evaluation of the Activities. The Recipient shall cause the Implementing Entity to monitor and evaluate the progress of the Activities in accordance with the provisions of Section 2.08 of the Standard Conditions.
2.06. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.09 of the Standard Conditions.

(b) The Recipient shall cause the Implementing Entity to ensure that interim unaudited financial reports for the Activities are prepared and furnished to the World Bank not later than forty five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall cause the Implementing Entity to have its Financial Statements audited in accordance with the provisions of Sections 2.09 (b) of the Standard Conditions.

(i) If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, the Recipient shall have the Financial Statements included in the first audit of financial statements required under the Refinancing Agreement.

(ii) If, by the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, such audit of the Financial Statements shall cover the period of the Advance, commencing with the fiscal year in which the first withdrawal under the Advance was made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of the Recipient’s fiscal year in which the Refinancing Date occurs.

(iii) Notwithstanding the provisions of paragraphs (i) and (ii) of this Section, the World Bank may request an audit of the Financial Statements prior to the Refinancing Date, covering such period as is indicated in its request. The audited Financial Statements 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 Advance 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; (B) Shopping; (C) Direct Contracting; and (D) Community Participation procedures which have been found acceptable to the World Bank.

(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) 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) **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.

**Article III**
**Withdrawal of the Advance**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Advance 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 each category of Eligible Expenditures that may be financed out of the proceeds of the Advance (“Category”), the amount of the Advance allocated 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 Advance Allocated (expressed in Dollars)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
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<tbody>
<tr>
<td>Goods, works, Operating costs, non-consulting services, consultants’</td>
<td>6,000,000</td>
<td>100%</td>
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<tr>
<td>services and Sub-grants under the Activities</td>
<td></td>
<td></td>
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<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td>6,000,000</td>
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For purposes of this paragraph, the term “Operating costs” means the incremental expenditures incurred on account of Project implementation and budget acceptable to the World Bank including office supplies, transportation, office administration, insurance, publication of training materials, reasonable bank charges relating to operation of the designated account, and salaries of locally contracted employees, but excluding consultant fees and salaries of 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. **Refinancing Date.** The Refinancing Date is April 30, 2014.

**Article IV**
**Terms of the Advance**

4.01. **Refinancing under the Refinancing Agreement:** If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, then the full amount of the Withdrawn Advance Balance shall be paid to the World Bank as soon as the Refinancing Agreement becomes effective, by means of a withdrawal by the World Bank of such amount of the Refinancing Proceeds, in accordance with the provisions of the Refinancing Agreement.

4.02. **No Repayment in the absence of a Refinancing Agreement:** Notwithstanding any provision to the contrary in the Standard Conditions, if, on or before the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, or if, by such date or at any time thereafter, it has been so executed but terminates without becoming effective, then the Recipient shall not be obligated to repay the Withdrawn Advance Balance.

**Article V**
**Effectiveness; Termination**

5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that: (i) the Subsidiary Agreement referred to in Section 2.03(a) of this Annex has been executed on behalf of the Recipient and the Implementing Entity and is legally binding upon each such party in accordance with its terms; and (ii) the Operational
Manual referred to in Section 2.03 (a) (i) of this Annex has been revised and adopted by the Implementing Entity.

5.02. 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 5.01 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 Advance 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.

5.03. 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 VI
Additional Remedies

6.01. Additional Events of Suspension. The Additional Event of Suspension consists of the following:

(a) The Implementing Entity’s Legislation, Decree number 009/2002 dated February 5, 2002, has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Implementing Entity to perform any of its obligations under the Implementation Agreement.

(b) The Implementing Entity shall have failed to perform any of its obligations under the Subsidiary Agreement.

(c) As a result of events which have occurred after the date of this Agreement, an extraordinary situation shall have arisen which shall make it improbable that the Implementing Entity will be able to perform its obligations under the Subsidiary Agreement.

Article VII
Recipient’s Representative; Addresses

7.01. Recipient’s Representative. The Recipient’s Representative referred to in Section 9.02 of the Standard Conditions is its Minister responsible for Finance.

7.02. Recipient’s Address. The Recipient’s Address referred to in Section 9.01 of the Standard Conditions is:

Ministry of Finance
Rue Lubefu No 20, Commune de la Gombe
Kinshasa I
Democratic Republic of Congo
Facsimile: 00 243 880 23 81

7.03. **World Bank's Address.** The World Bank's Address referred to in Section 9.01 of the Standard Conditions is:

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

<table>
<thead>
<tr>
<th>Cable:</th>
<th>Telex:</th>
<th>Facsimile:</th>
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<td>64145 (MCI)</td>
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