Global Environment Facility
Trust Fund Grant Agreement

(Agricultural Rehabilitation and Sustainable Land Management Project)

between

REPUBLIC OF BURUNDI

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

acting as an Implementing Agency of the Global Environment Facility

Dated August 3, 2004
GLOBAL ENVIRONMENT FACILITY TRUST FUND GRANT AGREEMENT

AGREEMENT, dated August 3, 2004, between the REPUBLIC OF BURUNDI (the Recipient) and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) acting as an implementing agency of the Global Environment Facility (GEF) in respect of grant funds provided to the GEF Trust Fund by certain members of the Bank as participants of the GEF.

WHEREAS (A) the Bank has received from the Recipient a letter dated June 10, 2004, describing a program of objectives, policies, and actions designed to rehabilitate its agricultural sector and promote sustainable land management in its territory (the Program) and declaring the Recipient’s commitment to the execution of the Program;

(B) the Bank, pursuant to Resolution No. 91-5 of March 14, 1991 of the Executive Directors of the Bank, established the GEF to assist in the protection of the global environment and promote thereby environmentally sound and sustainable economic development;

(C) following the restructuring of the GEF, such arrangements continued in place on the basis set forth in Resolution No. 94-2 of May 24, 1994, of the Executive Directors of the Bank which, inter alia, established the GEF Trust Fund and appointed the Bank as trustee of the GEF Trust Fund (Resolution No. 94-2);

(D) the Recipient, having satisfied itself as to the feasibility and priority of the project (the Project) described in Schedule 2 to the development grant agreement (the Development Grant Agreement) of even date herewith between the Recipient and the International Development Association (the Association), and which forms part of the Program, has requested assistance from the resources of the GEF Trust Fund for funding the Project, and said request having been approved in accordance with the provisions of the Instrument for the Establishment of the Restructured Global Environment Facility approved under Resolution No. 94-2;

(E) the Recipient has also requested the Association to provide additional financing towards the Project pursuant to the Development Grant Agreement, and the Association has agreed to provide such assistance in an aggregate principal amount equivalent to twenty-four million Special Drawing Rights (SDR 24,000,000) (the Development Grant); and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend a grant to the Recipient (the GEF Grant) upon the terms and conditions set forth in this Agreement;
NOW THEREFORE, the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01 (a) The following provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank for Single Currency Loans dated January 1, 1985 (as amended through October 6, 1999), with the modifications set forth in Schedule 3 to this Agreement (the General Conditions) constitute an integral part of this Agreement.

(i) Article I;
(ii) Sections 2.01 (1), (2), (3), (4), (6), (8), (9), (10), (11), (15), (18), and (20), 2.02, and 2.03;
(iii) Section 3.01;
(iv) Section 4.01;
(v) Article V;
(vi) Sections 6.01, 6.02 (a), (c), (d), (e), (f), (i), and (k), 6.03, 6.04, and 6.06;
(vii) Section 8.01 (b);
(viii) Sections 9.01 (a) and (c), 9.04, 9.05, 9.06, 9.07, 9.08, and 9.09;
(ix) Sections 10.01, 10.03, and 10.04;
(x) Article XI; and
(xi) Sections 12.01 (c), 12.03, and 12.04.

(b) The General Conditions shall be modified as follows: Section 12.05 is modified to read as follows:

“This Development Grant Agreement and all obligations of the parties thereunder shall terminate on the date seven years following the Closing Date.”
Section 1.02. (a) Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions, Section 1.02 of the Development Grant Agreement, and the Recitals to this Agreement have the respective meanings therein set forth; and

(b) the following additional terms have the following meanings:

(i) “Association” shall mean the Bank;

(ii) “Development Grant Agreement” means the agreement of even date herewith between the Recipient and the Association for the Project, as such agreement may be amended from time to time; and such term includes the “General Conditions Applicable to Development Credit Agreements” of the Association, dated January 1, 1985 (as amended through May 1, 2004), as applied to such agreement, and all schedules and agreements supplemental to the Development Grant Agreement;

(iii) “GEF Special Account” means the special deposit account referred to in Section 2.02 (b) of this Agreement;

(iv) “Grant” shall mean the GEF Grant;

(v) “Grant Account” shall mean the GEF Grant Account; and

(vi) “Special Account” shall mean the GEF Special Account.

ARTICLE II

The GEF Grant

Section 2.01. The Bank agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, an amount in various currencies equivalent to five million Dollars ($5,000,000).

Section 2.02. (a) The amount of the GEF Grant may be withdrawn from the GEF Grant Account in accordance with the provisions of Schedule 1 to this Agreement for: (i) expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods, works, and services required for carrying out the Project and to be financed out of the proceeds of the GEF Grant; and (ii) amounts paid (or, if the Bank shall so agree, to be paid) on account of withdrawals made under Matching Grants in respect of the reasonable costs of goods, works, and services required for Subprojects, and in respect of which the withdrawal from the GEF Grant Account is requested.
(b) The Recipient may, for the purposes of the Project, open and maintain in Dollars a GEF Special Account in a commercial bank satisfactory to the Association, on terms and conditions satisfactory to the Association, including appropriate protection against seizure, set-off, or attachment. Deposits into, and payments out of, the GEF Special Account shall be made in accordance with the provisions of Schedule 2 to this Agreement.

Section 2.03. The Closing Date shall be October 31, 2010, or such later date as the Bank shall establish. The Bank shall promptly notify the Recipient of such later date.

ARTICLE III

Execution of the Project; Financial Covenants

Section 3.01. Articles III and IV of the Development Grant Agreement are hereby incorporated into this Agreement with the same force and effect as if they were fully set forth herein.

ARTICLE IV

Remedies of the Bank

Section 4.01. Pursuant to Section 6.02 (p) of the General Conditions, the following additional events are specified:

(a) a situation shall have arisen which shall make it improbable that the Program or a significant part thereof will be carried out.

(b) (i) Subject to subparagraph (ii) of this paragraph, the right of the Recipient to withdraw the proceeds of the Development Grant made to the Recipient for the financing of the Project shall have been suspended, canceled or terminated in whole or in part, pursuant to the terms of the Development Grant Agreement.

(ii) Subparagraph (i) of this paragraph shall not apply if the Recipient establishes to the satisfaction of the Association that: (A) such suspension, cancellation, or termination is not caused by the failure of the Recipient to perform any of its obligations under the Development Grant Agreement; and (B) adequate funds for the Project are available to the Recipient from other sources on terms and conditions consistent with the obligations of the Recipient under this Agreement.
ARTICLE V

Effectiveness; Termination

Section 5.01. The following event is specified as an additional condition to the effectiveness of this Agreement within the meaning of Section 12.01 (b) of the General Conditions, namely that the Development Grant Agreement has been duly executed and ratified and all conditions precedent to its effectiveness, except only the effectiveness of this Agreement, have been fulfilled.

Section 5.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.
ARTICLE VI

Representative of the Recipient; Addresses

Section 6.01. The Minister of the Recipient at the time responsible for finance is designated as representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Recipient:

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

Facsimile: (257) 223 827

For the Bank:

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

Cable address: INDEVAS
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: (202) 477 6391
IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF BURUNDI

By /s/ Antoine Ntamobwa

Authorized Representative

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
as an implementing agency of the Global Environment Facility

By /s/ Emmanuel Mbi

Authorized Representative
SCHEDULE 1

Withdrawal of the Proceeds of the GEF Grant

1. The table below sets forth the Categories of items to be financed out of the proceeds of the GEF Grant, the allocation of the amounts of the GEF Grant to each Category, and the percentage of expenditures for items so to be financed in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the GEF Grant Allocated (Expressed in U.S. dollars)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Matching Grants</td>
<td>2,000,000</td>
<td>100% of amounts disbursed</td>
</tr>
<tr>
<td>(2) Goods</td>
<td>220,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Works</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Consultants’ services (including audits)</td>
<td>1,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Training</td>
<td>1,370,000</td>
<td>100%</td>
</tr>
<tr>
<td>(6) Incremental operating costs</td>
<td>100,000</td>
<td>100%</td>
</tr>
<tr>
<td>(7) Unallocated</td>
<td>310,000</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>5,000,000</td>
<td></td>
</tr>
</tbody>
</table>
2. For the purposes of this Schedule, “Incremental operating costs” means the incremental expenses incurred by the NPCMU and the IPCMUs on account of office supplies and maintenance, administrative support, communication, insurance and utility services, travel and associated subsistence allowances, vehicle operation and maintenance costs, rental expenses, banking charges, and salaries for contractual and temporary staff, but excluding salaries of officials of the Recipient’s civil service.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for:

   (a) expenditures prior to the date of this Agreement; and

   (b) expenditures under Category (1) of the table set forth under paragraph 1 of this Schedule 1, for any Matching Grant, unless such Matching Grant has been made in accordance with the provisions set forth or referred to in Section III.2 of Schedule 4 to the Development Grant Agreement and with the PIM, and a Matching Grant Agreement, on the terms and conditions specified in Section III.3 of Schedule 4 to the Development Grant Agreement and in the PIM, in form and substance satisfactory to the Association, has been duly executed by and is binding on the parties thereto, and has become effective.

4. It is understood that the percentages in the table in Section 1 of this Schedule have been calculated on the basis of the provisions in the letter from the Recipient’s Minister of Finance to the Association, dated June 4, 2004, which exempt the goods, works, and services to be financed under the Project from taxes and customs duties levied by the Recipient. If any change is made to said letter which has the effect of levying taxes or customs duties on such goods, works, or services, the percentages referred to above shall be decreased in accordance with the provisions of Section 5.08 of the General Conditions.

5. The Bank may require withdrawals from the GEF Grant Account to be made on the basis of statements of expenditure for expenditures for: (a) goods under contracts costing less than $150,000 equivalent each; (b) works under contracts costing less than $500,000 equivalent each; (c) services of consulting firms under contracts costing less than $100,000 equivalent each; (d) services of individual consultants under contracts costing less than $50,000 equivalent each; (e) Matching Grants; (f) training not subject to contract; and (g) incremental operating costs, all under such terms and conditions as the Association shall specify by notice to the Recipient.

6. The Recipient may request withdrawals from the GEF Grant Account to be made on the basis of reports to be submitted to the Association in form and substance satisfactory to the Association, such reports to include the FMR and any other information as the Association shall specify by notice to the Recipient (Report-Based Disbursements). In the case of the first such request submitted to the Association before any withdrawal has been made from the GEF Grant Account, the Recipient shall submit
to the Association only a statement with the projected sources and applications of funds for the Project for the six (6)-month period following the date of such request.

7. If the Bank shall have determined at any time that any payment made from the GEF Grant Account was used for any expenditure not consistent with the provisions of this Agreement, the Recipient shall, promptly upon notice from the Bank, refund to the Bank for deposit into the GEF Grant Account, an amount equal to the amount so used or the portion thereof as specified by the Bank.
SCHEDULE 2

GEF Special Account

1. For the purposes of this Schedule:

   (a) the term “eligible Categories means Categories (1) through (6) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

   (b) the term “eligible expenditures” means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the GEF Grant allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

   (c) the term “Authorized Allocation” means an amount of $300,000 to be withdrawn from the GEF Grant Account and deposited into the GEF Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the GEF Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Bank has received evidence satisfactory to it that the GEF Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the GEF Special Account shall be made as follows:

   (a) For withdrawals of the Authorized Allocation, the Recipient shall furnish to the Bank a request or requests for deposit into the GEF Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Recipient, withdraw from the GEF Grant Account and deposit into the GEF Special Account such amount or amounts as the Recipient shall have requested.

   (b) (i) For replenishment of the GEF Special Account, the Recipient shall furnish to the Bank requests for deposits into the GEF Special Account at such intervals as the Bank shall specify.

   (ii) Prior to or at the time of each such request, the Recipient shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Recipient, withdraw from the GEF Grant Account and deposit into the GEF Special Account such amount as the Recipient shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the GEF Special Account for eligible expenditures. All such deposits shall be
withdrawn by the Bank from the GEF Grant Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Recipient out of the GEF Special Account, the Recipient shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into the GEF Special Account:

   (a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Recipient directly from the GEF Grant Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

   (b) if the Recipient shall have failed to furnish to the Bank, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of the records and accounts for the GEF Special Account;

   (c) if, at any time, the Bank shall have notified the Recipient of its intention to suspend in whole or in part the right of the Recipient to make withdrawals from the GEF Grant Account pursuant to the provisions of Section 6.02 of the General Conditions; or

   (d) once the total unwithdrawn amount of the GEF Grant allocated to the eligible Categories minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the GEF Grant Account of the remaining unwithdrawn amount of the GEF Grant allocated to the eligible Categories shall follow such procedures as the Bank shall specify by notice to the Recipient. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the GEF Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Bank shall have determined at any time that any payment out of the GEF Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Recipient shall, promptly upon notice from the Bank:
(A) provide such additional evidence as the Bank may request; or (B) deposit into the GEF Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the GEF Special Account shall be made until the Recipient has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank shall have determined at any time that any amount outstanding in the GEF Special Account will not be required to cover further payments for eligible expenditures, the Recipient shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

(c) The Recipient may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the GEF Special Account.

(d) Refunds to the Bank made pursuant to paragraphs 6 (a), (b), and (c) of this Schedule shall be credited to the GEF Grant Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.
SCHEDULE 3

Modifications to the General Conditions

For the purpose of this Agreement, the provisions of the General Conditions are modified as follows:

1. Sections 3.02, 3.03, 3.04, 3.05, and 6.05 and Article VII are deleted in their entirety.

2. Wherever used in the General Conditions, the following terms are modified to read as follows:

   (a) the term “Bank”, wherever used in the General Conditions, other than in Section 6.02 (f) thereof and the last use of such term in Section 5.01 thereof, means the Bank acting as an implementing agency of the GEF, except that in Section 6.02, the term “Bank” shall also include the Bank acting in its own capacity;

   (b) the term “Borrower”, wherever used in the General Conditions, means the Recipient;

   (c) the term “Loan Agreement”, wherever used in the General Conditions, means this Agreement;

   (d) the terms “Loan” and “loan”, wherever used in the General Conditions, mean the GEF Grant; and

   (e) the term “Loan Account”, wherever used in the General Conditions, means the GEF Grant Account.

3. Section 4.03 and its heading are modified to read as follows:

   “Section 4.03. Amount of the GEF Grant.

   The amount of the GEF Grant withdrawn from time to time shall be the equivalent in terms of SDR (determined as of the date or respective dates of withdrawal from the GEF Grant Account) of the value of the currency or currencies so withdrawn.”

4. A new subparagraph is added after subparagraph (p) in Section 6.02 of the General Conditions, as follows:

   “(q) An extraordinary situation shall have arisen in which any further disbursement under the GEF Grant would exceed the resources available for disbursement from the GEF.”.
5. Section 9.06 is modified to read as follows:

“Section 9.06. Not later than six months before the Closing Date or such later date as may be agreed for this purpose between the Recipient and the Bank, the Recipient shall prepare and furnish to the Bank a report, of such scope and in such detail as the Bank shall reasonably request, on the execution and initial operation of the Project, its cost and the benefits derived and to be derived from it, the performance by the Recipient and the Bank of their respective obligations under the GEF Grant Agreement and the accomplishment of the purposes of the Grant.”

6. Section 12.05 and its heading are modified to read as follows:

“Section 12.05. Termination of the GEF Grant Agreement.

The obligations of the Recipient under the GEF Grant Agreement shall terminate on the date twenty (20) years after the date of the GEF Grant Agreement.”