Multi-Donor Trust Fund
Grant Agreement

(Additional Financing for the Emergency Demobilization and Transitional Reintegration Project)

between

REPUBLIC OF BURUNDI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as administrator of the Multi Donor Trust Fund for the Emergency Demobilization and Transitional Reintegration Project

Dated September 17, 2013
MULTI-DONOR TRUST FUND
GRANT AGREEMENT

AGREEMENT dated September 17, 2013, entered into between: REPUBLIC OF BURUNDI (“Recipient”), and INTERNATIONAL DEVELOPMENT ASSOCIATION (“World Bank”), acting as administrator of the Multi-Donor Trust Fund for the Emergency Demobilization and Transitional Reintegration Project.

The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions


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

Article II
The Project

2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement (“Project”). To this end, the Recipient shall carry out the Project through the National Commission for Demobilization, Reinsertion, and Reintegration in accordance with the provisions of Article II of the Standard Conditions.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

Article III
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to
four million two hundred and fifty thousand United States Dollars ($4,250,000) ("Grant") to assist in financing the Project.

3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the World Bank's payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the abovementioned trust fund, and the Recipient's right to withdraw the Grant proceeds is subject to the availability of such funds.

**Article IV**
**Additional Remedies**

4.01. The Additional Events of Suspension referred to in Section 4.02 (k) of the Standard Conditions consist of the following:

(a) An extraordinary situation shall have arisen which shall make it improbable for the Program, or a significant part thereof, to be carried out.

(b) The National Commission for Demobilization, Reinsertion, and Reintegration's Legislation shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the said entity's ability to perform any of its obligations under this Agreement.

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

5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that:

(a) The execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental action.

(b) The Recipient has extended the mandate of the Technical Coordination Team in accordance with Section I.B of Schedule 2 to this Agreement.

(c) The Recipient has revised and adopted the Project Implementation Manual in accordance with Section I.D of Schedule 2 to this Agreement.
(d) The Recipient has recruited an engineer to the Technical Coordination Team in accordance with Section V.B of Schedule 2 to this Agreement.

5.02. As part of the evidence to be furnished pursuant to Section 5.01(a) of this Agreement, there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Recipient, showing, on behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms.

5.03. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 of this Agreement ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

5.04. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.
Article VI
Recipient’s Representative; Addresses

6.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its minister at the time responsible for finance.

6.02. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance and Economic Development Planning
P. O. Box 1830
Bujumbura
Burundi

Facsimile:
257-22-22-38-27

6.03. The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

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

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

REPUBLIC OF BURUNDI

By

Authorized Representative

Name: Tabu Abdallah Manirakiza

Title: Minister of Finance, Planning for Economic Development

INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as administrator of the Multi Donor Trust Fund for the Emergency Demobilization and Transitional Reintegration Project

By

Authorized Representative

Name: Rachidi B. Radji

Title: Country Manager
SCHEDULE 1
Project Description

The objective of the Project is to support the efforts of the Recipient to: (i) demobilize members of the National Liberation Forces and the National Liberation Forces - Dissidents; and (ii) provide socioeconomic reintegration support to said members following demobilization, as well as to Ex-Combatants demobilized under the Emergency Demobilization, Reinsertion, and Reintegration Project, with a particular focus on the provision of such support to such female, child, and disabled Ex-Combatants.

The Project consists of the following parts:

Part A. Reintegration

Provision of transitional socio-economic reintegration support to Ex-Combatants through, *inter alia*:

(1) Provision of conflict mitigation training to Ex-Combatants and their host communities.

(2) Provision of technical assistance to relevant local organizations to improve social and economic integration of Ex-Combatants, including, strengthening the institutional capacities of, and provision of training to said organizations.

(3) Provision of psycho-social counseling at the individual, family and community level, and carrying out of a program of gender sensitization activities, to be notably beneficial to female Ex-Combatants, spouses of male Ex-Combatants and women in the host community.

Part B. Vulnerable Groups

Provision of targeted support to disabled Ex-Combatants through, *inter alia*:

(1) (a)(i) Phase 1 and (ii) Phase 2 construction of disability-appropriate houses and (b) transfer of said houses to pre-identified severely disabled Ex-combatants.

(2) Provision of specialized medical support.

(3) Implementation of training activities to support the autonomy and general health of the disabled Ex-combatants in their respective communities.
(4) Design and implementation of a communication strategy to: (i) ensure adequate information dissemination on the process for the identification of eligible beneficiaries for the houses to be provided under Part B(1) of this Schedule 1 and subsequent transfer of said houses; (ii) promote general peace and reconciliation in host communities; and (iii) inform and sensitize host communities on the arrival of disabled Ex-Combatants and facilitate the social inclusion of said disabled Ex-Combatants.

Part C. Project Management

Project coordination, management and monitoring, including preparation of financial audits and periodic evaluations and provision of goods, Training, Operating Costs and consultants’ services for the said purposes.
SCHEDULE 2
Project Execution

Section I. Institutional and Other Arrangements

A. Incorporation of Provisions of Section I of Schedule 2 to the Original Financing Agreement.

Throughout the implementation of the Project, except as specified below, the Recipient shall maintain all the institutional and implementation arrangements, established under the Original Project and set forth in Section I of Schedule 2 to the Original Financing Agreement, all as further described in the Project Implementation Manual and said Section I shall apply to this Agreement mutatis mutandis.

B. Technical Coordination Team

The Recipient shall extend the mandate of the Technical Coordination Team referred to in the Original Financing Agreement for the purpose of the Project activities set forth in Schedule 1 to this Agreement, and thereafter maintain such extended mandate at all times during the implementation of the Project, with composition, terms of reference and resources satisfactory to the Association.

C. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of 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 (“Anti-Corruption Guidelines”).

D. Manual

1. The Recipient shall: (a) revise the Project Implementation Manual in form and substance satisfactory to the World Bank setting forth, inter alia, the detailed arrangements and procedures, in consideration of the Financing, including: (i) institutional coordination and day-to-day execution of the Project; (ii) disbursement and financial management; (iii) procurement; (iv) environmental and social safeguards management; and (vi) monitoring, evaluation, reporting and communication; and (b) adopt the revised Project Implementation Manual pursuant to Section 5.01(b) of this Agreement (“Project Implementation Manual”).

2. The Recipient shall carry out the Project in accordance with the Project Implementation Manual, and except as the World Bank shall otherwise agree, the
Recipient shall not assign, amend, abrogate, or waive the Project Implementation Manual, or any provision thereof.

3. In the event of any conflict between the provisions of the Project Implementation Manual and those of this Agreement, the provisions of this Agreement shall prevail.

E. Work Plan and Budget

1. Not later than one month after the Effective Date of the Project, the Recipient shall prepare or cause to be prepared for the purpose of forwarding to the World Bank, a draft work plan and budget for the Project (including Training and Operating Costs) which shall cover the duration of Project implementation, of such scope and detail as the World Bank shall have reasonably requested.

2. The Recipient shall afford the World Bank a reasonable opportunity to review such draft work plan and budget, and thereafter shall carry out (or cause to be carried out) such work plan and budget as shall have been approved by the World Bank ("Work Plan and Budget"). Only those activities, selected pursuant to the Schedule 1 of this Agreement, that are included in the Work Plan and Budget shall be eligible for financing out of the proceeds of the Financing.

3. Any Training proposed to be included in the Work Plan and Budget, shall include, inter alia: (a) particulars of the Training envisaged; (b) the criteria for selection of the personnel to be trained, and such personnel if known; (c) the selection method of the institution or individuals conducting such Training; (d) the institution conducting such Training if identified; (e) the purpose and justification for such Training; (f) the location and duration of the proposed training; and (g) the estimate of the cost of such Training.

4. The Work Plan and Budget may be revised as needed during Project implementation subject to the World Bank’s prior written approval.

F. Safeguards.

1. The Recipient shall implement the Project in accordance with the relevant Safeguards Instruments, and to that end, shall: (a) take such measures as shall be necessary or appropriate to ensure full compliance with the requirements of such Safeguards Instruments, including the preparation of ESMPs and RAPs; and (b) if any activity under the Project would involve Affected Persons, ensure that no displacement (including restriction of access to legally designated parks and protected areas) shall occur before resettlement measures under the RAPs, including, in the case of displacement, full payment to Affected Persons of compensation and of other assistance required for relocation, have been taken.
2. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall, for each Safeguard Instrument, regularly collect, compile and furnish to the World Bank reports in form and substance satisfactory to the World Bank, on the status of compliance with each Safeguard Instrument, as part of the Project Reports, giving details of:

(a) measures taken in furtherance of such Safeguard Instrument;
(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Safeguard Instrument; and
(c) remedial measures taken or required to be taken to address such conditions.

3. The Recipient shall not amend, waive or otherwise modify any provision of the Safeguard Instruments without the prior written consent of the World Bank.

4. In the event that any provision of the Safeguards Instruments shall conflict with any provision under this Agreement, the provisions of this Agreement shall prevail.

5. The Recipient shall ensure that all terms of reference for any technical assistance, including the preparation of any architectural plans to be carried out under the Project are consistent with the World Bank’s environmental and social safeguard policies.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the World Bank not later than thirty (30) days after the end of the period covered by such report.

2. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than three months after the Closing Date.
B. Financial Management; Financial Reports; Audits

1. The Recipient shall maintain and caused to be maintained a financial management system in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. Without limitations on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the World Bank, interim unaudited financial reports for the Project covering the calendar quarter, not later than forty-five (45) days after the end of the period, in form and substance satisfactory to the World Bank.

3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard 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 World Bank not later than six (6) months after the end of such period.

4. The Recipient shall maintain, throughout Project implementation, external auditors, with qualifications, experience, and terms of reference satisfactory to the World Bank.

Section III. Procurement

A. General

1. Procurement and Consultant Guidelines. All goods, works, non-consulting services and consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

   (a) Section I of the “Guidelines: Procurement of Goods, Works and Non-Consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Procurement Guidelines”) in the case of goods, works and non-consulting services, and Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants' services; and

   (b) the provisions of this Section III, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).
2. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. **Particular Methods of Procurement of Goods, Works and Non-Consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and non-consulting 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) Limited International Bidding</td>
</tr>
<tr>
<td>(b) National Competitive Bidding</td>
</tr>
<tr>
<td>(c) Shopping</td>
</tr>
<tr>
<td>(d) Direct Contracting</td>
</tr>
<tr>
<td>(e) 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>(f) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(g) Least Cost Selection</td>
</tr>
<tr>
<td>(h) Selection Based on Consultants’ Qualifications</td>
</tr>
<tr>
<td>(i) Single Source Selection</td>
</tr>
<tr>
<td>(j) Selection of Individual Consultants</td>
</tr>
</tbody>
</table>
D. Review by the World Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Section IV. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the 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 Grant (“Category”), the allocations of the amounts of the Grant 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 Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services, consultants’ services and Training for the Project</td>
<td>2,761,124</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Works for Part B(1)(a)(i) of the Project</td>
<td>703,152</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Operating Costs for the Project</td>
<td>785,724</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>4,250,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Agreement.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2014.
Section V. **Other Undertakings**

A. The Recipient shall maintain, on terms and conditions acceptable to the World Bank, an amount equal to five billion seven hundred and sixteen million five hundred and eight thousand six hundred and fifty-six Burundian Francs in the Counterpart Funds Account and shall ensure that said amount shall be used exclusively to pay for Works under Part B(1)(a)(ii) and, after June 30, 2014, any Eligible Expenditure under Part B(1)(a)(ii) and Part B(1)(b) of the Project.

B. To facilitate the carrying out of Part B(1) of the Project the Recipient shall recruit an engineer to the Technical Coordination Team, in accordance with the provisions of Section III of this Schedule 2, whose terms of reference, qualifications and experience shall be satisfactory to the World Bank.

C. The Recipient shall ensure that all construction under Part B(1) of the Project shall be carried out on the Recipient’s public land and shall not result in the taking of land from private persons.

D. For the purposes of the transfer of houses to pre-identified severely disabled Ex-Combatants under Part B(1) of the Project, the Recipient shall ensure that (1) said pre-identified severely disabled Ex-Combatants are selected in accordance with the eligibility criteria specified in the Project Implementation Manual and (2) said transfers, including the transfer of legal title under the Recipient’s applicable laws, shall be executed in a manner satisfactory to the Association.

E. The Recipient shall ensure that the Financing shall be used exclusively for the financing of activities detailed in Schedule 1 of this Agreement and no portion of the Financing shall be used for any applicable expenditure under the Project if such expenditure was reimbursed by the Original Financing.
APPENDIX
Definitions

1. "Affected Person" means a person who as a result of: (i) the involuntary taking of land under the Project is affected in any of the following ways: (A) relocation or loss of shelter; (B) loss of assets or access to assets; or (C) loss of income sources or means of livelihood, whether or not the affected person must move to another location; or (ii) the involuntary restriction of access to legally designated parks and protected areas suffers adverse impacts on his or her livelihood; and "Affected Person" means any of the Affected Persons.


3. "Burundian Francs" means the Recipient's currency.

4. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


6. "Counterpart Funds Account" means Compte n° 00201-0037264-63 bif held at Banque de Credit de Bujumbura located at Boulevard Patrice Lumumba, BP 300 Bujumbura, Burundi.

7. "Environmental and Social Management Framework" and "ESMF" mean the Recipient's framework disclosed in the Recipient's territory on May 28, 2013 and at the World Bank's Infoshop on July 3, 2013, outlining environmental and social implementation procedures, mitigation measures and monitoring procedures for the Project, as said framework may be amended from time to time with the World Bank's prior written approval.

8. "Environmental and Social Management Plan" and "ESMP" mean a plan, approved by the World Bank for the Project, to be prepared by the Recipient, proposing appropriate mitigation, monitoring and institutional measures designed to mitigate potential adverse environmental and resettlement impacts, offset them, reduce them to acceptable levels or enhance positive impacts, as the same may be amended from time to time with the agreement of the World Bank.

9. "Operating Costs" means incremental recurrent expenditures incurred on account of Project implementation, including: local contractual support staff salaries; travel expenditures and other travel-related allowances; equipment rental and
maintenance; vehicle operation (including fuel), maintenance and repair; office rental and maintenance, materials and supplies; and utilities, media information campaigns and communications' expenses, but excluding the salaries of officials and public servants of the Recipient's civil service.

10. "Original Financing" means, collectively, the grant extended by the International Development Association (Association) to the Recipient under the agreement for the Emergency Demobilization and Transitional Reintegration Project between the Recipient and Association, dated July 17, 2009 (Grant Number H497-BI) and the co-financing grant extended by the Association to the Recipient under the agreement between the Recipient and the Association, acting as administrator of the Project Co-financing Multi Donor Trust Fund of the Emergency Demobilization and Transitional Reintegration Project, dated April 10, 2010 (Grant Number TF096439-BI).

11. "Project Implementation Manual" means the manual referred to in Section 5.01(b) of the Financing Agreement and which shall include the Accounting Manual as defined in the Original Financing Agreement.


13. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated July 8, 2013 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

14. "Resettlement Action Plan" and "RAP" mean a plan prepared by the Recipient and approved by the World Bank for the Project, to outline the mitigation measures for addressing any resettlement risks associated with the Project as the said document may be amended and/or supplemented from time to time with the prior written agreement of the World Bank and subject to the initial consultation and disclosure requirements carried out on the RAP.

15. "Resettlement Policy Framework" and "RPF" means the Recipient’s framework disclosed in the Recipient’s territory on May 28, 2013 and at the World Bank’s Infoshop on July 3, 2013, outlining the policies and procedures to be implemented in the event that specific activities implemented under the Project have potentially negative impacts on the livelihoods, assets and land of the affected population, as the said framework may be amended and/or supplemented from time to time with the prior written consent of the World Bank, and such term includes any schedules to such document.
16. "Safeguards Instruments" means, collectively, the ESMF, RPF, ESMP and RAP.


18. "Training" means the training of persons under the Project, including through seminars, workshops, knowledge sharing activities and study tours, and covers the following costs associated with such activity: travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to training preparation and implementation.

19. "Work Plan and Budget" means the work plan and budget as prepared by the Recipient and approved by the World Bank in accordance with the provisions of Section I.E of Schedule 2 to this Agreement.