Financing Agreement

(Additional Financing for Public Works and Employment Project)

between

REPUBLIC OF BURUNDI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated February 13, 2006
AGREEMENT dated February 13, 2006, entered into between REPUBLIC OF BURUNDI ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing additional financing for the Original Project (as defined in the Appendix to this Agreement). The Recipient and the Association hereby agree as follows:

ARTICLE I – GENERAL CONDITIONS; DEFINITIONS; AMENDMENT

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions, in the Original Financing Agreement, or in the Appendix to this Agreement.

1.03. The Original Financing Agreement is amended as set out in Section II of the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equivalent to twenty-one million one hundred thousand Special Drawing Rights (SDR 21,100,000) ("Grant") to assist in financing the Original Project.

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of the Schedule to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Payment Dates are March 15 and September 15 in each year.

2.05. The Payment Currency is Dollars.
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Original Project. To this end, the Recipient shall carry out Parts A.3 and B-D of the Original Project through its Ministry of Public Works and Equipment (MPWE) and cause Parts A.1, 2, and 4 of the Original Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article IV of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Original Project is carried out in accordance with the provisions of the Schedule to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Events of Suspension consist of the following:

(a) The Project Implementing Entity’s Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.

(b) The Delegated Works Management Contract shall have been amended, suspended, abrogated, repealed, or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.

4.02. The Additional Event of Acceleration consists of the following:

The event specified in paragraph (a) of Section 4.01 of this Agreement occurs.

ARTICLE V – EFFECTIVENESS

5.01. The Additional Conditions of Effectiveness consist of the following:

(a) The Agreement Amending the Project Agreement has been executed by the Project Implementing Entity.

(b) The Amendment to the Delegated Works Management Contract has been executed on behalf of the Recipient and the Project Implementing Entity.

5.02. The Additional Legal Matters consist of the following:
(a) The Agreement Amending the Project Agreement has been duly authorized or ratified by the Project Implementing Entity, and is legally binding upon the Project Implementing Entity in accordance with its terms.

(b) The Amendment to the Delegated Works Management Contract has been duly authorized or ratified by the Recipient and the Project Implementing Entity, and is legally binding upon the Recipient and the Project Implementing Entity in accordance with its terms.

5.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE VI – REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is the minister at the time responsible for finance.

6.02. The Recipient’s Address is:

Ministry of Finance  
P. O. Box 1830  
Bujumbura  
Republic of Burundi

Facsimile: (257) 223 827

6.03. The Association’s Address is:

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

Cable: INDEVAS  
Telex: 248423 (MCI) or 64145 (MCI)  
Facsimile: 1-202-477-6391
AGREED at Bujumbura, Republic of Burundi, as of the day and year first above written.

REPUBLIC OF BURUNDI

By /s/ Dieudonné Ngwembona
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Alassane Sow
Authorized Representative
SCHEDULE

Project Execution

Section I.  Subsidiary Financing; Institutional and Other Arrangements

A.  Agreement Amending Subsidiary Agreement.

1.  To facilitate the carrying out of the Project Implementing Entity’s Respective Parts A.1, 2, and 4 of the Project, the Recipient shall make part of the proceeds of the Additional Financing available to the Project Implementing Entity under the Agreement Amending Subsidiary Agreement, under terms and conditions approved by the Association.

2.  The Recipient shall exercise its rights under the Agreement Amending Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Original Financing.  Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Agreement Amending Subsidiary Agreement of any of its provisions.

3.  Schedule 4 (except paragraph 3 thereof) to the Original Financing Agreement is incorporated in this Agreement, with the following modifications in said Schedule, unless the context otherwise requires:

   (a)  the term “Credit” shall be read as “Financing”; and

   (b)  the term “Borrower” shall be read as “Recipient”.

Section II.  Project Monitoring, Reporting, Evaluation

A.  Project Reports.

1.  (a)  The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth below in sub-paragraph (b) of this paragraph.  Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Association not later than one (1) month after the end of the period covered by such report.
(b) The performance indicators referred to above in sub-paragraph (a) consist of the following:

Part A of Project

(i) Operating costs do not exceed 8 percent of the expenditures on execution of works.

(ii) The time period between approval of a Subproject and commencement of related technical studies is no more than two (2) months.

(iii) The time period between receipt and payment of an invoice is no more than 15 days.

(iv) At least three (3) firms participate in the bidding process for implementation of each Subproject.

(v) Work on at least 50 percent of approved Subprojects has commenced within nine (9) months of notification of such approval by the TS.

(vi) All works under the Project are carried out in accordance with the provisions of the ESMF.

(vii) 75 percent of infrastructure rehabilitated or constructed under the Project is found to be operational and satisfactorily maintained following completion of such rehabilitation or construction.

(viii) At least 2,000,000 person-days of employment have been created.

Part B of Project

(ix) The TS has provided training in Subproject identification, preparation, and programming to officials and staff as follows: (A) at least 30 municipalities by 2003; and (B) at least 80 municipalities by 2006.

(x) Municipal revenues allocated to operation and maintenance of Subprojects have increased by at least 20 percent by 2006.

(xi) ABUTIP has provided training in business administration, financial management, and technical skills to staff of Small and Medium Enterprises as follows: (A) at least 1,000 person-days by 2003; and (B) at least 5,000 person-days by 2006.
Part C of Project

(xii) HIV / AIDS awareness and prevention workshops have been carried out as follows: (A) in at least 65 percent of Subproject sites by 2003; and (B) in at least 85 percent of Subproject sites by 2007.


1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association as part of the Project Report, interim un-audited financial reports for the Project covering the calendar semester, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General.

1. Goods and Works. All goods and works required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Schedule.

2. Consultants’ Services. All consultants’ services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Schedule.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.


1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding</td>
</tr>
<tr>
<td>(b) National Shopping</td>
</tr>
<tr>
<td>(c) Procurement from United Nations Agencies</td>
</tr>
</tbody>
</table>

C. **Particular Methods of Procurement of Consultants’ Services.**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. **Other Methods of Procurement of Consultants’ Services.** The following table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Least-Cost Selection</td>
</tr>
<tr>
<td>(b) Selection Based on Consultants’ Qualifications</td>
</tr>
<tr>
<td>(c) Individual consultants</td>
</tr>
<tr>
<td>(d) Single Source Selection (With the Association's prior agreement)</td>
</tr>
</tbody>
</table>

D. **Review by the Bank of Procurement Decisions.**

Except as the Association shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Association: (a) each contract for works estimated to cost the equivalent of $1,000,000 or more; (b) each contract for goods estimated to cost the equivalent of $500,000 or more; (c) each contract for consultants’ services provided by a firm estimated to cost the equivalent of $200,000 or more; (d) each contract for employment of individual consultants estimated to cost the equivalent of $100,000 or more. All other contracts shall be subject to Post Review by the Association.
Section IV. Withdrawal of the Proceeds of the Additional Financing

A. General.

1. The Recipient may withdraw the proceeds of the Additional Financing in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient, to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Additional Financing (“Category”), the allocations of the amounts of the Additional Financing 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 Additional Financing Allocated (Expressed in SDR Equivalent)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods</td>
<td>100% of foreign expenditures and 90% of local expenditures</td>
<td></td>
</tr>
<tr>
<td>(a) Parts A.3, B, C, and D of Project</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>(b) Parts A.2 and 4 of Project</td>
<td>210,000</td>
<td></td>
</tr>
<tr>
<td>(2) Consultants’ services, training and audits</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>(a) Parts A.3, B, C, and D of Project</td>
<td>1,090,000</td>
<td></td>
</tr>
<tr>
<td>(b) Parts A.2 and 4 of Project</td>
<td>1,010,000</td>
<td></td>
</tr>
<tr>
<td>(3) Subprojects under Part A.1 of Project</td>
<td>16,470,000</td>
<td>100% of amounts disbursed</td>
</tr>
<tr>
<td>(4) Operating Costs</td>
<td>90%</td>
<td></td>
</tr>
<tr>
<td>(a) Parts A.3, B, C, and D of Project</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>
### Amount of the Additional Financing Allocated (% of Expressed in SDR Equivalent to be Financed)

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>(b) Parts A.2 and 4 of Project</td>
<td>2,320,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>21,100,000</td>
</tr>
</tbody>
</table>

### B. Withdrawal Conditions; Withdrawal Period.

The Closing Date is December 31, 2007.

### Section V. Other Undertakings

The Recipient shall ensure that the Project is implemented in accordance with the provisions of the ESMF and, except as the Association shall otherwise agree, the Recipient shall not amend or waive any provision of the aforementioned if such amendment or waiver may, in the opinion of the Association, materially or adversely affect Project implementation.
APPENDIX

Section I. Definitions

1. “Agreement Amending Project Agreement” means the agreement between the Association and the Project Implementing Entity (as hereinafter defined) of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Agreement Amending Project Agreement.

2. “Amendment to Subsidiary Agreement” means the amendment modifying the Subsidiary Agreement (as hereinafter defined) for the purpose of providing additional financing for the Original Project.

3. “Category” means a category set forth in the table in Section IV of the Schedule to this Agreement.


5. “Environmental and Social Management Framework” or “ESMF” means the framework, dated September 30, 2005, agreed with the Association for the environmental and social screening process to be followed in identifying, assessing, and mitigating the potential adverse environmental and social impact associated with activities to be implemented under the Original Project, as the same may be amended from time to time with the concurrence of the Association, and such term includes any schedules to the ESMF.


7. “Original Financing” means the amount in various currencies equivalent to thirty-one million three hundred thousand Special Drawing Rights (SDR 31,300,000) made available by the Association to the Recipient, on the terms and conditions set forth in the Original Financing Agreement (as hereinafter defined) (Credit 3460-BU).


9. “Original Project” means the Project described in the Original Financing Agreement.


11. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated November 22, 2005 and referred to in paragraph 1.16 of the Procurement Guidelines and
paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.


14. “Small and Medium Enterprise” means an enterprise which is established as such under the Recipient’s laws.

15. “Subsidiary Agreement” means the agreement dated December 16, 2003 pursuant to which the Recipient makes the proceeds of the Original Financing available to the Project Implementing Entity.

**Section II. Amendment to Original Financing Agreement**

The Original Financing Agreement is amended as set forth below.

1. Section 2.03 is amended to read as follows:

   “Section 2.03. The Closing Date shall be December 31, 2007 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.”

2. The table in paragraph 1 of Schedule 1 is amended to read as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (Expressed in SDR Equivalent)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods</td>
<td>100% of foreign expenditures and 90% of local expenditures</td>
<td></td>
</tr>
</tbody>
</table>

   (a) under Parts A.3, B, C and D of the Project  258,000

   (b) under Parts A.2 and A.4 of the Project  364,000
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (Expressed in SDR Equivalent)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(2) Consultants’ services, training and audits</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(a) under Parts A.3, B, C and D of the Project</td>
<td>3,765,000</td>
<td></td>
</tr>
<tr>
<td>(b) under Parts A.2 and A.4 of the Project</td>
<td>2,500,000</td>
<td></td>
</tr>
<tr>
<td>(3) Subprojects under Part A.1</td>
<td>21,800,000</td>
<td>100% of amounts disbursed</td>
</tr>
<tr>
<td>(4) Operating Costs</td>
<td></td>
<td>90%</td>
</tr>
<tr>
<td>(a) under Parts A.3, B, C and D of the Project</td>
<td>303,000</td>
<td></td>
</tr>
<tr>
<td>(b) under Part A.2 and A.4 of the Project</td>
<td>1,663,000</td>
<td></td>
</tr>
<tr>
<td>(5) Refunding of Project Preparation Advance</td>
<td>647,000</td>
<td>Amount due pursuant to Section 2.02 (c) of this Agreement</td>
</tr>
<tr>
<td>TOTAL</td>
<td>31,300,000</td>
<td></td>
</tr>
</tbody>
</table>