

OFFICIAL DOCUMENTS

December 20, 2016

H.E. Mrs. Ingrid Olga Ghislaine Ebouka-Babackas
Minister of Planning, Statistics and Regional Integration
Ministry of Planning, Statistics and Regional Integration
Republic of Congo
B.P. 4119
Brazzaville
Republic of Congo

Re: Republic of Congo: Advance Agreement for Preparation of
Proposed Integrated Public Sector Reform Project
Project Preparation Advance No. IBRD P4810-CG

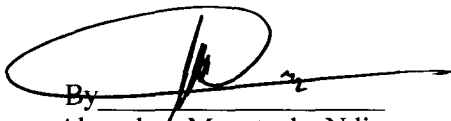
Excellency:

In response to the request for financial assistance made on behalf of the Republic 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 an advance out of the World Bank’s Project Preparation Facility in an amount not to exceed two million Dollars (U.S.\$2,000,000) (“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: (i) improve revenue mobilization and public expenditure management; and (ii) enhance accountability (“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 of the countersignature.

Very truly yours,
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By 
Ahmadou Moustapha Ndiaye
Country Director for Republic of Congo
Africa Region



AGREED:
REPUBLIC OF CONGO

By Gouverneur 
Authorized Representative

Name EBOUKA-BABACKAS Ingrid Olga Ghislaine
Title Ministre du plan, de la statistique et de l'integration regionale
Date: 07/02/17

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.

PPA No. IBRD P4810-CG

ANNEX

**Article I
Standard Conditions; Definitions**

1.01. **Standard Conditions.** The “Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility” dated July 31, 2010 (“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 additional terms shall have the following meanings:

- (a) “Implementing Entity” means the project implementing entity established for the purposes of the Statistics Capacity Building Project (Credit No. 5500-CG) under the Financing Agreement between the Republic of Congo and the International Development Association, dated July 7, 2014.
- (b) “Integrated Financial Management System” means the system managing all public finance management IT software.
- (c) “IT” means information and technology.
- (d) “Ministry of Civil Service” means the Recipient’s ministry responsible for civil service or any successor thereto.
- (e) “Ministry of Finance” means the Recipient’s ministry responsible for finance or any successor thereto.
- (f) “Ministry of Planning” means the Recipient’s ministry responsible for planning or any successor thereto.
- (g) “National Development Plan” means a three-year program containing priority activities to achieve Recipient’s fixed development objectives.
- (h) “Tax Administration Diagnostic Assessment” means the tool assessing the performance of Recipient’s tax administration.

**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:

1. **Strengthening public sector management**

- (a) Support the Recipient's revenue agencies through the provision of: (i) preliminary studies including the roll-out of a Tax Administration Diagnostic Assessment; (ii) an institutional audit of the customs administration; (iii) a tax expenditure evaluation; (iv) a diagnostic analysis for the mobilization of land taxation; and (v) a diagnostic analysis of the forestry taxation system.
- (b) Support the Recipient's Ministry of Planning with technical assistance to: (i) develop the National Development Plan; and (ii) undertake preliminary diagnostic of the planning and management chain of public investment anagement.
- (c) Support the Recipient's Ministry of Finance to: (i) develop a strategic reform plan for public financial management; (ii) undertake a diagnostic of the IT system and the Integrated Financial Management System; and (iii) provide technical assistance for the piloting of public financial management reforms.
- (d) Provision of: (i) training plans for the various beneficiary entities including Recipient's revenue agencies, Ministry of Planning, IT department of the Ministry of Finance, and Ministry of Civil Service; and (ii) procurement trainings for the procurement regulation authority and procurement responsible line ministries and departments.

2. Improving governance and accountability of the public sector

- (a) Support Recipient's Ministry of Civil Service in: (i) the development of a civil service management strategy; (ii) providing initial diagnostics including an institutional audit and capacity evaluation of said Ministry; and (iii) providing a feasibility study for the implementation of an integrated wage-bill management system.
- (b) Support control and oversight institutions, including Recipient's supreme audit authority, finance general inspectorate and economic and finance parliament committee, to undertake a feasibility study for the implementation of an archiving system, assessment of Recipient's national administration school for the development of accredited public auditor trainings, and the development of training plans for the staff and public auditors of public financial management control and oversight institutions, and staff and elected officials of Parliament financial committees.

3. Building project implementation capacity

- (a) Provision of Operating Costs to: (i) support the establishment of an implementation unit for the proposed Project; and (ii) carry-out a high level government seminar with objective to improve leadership.
- (b) Provision of a Project Implementation Manual.
- (c) Provision of technical assistance to Reipient's office of the prime minister for the coordination and oversight of governance reforms.

2.02. *Execution of the Activities Generally.* The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall carry out the Activities through the 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 as of July 1, 2016.

2.03. **Monitoring, Reporting and Evaluation of the Activities.** The Recipient shall monitor and evaluate the progress of the Activities in accordance with the provisions of Section 2.08 of the Standard Conditions.

2.04. **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 ensure that interim un-audited financial reports for the Activities are prepared and furnished to the World Bank not later than one (1) month 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 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 (6) months after the end of such period.

2.05. **Procurement**

All goods, non-consulting services and consulting 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 the “World Bank Procurement Regulations for Borrowers under Investment Project Financing” dated July 1, 2016 (“Procurement Regulations”) and the provisions of the Recipient’s procurement plan for the Activities dated *November 8, 2016* (“Procurement Plan”) provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with 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:

Category	Amount of the Advance Allocated (expressed in Dollars)	Percentage of Expenditures to be Financed (inclusive of Taxes)
Goods, non-consulting services, consulting services, Operating Costs and Training under the Activities	2,000,000	100%
TOTAL AMOUNT	2,000,000	

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 July 27, 2017.

**Article IV
Terms of the Advance**

4.01. **Interest.** The Recipient shall pay interest on the Withdrawn Advance Balance at a rate, for each Interest Period, equal to the Reference Rate plus the Fixed Spread; provided, however, that the interest payable shall in no event be less than zero percent (0%) per annum. Interest shall accrue from the respective dates on which amounts of the Advance are withdrawn and shall be paid in arrears in accordance with the provisions of Section 4.02 of this Agreement. The Interest Period Determination Dates are January 1 and July 1 in each year.

4.02. **Repayment.** The Withdrawn Advance Balance, together with interest accrued thereon shall be repaid by the Recipient to the World Bank in accordance with the provisions of Article IV of the Standard Conditions and the following provisions:

(a) **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 repaid to the World Bank (together with interest accrued on the Advance to the date of repayment) as soon as the Refinancing Agreement becomes effective, by means of a withdrawal by the World Bank of an amount of the Refinancing Proceeds equivalent

to the Withdrawn Advance Balance plus such interest, in accordance with the provisions of the Refinancing Agreement.

(b) *Repayment in the absence of a Refinancing Agreement:* If, on or before the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, or if, by this date, it has been so executed but terminates without becoming effective, then:

(i) if the amount of the Withdrawn Advance Balance does not exceed US\$50,000, it shall be repaid by the Recipient to the World Bank (together with interest accrued on the Withdrawn Advance Balance to the date of repayment), on such date as the World Bank shall specify in a notice to the Recipient, which shall in no event be earlier than 60 days following the date of dispatch of such notice; and

(ii) if the amount of the Withdrawn Advance Balance exceeds US\$50,000, it (together with interest accrued on the Withdrawn Advance Balance to the Notice Date) (the "Aggregate Balance") shall be paid by the Recipient to the World Bank in ten approximately equal semiannual installments, in the amounts and on the dates ("Payment Dates") which the World Bank shall specify in a notice to the Recipient. In no event shall the first Payment Date be set earlier than 60 days following the date ("Notice Date") of dispatch of such notice. The Recipient shall pay interest on the Aggregate Balance at a rate, for each Interest Period, equal to the Reference Rate plus the Fixed Spread, payable in arrears on each Payment Date. Notwithstanding the foregoing, if any amount of the Aggregate Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the Recipient shall pay the Default Interest Rate on such overdue amount in lieu of the interest rate specified above in this subparagraph (ii) until such overdue amount is fully paid. Interest at the Default Interest Rate shall accrue from the first day of each Default Interest Period and shall be payable semi-annually in arrears on each Payment Date.

Article V
Recipient's Representative; Addresses

6.01. *Recipient's Representative.* The Recipient's Representative referred to in Section 9.02 of the Standard Conditions is its Minister responsible for finance.

6.02. *Recipient's Address.* The Recipient's Address referred to in Section 9.01 of the Standard Conditions is:

Ministry of Finance, Budget and Public Portfolio
Boulevard Denis Sassou
Congo-Brazzaville

Telex:

Facsimile:

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

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

Telex:

Facsimile:

248423 (MCI) or
64145 (MCI)

(1)-202-477-6391