
CREDIT NUMBER 7101-ZR
GRANT NUMBER E028-ZR

Financing Agreement

**(Empowering Women Entrepreneurs and Upgrading MSMEs
for Economic Transformation and Jobs in DRC Project)**

between

DEMOCRATIC REPUBLIC OF THE CONGO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

CREDIT NUMBER 7101-ZR
GRANT NUMBER E0280-ZR

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between DEMOCRATIC REPUBLIC OF THE CONGO ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association")

The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form 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 General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient a grant and a credit, which are deemed as Concessional Financing for purposes of the General Conditions (collectively, "Financing") in the following amounts to assist in financing the project described in Schedule 1 to this Agreement ("Project"):
 - (a) an amount equivalent to one hundred seven million six hundred thousand (SDR 107,600,000) ("Grant"); and
 - (b) the amount of one hundred fifty million Dollars (USD 150,000,000) ("Credit").
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section III of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.04. The Service Charge is the greater of: (a) the sum of three-fourths of one percent (3/4 of 1%) per annum plus the Basis Adjustment to the Service Charge; and (b) three-fourths of one percent (3/4 of 1%) per annum; on the Withdrawn Credit Balance.
- 2.05. The Payment Dates are February 15 and August 15 in each year.

- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the Ministry of Small and Medium Enterprises and Entrepreneurship ("Ministry of SMEs"), in accordance with the provisions of Article V of the General Conditions, and Schedule 2 to this Agreement.

ARTICLE IV — TERMINATION

- 4.01. The Effectiveness Deadline is the date one hundred twenty (120) days after the Signature Date.
- 4.03. For purposes of Section 10.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Recipient's Representative is the minister in charge of finance.
- 5.02. For purposes of Section 11.01 of the General Conditions:

- (a) the Recipient's address is:

Ministry of Finance
Boulevard du 30 Juin - Commune de la Gombe
Kinshasa 1
Democratic Republic of Congo; and

- (b) the Recipient's Electronic Address is:

E-mail:

cabfinances@minfinrdc.com

5.03. For purposes of Section 11.01 of the General Conditions:

(a) the Association's address is:

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


(b) the Association's Electronic Address is;

Telex:	Facsimile:
248423 (MCI)	1-202-477-6391

AGREED as of the Signature Date.

DEMOCRATIC REPUBLIC OF THE CONGO

By


Authorized Representative

Name: NICOLAS KAZADI

Title: MINISTRE DES FINANCES

Date: 01 JUIN 2022

INTERNATIONAL DEVELOPMENT ASSOCIATION

By


Authorized Representative

Name: CARNER

Title: Country Director

Date: June 1, 2022

SCHEDULE 1

Project Description

The objective of the Project is to enhance growth of new and existing MSMEs, especially women-owned, and promote job creation particularly for women, in Select Geographic Areas.

The Project consists of the following components:

Component 1. Support Women Entrepreneurs, firm creation and SME Upgrading

1. **Support professionalization of women entrepreneurs.** Provision of support for the professionalization of women entrepreneurs to reduce reliance of necessity entrepreneurship and support the expansion of opportunity entrepreneurs through the following activities: (a) the carrying out of communication and recruitment campaigns; (b) the development and implementation of a comprehensive training program addressed to women and focused, among other things, on the next generation of entrepreneurial mindset aimed at fostering green jobs; (c) the preparation of business plans with a focus on, *inter alia*, technology adoption, climate resilience and risk mitigation, access of new markets, diversification and value creation, collaboration, partnerships and reaching of economies of scale; (d) the provision of In-kind Subsidies to women micro-entrepreneurs for the financing of equipment and input to assist in the implementation of their line of business ("Subprojects"); and (e) the provision of Training and carrying out of networking and peer learning activities to support the implementation of Subprojects.
2. **Training and competitive grants for creating new firms.** Provision of support for the creation of MSMEs, especially women-led, to expand the pool of MSMEs driven by market opportunities through the following activities: (a) the provision of business development services and the provision of Competitive Grants to newly established MSMEs to finance a number of eligible expenditures based on approved business plans ("Subprojects"); (b) the provision of technical assistance and training in critical entrepreneurial skills, including psychosocial and behavioral training, in the use of digital technology, climate resilience and risk mitigation, and core business skills; and (c) the provision of relevant technical assistance to assist the Recipient in the preparation, implementation and supervision of the provision of Competitive Grants under (a) above.
3. **Matching grants for SMEs upgrading.** (a) Provision of Matching Grants to established SMEs for the carrying out of capital investments in target productive sectors as set forth in the approved business development plans ("Subprojects"); (b) the provision of relevant Training and mentoring services to SMEs for the implementation of the Subprojects, including the environmental and social aspects; and (c) the provision of relevant technical assistance to assist the Recipient in the

preparation, implementation and supervision of the provision of Matching Grants under (a) above.

Component 2. Financial Inclusion and Sustainable Access to Finance for Women Entrepreneurs and MSMEs

1. **Strengthen Credit Infrastructure.** Provision of support for the implementation of the following activities: (a) the design and operationalization of centralized electronic collateral registry for movable securities through the provision of technical assistance and purchase of relevant equipment, and the drafting of necessary legislation for secured transactions aimed at increasing the access to finance; and (b) the provision of technical assistance and the purchase of relevant software and hardware to operationalize the modernization of the public credit registry at the BCC.
2. **Unlock financing for women entrepreneurs.** Provision of support for the implementation of the following activities: (a) (i) the establishment and operationalization (PBC#1), including an initial endowment, of a portfolio partial credit guarantee fund ("PPCGF") under the FPM SA; (ii) through the PPCGF, the provision of Portfolio Partial Credit Guarantees ("PPCGs") to Participating Financial Institutions ("PFI") to provide financing to eligible MSMEs for the implementation of selected investments (PBC#2); and (iii) the provision of relevant technical assistance to PFI for, *inter alia*, the preparation or strengthening, as the case may be, of their respective ESMS, the improvement of credit analysis tools and internal systems, and the design of new products to match the cashflow, constraints and collateral of women-led MSMEs; and (b) strengthening the technical capacity of microfinance institutions and COOPECs for: (i) the designing and piloting innovative financial products for women-led MSME and to reduce vulnerability against climate risks and disaster shocks (but excluding the financing of these pilots under the Project), through the provision of technical assistance and purchase of equipment; and (ii) expanding access to digital financial services by hiring, providing Training and equipping a network of banking agents with point-of-sale terminals (including the installation of solar panels in localities with limited or no access to electricity).
3. **Lower the cost and risk of digital financial services.** Provision of support for the implementation of the following activities: (a) the acquisition of shared core banking systems and the application programming interface required for the microfinance institutions and COOPECs to connect to the national switch and become interoperable within the Congolese financial system; (b) strengthening financial consumer protection through the acquisition of a supervision platform to monitor and manage customer complaints and make information on the overall effective rate available to potential borrowers to allow them to make informed decisions; and (c) strengthening the Recipient's AML/CFT capacity through the provision of technical assistance, purchase of equipment (including relevant

technology), Training and financing of Operating Costs for: (i) the preparation of a national money laundering/financing terrorism risk assessment (NRA) and dissemination of its results; (ii) the elaboration of a national AML/CFT strategy, based on the findings of the NRA process; (iii) the development of the economic and financial intelligence networks to detect illicit financial flows, including strengthening the institutional and operational capacity of the Congolese Financial Intelligence Unit through: (A) the improvement of internal physical and IT security infrastructure (including firewalls) and its IT capacity to establish secured internal networks and data protection systems, including supporting the establishment of these databases/systems; (B) the improvement of its internal procedures to process financial information and strengthening its analysis capacity through Training and technical assistance; (C) the purchase of relevant equipment for its premises, including vehicles and other relevant technical assistance; (iv) the strengthening of the Recipient's legal framework to increase compliance with AML/CFT international standards; (v) the drafting of a primary and secondary legislation for the simplification of AML/CFT customer identification procedures; (vi) the preparation by the BCC of a strategy for preventing the use of informal financial services; and (vii) the establishment of a beneficial ownership registry.

Component 3. Entrepreneurship Ecosystem Development

1. **Business environment reforms to catalyze private investment.** The provision of technical assistance, Training and purchase of office and IT equipment to support the implementation of a number of reforms contributing to improving the business environment and in connection with other Project activities, *inter alia*: (a) the carrying out of social marketing campaigns to promote the adoption of gender-friendly practices and strengthening the capacity of the Recipient to implement existing gender equality policies and laws and regulations; (b) the preparation of tax reforms conducive to streamlining tax payments; (c) the rationalization and digitalization of business permits and licenses through the development and operationalization of a digital platform for the consolidation/simplification of information concerning business permits and licenses and their processing on-line; and (d) the establishment of new commercial courts beyond Kinshasa through: (i) small rehabilitation works for newly created commercial courts; (ii) the purchase of relevant equipment and case management systems; and (iii) the provision of Training to judges and other relevant stakeholders.
2. **Institutional capacity development for private sector reforms.** The provision of technical assistance, Training and purchase of equipment and IT systems for the carrying out of the following activities: (a) strengthening the capacity of the ANADEC; to fulfill its mandate of facilitating the provision of business development services to MSMEs and fostering partnerships with private services providers of business development services; (b) strengthening the national quality assurance services through the drafting of climate-related norms and quality standards, and the provision of support to national laboratories, certification

centers and other public facilities to obtain accreditation and to acquire critical equipment; (c) strengthening the capacity of relevant public officials engaged in social public procurement and the development of systems to improve timeliness and transparency of information on public tenders; (d) strengthening the capacity of the Recipient's agency in charge of investment promotion to develop and implement a national investment promotion strategy.

3. **Shared infrastructure and market access.** Provision of support for the operationalization of a number of SME centers through: (a) the provision of subsidies ("Subsidies") to selected developers for, *inter alia*, the preparation of technical studies (including environmental and social, and engineering), the carrying out of market research analyses and marketing campaigns to attract SMEs as potential clients of the SME centers, the purchase of IT equipment and relevant technology, and light rehabilitation and upgrading of productive facilities including for storage, packaging and processing, and access to infrastructure (including internet, energy, water, sanitation and hygiene); and the provision of Training offered by the SME centers to address SME skills gaps; (b) the financing of SME Fees during the first and second years of creation of the SME centers pursuant to the selection criteria and amounts established in the PIM; and (c) the provision of other relevant technical assistance and Training.

Component 4. Project Implementation

The provision of support to the Project Implementation Unit and Provincial Supervision Units for the coordination, implementation, monitoring and evaluation of the Project, including: (a) the provision of technical assistance and Training; (b) the purchase of required equipment and financing of Operating Costs; (c) the carrying out of information sharing/communication campaigns on the Project; (d) the development of relevant baseline studies and other technical/feasibility studies for assessing the options of scaling-up selected Project activities in existing or additional geographic areas; (e) the implementation of the Stakeholder Engagement Plan and feedback mechanism to inform project implementation; (f) the implementation of the Project grievance mechanism; (g) the carrying out of targeted communication and dissemination of Project activities and results; and (h) the provision of other relevant technical assistance, including to explore options for private sector and other stakeholders' potential support to strengthen financial sector development competitiveness in the Recipient's territory.

Component 5. Contingent Emergency Response

Provision of immediate response to an Eligible Crisis or Emergency, as needed.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall vest the overall responsibility of Project coordination, monitoring and evaluation (including reporting aspects) of the Project in its Ministry of SMEs; to this end, the Recipient, through the Ministry of SMEs, shall:
 - (a) maintain the Project Implementation Unit ("PIU"), headed by a Project coordination, responsible for the day-to-day implementation (including financial management, procurement and environmental and social aspects) of the Project, with functions, responsibilities and sufficient resources acceptable to the Association, and staffed with competent personnel in adequate numbers, with qualifications, experience, integrity and terms of reference satisfactory to the Association and as set forth in the PIM;
 - (b) (i) maintain the Provincial Supervision Units (each "PSU") of Matadi and Goma; and (ii) no later than six (6) months after the Effective Date, or such later date as agreed by the Association establish and thereafter maintain a PSU in each of the additional Select Geographic Areas, whose mandate, terms of reference and composition shall be acceptable to the Association, and to be responsible for the day-to-day supervision of activities of the Project located within its respective Select Area, and as set forth in the PIM;
 - (c) maintain the National Steering Committee throughout Project implementation with terms of reference, composition, roles and responsibilities acceptable to the Association and defined in the PIM, to provide overall strategic guidance and Project oversight and approve the Annual Work Programs; and
 - (d) no later than six (6) months after the Effective Date, or such later date as agreed by the Association, establish, and thereafter maintain throughout Project implementation a provincial committee to assist the PIU in the technical implementation of the Project activities at the provincial level ("Provincial Supervision Committee"), each with terms of reference, composition, powers, and responsibilities acceptable to the Association and defined in the PIM.
2. The Recipient shall ensure the coordination and collaboration with other relevant Recipient's ministries, entities and agencies each with responsibilities in the

technical implementation of the Project activities, all pursuant to adequate arrangements as set forth in the PIM.

B. Project Implementation Manual and PPCG Manual

1. The Recipient shall, through the PIU: (a) ensure that the Project is carried in accordance with the Project Implementation Manual ("PIM") under terms and conditions acceptable to the Association; and (b) not amend the PIM without the prior written approval of the Association. In case of any conflict between the terms of any of the PIM and the terms of this Agreement, the terms of this Agreement shall prevail.
2. Without limitation to the generality of paragraph 1 above, the Recipient, through the PIU, shall prior to the provision of any PPCG under Component 2.2(a)(ii) of the Project:
 - (a) finalize and thereafter adopt a PPCG Manual under terms and conditions acceptable to the Association, and, upon approval by the Association of the PPCG Manual, integrate said manual as an annex to the PIM;
 - (b) implement or cause to implement the PPCGs under Component 2.2(a)(ii) of the Project accordance with the PPCG Manual; and
 - (c) not amend any of the PPCG Manual without the prior written approval of the Association. In case of any conflict between the terms of the PPCG Manual, and the terms of this Agreement, the terms of this Agreement shall prevail.

C. Annual Work Programs

1. The Recipient, through the PIU, shall, not later than November 30 in each calendar year during Project implementation, prepare and furnish to the Association, a program of Project activities proposed for implementation in the following calendar year, including: (a) a detailed timetable for the sequencing and implementation of said activities; and (b) the types of expenditures required for such activities, a proposed financing plan and a budget ("Annual Work Program").
2. The Recipient, through the PIU, shall exchange views with and seek approval of the Association on each such proposed annual work program and shall thereafter carry out such program of activities for such following year as shall have been agreed between the Recipient and the Association.
3. Only those activities which are included in an Annual Work Program shall be implemented. Except with the prior and written concurrence of the Association,

the Annual Work Program shall not be waived, amended, or otherwise modified to include new activities.

D. In-kind Subsidies under Component 1.1, Competitive Grants under Component 1.2 and Matching Grants under Component 1.3 of the Project

1. For purposes of Components 1.1, 1.2 and 1.3 of the Project, the Recipient shall make In-kind Subsidies, Competitive Grants or Matching Grants, or as the case may be, to Beneficiaries in accordance with eligibility criteria and procedures acceptable to the Association and set forth in the PIM, which shall include the following:
 - (a) In-kind Subsidies shall be provided for the benefit of women micro-entrepreneurs and shall be provided on a non-reimbursable basis and in any amount as established in the PIM.
 - (b) Competitive Grants shall be provided to newly established MSMEs with viable business plans, but lacking seed capital, practical experience and mentoring in business practices, to finance Subprojects.
 - (c) Matching Grants shall be provided to established SMEs with a good track record but facing constraints to growth on account of market and institutional gaps, to finance Subprojects.
2. The Recipient shall make each In-kind Subsidy, Competitive Grant and Matching Grant under a Grant Agreement with the respective Beneficiary on terms and conditions approved by the Association, which shall include the following:
 - (a) Competitive Grants and Matching Grants shall be allocated through the business plan competition process managed by an international firm of consultants or NGO with proven experience, using objective and transparent criteria, and qualified evaluators as set forth in the PIM;
 - (b) Competitive Grants and Matching Grants shall be provided on grant terms and on a non-reimbursable basis and in an amount as set forth in the PIM, and shall not be used to finance any activities included in the list of Excluded Activities;
 - (c) the Recipient shall obtain rights adequate to protect its interests and those of the Association, including the right to:
 - (i) suspend or terminate the right of the Beneficiary to use the proceeds of the Competitive Grant or the Matching Grant, or obtain a refund of all or any part of the amount of the Competitive Grant or Matching Grant then withdrawn, upon the Beneficiary's

failure to perform any of its obligations under the Grant Agreement; and

- (ii) require each Beneficiary to: (A) carry out the Subproject with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of financing proceeds other than the Recipient; (B) in the case of Matching Grants, provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works and services to be financed out of the Grant in accordance with the provisions of this Agreement; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Subproject and the achievement of its objectives; (E) (1) 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, resources and expenditures related to the Subproject; and (2) at the Association's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association; (F) enable the Recipient and the Association to inspect the Subproject, its operation and any relevant records and documents; and (G) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.
3. To facilitate the provision of Competitive Grants and Matching Grants to the Beneficiaries, the Recipient shall: (a) enter into partnership agreements with the eligible commercial bank ("Partnership Agreement") under terms and conditions acceptable to the Bank and set forth in the PIM, including provisions on compliance with the Anti-Corruption Guidelines applicable to recipients of financing proceeds other than the Recipient; and (b) exercise its rights and carry out its obligations under each Partnership Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Project. Except as the Association shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, any Partnership Agreement or any of its provisions.

E. Subsidies under Component 3.3 of the Project

1. For purposes of Component 3.3, upon selection of a SME Center Developer in accordance with the criteria and procedures established in the PIM, the Recipient shall make a Subsidy to a SME Center Developer pursuant to a subsidy agreement ("Subsidy Agreement") to be entered into by the Recipient, through the PIU, and each SME Center Developer under terms and conditions approved by the Association, which shall include the following:
 - (a) Subsidies shall: (i) be made on a non-reimbursable basis; (ii) to finance the activities selected in accordance with the criteria and procedures acceptable to the Association and set forth in the PIM; and (iii) not be used to finance any activities included in the list of Excluded Activities;
 - (b) the obligation of the SME Center Developer: (i) implement the relevant activities with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association and in accordance with the ESCP; (ii) provide, promptly as needed, the resources required for the purpose; (iii) procure the goods and services to be financed out of the Subsidies in accordance with the provisions of this Agreement; (iv) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the SME Center related activities and the achievement of its objectives; (v) (A) 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, resources and expenditures related to the SME Center related activities; and (B) at the Association's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association; (vi) enable the Recipient and the Association to inspect the SME Center, its operation and any relevant records and documents; and (vii) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing; and
 - (c) the right of the Recipient to suspend, cancel or request a refund of the Subsidy or a portion thereof in case of the failure of the SME Center Developer to perform any of its obligations under the Subsidy Agreement.
2. The Recipient shall exercise its rights and carry out its obligations under each Subsidy Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Project. Except as the

Association shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, any Subsidy Agreement or any of its provisions.

F. Establishment and Endowment of the PPCGF under Component 2.2(a)(i) and PPCGs under Component 2.2(a)(ii)

Establishment and Management of the PPCGF

1. Prior to the endowment of PPCGF under Component 2.2(a)(i) of the Project, the Recipient, through the Ministry of Finance and the Ministry of SMEs, shall enter into an agreement with the FPM SA for the establishment and management of the PPCGF under terms and conditions satisfactory to the Association and as set forth in the PPCG Manual ("Partnership Agreement").
2. Without limitation to the provisions of paragraph 1 above, the Partnership Agreement shall contain, *inter alia*, provisions to ensure that: (i) the FPM SA shall have the right to manage the funds allocated for the PPCGF account exclusively for the purpose of guaranteeing loans made by PFIs in accordance with the terms of the PPCG Manual under Component 2.2(a)(ii) of the Project and shall refund to the Recipient for further refund to the Association any amount of the Financing used for any other purpose or in violation of the provisions of, or referred to, in this Agreement; (ii) the right of the FPM SA to withdraw funds from the PPCGF account(s) shall terminate, upon the FPM SA failure to perform any of its obligations under the Partnership Agreement; (iii) the obligation of the FPM SA to carry out its obligations under the Partnership Agreement with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, administrative, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the PPCG Manual, the ESCP (including the obligation to prepare, adopt, disclose and maintain an ESMS acceptable to the Association) and the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient; (iv) (A) the obligation of the FPM SA to 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, resources and expenditures related to its activities under the Partnership Agreement; and (B) at the Association's or the Recipient's request, the obligation of the FPM SA to have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association; and (v) the obligation of the FPM SA to: (A) enable the Recipient and the Association to inspect its operations and any relevant records and documents; and (B) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request regarding the foregoing.

3. The Recipient shall exercise its rights and carry out its obligations under the Partnership Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, terminate, abrogate, waive or fail to enforce the Partnership Agreement or any of its provisions.
4. In the event of any inconsistency between the provisions of the Partnership Agreement and those of this Agreement, the provisions of this Agreement shall prevail.

PPCGs under Component 2.2(a)(ii) of the Project

5. Upon selection of a PFI in accordance with the criteria and procedures established in the PPCG Manual, the Recipient shall cause the FPM SA to enter into a PPCG Agreement with each PFI under terms and conditions acceptable to the Association, which shall include, *inter alia*:
 - (a) PPCGs shall be provided exclusively to mitigate the credit risk on loans/credits to eligible MSMEs, and that such loans will at all times be underwritten, priced, signed, documented, monitored and serviced in accordance with the relevant PFI's credit guidelines and using its standard documentation;
 - (b) no PPCG shall be issued except in accordance with criteria, terms and conditions set forth in the Partnership Agreement including, *inter alia*, in strict compliance with the PPCG Manual; and
 - (c) the obligation of the relevant PFI to comply with the pertinent provisions of the PPCG Manual and the applicable environmental and social requirements included in the ESCP (including the obligation to prepare, adopt and maintain an ESMS acceptable to the Association).
6. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, terminate, waive or fail to enforce, or permit to be assigned, amended, abrogated, terminated, waived or failed to be enforced, any PPCG Agreement, or any provisions included or referred to therein.

G. Verification of Achievement of PBCs

For purposes of implementing PBC#1 and PBC#2 under Component 2.2(a)(i) and (ii) of the Project, the Recipient shall carry out a verification process through the Recipient's entities or independent verification agency that the Bank has confirmed in writing to be acceptable, as determined in the Verification Protocol ("Verification Agent"), for the verification of achievement of PBCs which are set

forth in the table in Schedule 4 to this Agreement, and furnish to the Association, not later than sixty (60) days after the verification of compliance of said PBCs, reports on the results of said verification of compliance process of such scope and in such detail as the Association shall reasonably request.

H. Environmental and Social Standards

1. The Recipient shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.
2. Without limitation upon paragraph 1 above, the Recipient shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the Association. To this end, the Recipient shall ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Association shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. The Recipient shall ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Association, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and

- (b) the Association is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
- 5. The Recipient shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Association.
- 6. The Recipient shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, and subcontractors and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.
- 7. Without limitation upon the provisions of paragraph 2 above, if sixty (60) days prior to the Closing Date, the Association determines that there are measures and actions specified in the ESCP which will not be completed by the Closing Date, the Recipient shall: (a) not later than thirty (30) days before the Closing Date, prepare and present to the Association, an action plan satisfactory to the Association on the outstanding measures and actions, including a timetable and budget allocation for such measures and actions (which action plan shall be deemed to be considered an amendment of the ESCP); and (b) thereafter, carry out said action plan in accordance with its terms and in a manner acceptable to the Association.
- I. Contingent Emergency Response**
- 1. In order to ensure the proper implementation of contingent emergency response activities under Component 5 of the Project ("Contingent Emergency Response Component"), the Recipient shall ensure that:
 - (a) a manual ("CERC Manual") is prepared and adopted in form and substance acceptable to the Association, which shall set forth detailed implementation arrangements for the Contingent Emergency Response Component, including: (i) any structures or institutional arrangements for coordinating and implementing the Contingent Emergency Response

Component; (ii) specific activities which may be included in the Contingent Emergency Response Part, Eligible Expenditures required therefor ("Emergency Expenditures"), and any procedures for such inclusion; (iii) financial management arrangements for the Contingent Emergency Response Component; (iv) procurement methods and procedures for the Contingent Emergency Response Part; (v) documentation required for withdrawals of Financing amounts to finance Emergency Expenditures; (vi) a description of the environmental and social assessment and management arrangements for the Contingent Emergency Response Component; and (vii) a template Emergency Action Plan;

- (b) the Emergency Action Plan is prepared and adopted in form and substance acceptable to the Association;
 - (c) the Contingent Emergency Response Component is carried out in accordance with the CERC Manual and the Emergency Action Plan; provided, however, that in the event of any inconsistency between the provisions of the CERC Manual or the Emergency Action Plan and this Agreement, the provisions of this Agreement shall prevail; and
 - (d) neither the CERC Manual or the Emergency Action Plan is amended, suspended, abrogated, repealed or waived without the prior written approval by the Association.
2. The Recipient shall ensure that the structures and arrangements referred to in the CERC Manual are maintained throughout the implementation of the Contingent Emergency Response Component, with adequate staff and resources satisfactory to Association.
3. The Recipient shall ensure that:
- (a) the environmental and social instruments required for the Contingent Emergency Response Component are prepared, disclosed and adopted in accordance with the CERC Manual and the ESCP, and in form and substance acceptable to the Association; and
 - (b) the Contingent Emergency Response Component is carried out in accordance with the environmental and social instruments in a manner acceptable to the Association.
4. Activities under the Contingency Emergency Response Component shall be undertaken only after an Eligible Crisis or Emergency has occurred.

Section II. Project Monitoring, Reporting and Evaluation

The Recipient shall furnish to the Association each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of the Proceeds of the Financing

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Eligible Expenditures; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Credit Allocated (expressed in USD)	Amount of the Grant Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (Inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services and Operating Costs under Components 1, 2, 3 and 4 of the Project	87,000,000	35,867,000	100% (64% Credit/36% Grant)
(2) In-kind subsidies under Component 1.1 of the Project	12,500,000	8,967,000	100% (50% Credit/50% Grant)
(3) Competitive Grants under Component 1.2 and Matching grants under Component 1.3 of the Project	37,500,000	26,900,000	100% (50% Credit/50% Grant)

(4) Subsidies and SMEs Fees under Component 3.3 of the Project	13,000,000	9,325,000	100% (50% Credit/50% Grant)
(5) PPCGF Endowment under Component 2.2(a)(i) and (ii) of the Project	0	26,541,000	100% (100% Grant) allocated to each PBC as set forth in Schedule 4
(6) Emergency Expenditures under Component 5 of the Project	0	0	100%
TOTAL AMOUNT	150,000,000	107,600,000	100%

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
 - (a) for payments made prior to the Signature Date; except that withdrawals up to an aggregate amount not to exceed USD 254,015 of the Credit and SDR104,720 of the Grant may be made for payments made prior to this date but on or after the date falling within twelve (12) months prior to the Signature Date for Eligible Expenditures under Category (1);
 - (b) for payments under Category (5) with respect to each PBC, as set forth in Schedule 4, for which a withdrawal request has been submitted, until and unless the Recipient has also submitted evidence satisfactory to the Association that the following conditions have been met:
 - (i) the PPCG Manual has been adopted by the Recipient in form and substance acceptable to the Association;
 - (ii) the FPM SA has established, adopted and disclosed an ESMS under terms and conditions acceptable to the Association;
 - (iii) evidence, in form and substance satisfactory to the Association, of the Eligible Expenditures paid, as presented in the IFR and verified pursuant to the Verification Protocol; and

- (iv) supporting documentation confirming the Recipient's achievement of the respective PBC or PBCs in form and substance satisfactory to the Association, as further elaborated in Schedule 4 and as set forth in the Verification Protocol, including, but not limited to, a report issued by the Verification Agent, confirming the achievement of the respective PBC or PBCs;
 - (c) for Emergency Expenditures under Category (6), unless and until all of the following conditions have been met in respect of said expenditures:
 - (i) (A) the Recipient has determined that an Eligible Crisis or Emergency has occurred, and has furnished to the Association a request to withdraw Financing amounts under Category (6); and (B) the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and
 - (ii) the Recipient has adopted the CERC Manual and Emergency Action Plan, in form and substance acceptable to the Association.
2. Notwithstanding the provisions of Part B.1(b) of this Section:
- (a) The Recipient may request withdrawals of the Financing when the relevant Eligible Expenditures have been incurred, but prior to the PBCs having been met, provided that the Recipient shall: (i) achieve such PBCs no later than the Closing Date; and (ii) submit to the Association evidence satisfactory to the Association of such PBCs having been met no later than the Disbursement Deadline Date; provided however, that if by the Disbursement Deadline Date, the Recipient has failed to provide the Association evidence satisfactory to the Association that one or more PBCs have been fully achieved, the Recipient shall, upon notice from the Association, promptly refund to the Association the Withdrawn Financing Balance related those expenditures under the Eligible PBC Expenditures under Category (5). Except as the Association may otherwise determine, the Association shall cancel all amounts refunded pursuant to this Section.
 - (b) If any of the PBCs referred to in Schedule 4 to this Agreement has not been achieved, the Association may, by notice to the Recipient:
 - (a) reallocate all or a portion of the proceeds of the Financing then allocated to said PBC to any other PBC or any other Category; and/or
 - (b) cancel all or a portion of the proceeds of the Financing then allocated to said PBC.
3. The Closing Date is September 30, 2027.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each February 15 and August 15, commencing August 15, 2028, to and including February 15, 2060	1.5625%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.05(b) of the General Conditions.

SCHEDULE 4
PERFORMANCE BASED CONDITIONS

PBC	Amount of the Grant (allocated in SDR)	Amount of the Credit (allocated in USD)
PBC#1: the PPCGF has been established and is available as a service/product of FPM SA.	7,173,000	0
PBC#2: The amount of outstanding loan/credit provided by PFIs to eligible MSMEs guaranteed by the PPCGs is at least equal to 60% of the amount available in the PPCGF, as follows:		
(a) USD 6,000,000 of loans/credits guaranteed	(a) 7,173,000	0
(b) USD 12,000,000 of loans/credits guaranteed	(b) 7,173,000	0
(c) USD 18,000,000 of loans/credits guaranteed	(c) 5,022,000	0

APPENDIX

Definitions

1. "AML/CFT" means anti-money laundering/counter-financing terrorism.
2. "ANADEC" means *Agence Nationale de Développement de l' Entrepreneurial*, the Recipient's national entrepreneurship development agency.
3. "Annual Work Program" means an annual work plan and budget for the implementation of the Project referred to in Section I.C. of Schedule 2 to this Agreement.
4. "Anticorruption Action Plan" means an action plan designed to enhance transparency and accountability, and to be included in the PIM, including:
(a) fiduciary measures required to strengthen the control environment;
(b) measures necessary or appropriate to enable civil society and the public in general to denounce abuses or irregularities; and (c) measures designed to mitigate fiduciary risks.
5. "Anti-Corruption Guidelines" means, for purposes of paragraph 5 of the Appendix to the General Conditions, 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.
6. "Basis Adjustment to the Service Charge" means the Association's standard basis adjustment to the Service Charge for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association and expressed either as a positive or negative percentage per annum.
7. "BCC" means *Banque Centrale du Congo*, the Recipient's Central Bank.
8. "Beneficiary" means an MSME which is the beneficiary of an In-Kind Subsidy, a Competitive Grant or a Matching Grant under Component 1 of the Project.
9. "Category" means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
10. "CERC Manual" means the manual referred to in Section I.I of Schedule 2 to this Agreement, as such manual may be updated from time to time with the agreement of the Association, and which is an integral part of the Project Implementation Manual.

11. "Competitive Grants" means a grant to be made out of the proceeds of the Financing under Component 1.2 of the Project.
12. "Contingent Emergency Response Part" means any activity or activities to be carried out under Component 5 of the Project to respond to an Eligible Crisis or Emergency.
13. "COOPECs" means *Coopératives d'Epargnes et de Crédit, savings and loans associations* legally registered in the Recipient's territory.
14. "Disbursement Deadline Date" means the final date, established by the Bank, for the receipt by the Bank of applications for withdrawal and supporting documentation; according to the Disbursement Guidelines, this date may be the same as the Closing Date, or up to four months after the Closing Date.
15. "Eligible Crisis or Emergency" means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster.
16. "Emergency Action Plan" means the plan referred to in Section I.I.1(b) of Schedule 2 to this Agreement, detailing the activities, budget, implementation plan, and monitoring and evaluation arrangements, to respond to the Eligible Crisis or Emergency.
17. "Emergency Expenditures" means the eligible expenditures set forth in the CERC Manual referred to in Section I.I.1(a) of Schedule 2 to this Agreement and required for the Contingent Emergency Response Component.
18. "Environmental and Social Commitment Plan" or "ESCP" means the environmental and social commitment plan for the Project, dated March 31, 2022, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
19. "Environmental and Social Standards" or "ESSs" means, collectively:
(i) "Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts"; (ii) "Environmental and Social Standard 2: Labor and Working Conditions"; (iii) "Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management"; (iv) "Environmental and Social Standard 4: Community Health and Safety"; (v) "Environmental and Social Standard 5: Land Acquisition, Restrictions on Land

Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Association.

20. “ESMS” means the environmental and social management system of the FPM SA and of each PFI to identify, assess and manage the environmental and social risks and impacts under the relevant activities under Component 2.2(a)(ii) of the Project, in compliance with the ESSs.
21. “Excluded Activities” means the list of activities not eligible for financing under the Project, as said list is set forth in the PIM.
22. “FPM SA” means a specialized financial institution licensed by the BCC, legally established as a *société anonyme* pursuant to its *Acte Constitutif* and Bylaws dated August 13, 2014.
23. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020, April 1, 2021 and January 1, 2022).
24. “Grant Agreement” means an agreement governing the provision of an In-kind Subsidy, a Competitive Grant or a Matching Grant, referred to in Section I.D.2 of Schedule 2 to this Agreement.
25. “IFR” means each interim unaudited financial report for the Project referred to in the Disbursement and Financial Information Letter.
26. “In-kind Subsidies” means a grant to be made out of the proceeds of the Financing under Component 1.1 of the Project.
27. “IT” means information technology.
28. “Kinshasa” means the Recipient’s city-province of Kinshasa.
29. “Matching Grants” means a grant to be made out of the proceeds of the Financing under Component 1.3 of the Project.

30. "Ministry of Small and Medium Enterprises and Entrepreneurship" or "Ministry of SMEs" means the Recipient's ministry in charge of SMEs, or any successor thereto.
31. "MSME" means micro, small or medium enterprise.
32. "National Steering Committee" means the committee referred to in Section I.A.1(c) of Schedule 2 to this Agreement.
33. "NGO" means non-governmental organization.
34. "NRA" means the Recipient's national money laundering/financing terrorism risk assessment.
35. "Operating Costs" means the reasonable costs set forth in each Annual Work Plan and Budget for the incremental expenses incurred by the PIU and its PSUs on account of the Project implementation, monitoring and evaluation, consisting of, *inter alia*: vehicle operation and maintenance, communication and insurance costs, banking charges, rental expenses, office (and office equipment) maintenance, utilities, document duplication/printing, consumables, travel cost and *per diem* for Project staff for travel linked to the implementation of the Project, and incremental salaries of contractual staff for the Project (but excluding salaries of officials of the Recipient's civil service).
36. "Partnership Agreement" means the agreement referred to in paragraphs 1 to 4 of Section I.F of Schedule 2 to this Agreement.
37. "Participating Financial Institutions" or "PFIs" means each of the participating financial institution eligible to receive a PPCG under Component 2.2(a)(ii) selected in accordance with the criteria and procedures established in the PPCG Manual.
38. "PBC" means a performance-based condition referred to in Schedule 4 to this Agreement; and "PBCs" means more than one PBC.
39. "PPCG Agreement" means the agreement between the FPN SA and each PFI referred to in Section I.F.5 of Schedule 2 to this Agreement.
40. "PPCGF" means the partial portfolio credit guarantee fund (*guichet*) to be established under Component 2.2(a)(i) of the Project.
41. "PPCGF Endowment" means the initial endowment of the PPCGF as Eligible Expenditures paid and incurred in connection with the achievement of the PBCs.
42. "PPCG Manual" means the manual referred to in Section I.B.2 of Schedule 2 to this Agreement.

43. "Procurement Regulations" means, for purposes of paragraph 87 of the Appendix to the General Conditions, the "World Bank Procurement Regulations for IPF Borrowers", dated November 2020.
44. "Project Implementation Manual" or "PIM" means the Recipient's manual acceptable to the Association, containing, *inter alia*: (i) specific provisions on detailed implementation arrangements for the carrying out of the Project including the roles and responsibilities of the different entities participating in Project implementation; (ii) the procurement, financial management and disbursement requirements thereof; (iii) the performance indicators; (iv) the Anticorruption Action Plan for preventing, detecting, reporting, investigation, remediation and otherwise addressing fraud and corruption, including compliance with the Anti-Corruption Guidelines (which shall be annexed thereto); (v) the selection criteria and procedures for the provision of In-kind Subsidies, Competitive Grants and Matching Grants, Subsidies including the template form of the Grant Agreement; (vi) the list of Excluded Activities; and (vii) the Verification Protocol; as said manual may be amended from time to time with the Association's prior written consent.
45. "Project Implementation Unit" or "PIU" means the Project implementation unit referred to in Section I.A.1(a) of Schedule 2 to this Agreement.
46. "Provincial Supervision Committee" means one or more committees referred to in Section I.A.1(d) of Schedule 2 to this Agreement.
47. "Provincial Supervision Unit" or "PSU" means one or more of the provincial execution units referred to in Section I.A.1(b) of Schedule 2 to this Agreement.
48. "Select Geographic Areas" means the urban and peri-urban areas of Goma, Kinshasa, Matadi, Bunia, Bukavu, Mbuyi-Mayi and Kananga, as such list of Select Geographic Areas may be amended from time to time by mutual written agreement between the Recipient and the Association and said revised list shall be included in the PIM.
49. "SME" means small or medium enterprise.
50. "SME Fees" means each fee financed out of the proceeds of the Financing to an eligible SME for the services to be provided by a SME center service under Component 3.3 of the Project, under terms and conditions and in an amount as set forth in the PIM.
51. "Signature Date" means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to "the date of the Financing Agreement" in the General Conditions.

52. "Subproject" means an activity or bundle of activities to be financed with an In-Kind Grant, Competitive Grant or Matching Grant and which has been deemed eligible for financing under Component 1 of the Project, having regard to eligibility criteria and procedures acceptable to the Association, and set forth in the PIM.
53. "Subsidy" means a subsidy to be made out of the proceeds of the Financing to a SME Center Developer under Component 3.3 of the Project, in an amount and under terms and conditions as established in each Subsidy Agreement and further described in the PIM; collectively referred to as "Subsidies".
54. "Training" means training and workshops, including purchase and publication of materials, rental of facilities, course fees, study tours and travel and subsistence for participants, trainees and trainers.
55. "Verification Agent" means the entity or entities listed in the Verification Protocol and referred to in Section I.G of Schedule 2 to this Agreement.
56. "Verification Protocol" means the PBC verification process referred to in Section I.G of Schedule 2 to this Agreement and set forth in the PIM.