Financing Agreement

(Amended and Restated Financing Agreement)

(Public Works and Urban Management Project)

between

REPUBLIC OF BURUNDI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 28, 2012
GRANT NUMBER H485-BI & H781-BI

FINANCING AGREEMENT

AGREEMENT dated June 28, 2012, entered into between REPUBLIC OF BURUNDI ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association").

WHEREAS (A) under an agreement, dated July 7, 2009, between the Recipient and the Association ("Original Financing Agreement"), the Association agreed to provide the Recipient with a grant ("Original Grant") in an amount equivalent to thirty million one hundred thousand Special Drawing Rights (30,100,000) to assist in financing the project described in Schedule I to the Original Financing Agreement ("Original Project");

(B) the Recipient has requested the Association to provide additional financial assistance in support of additional activities within the scope of the Original Project, by making available to the Recipient an additional grant ("Additional Grant") in an amount equivalent to nine million seven hundred thousand Special Drawing Rights (SDR 9,700,000); and

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing to extend such additional assistance to the Recipient upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the Recipient and the Association hereby agree to amend and restate the Original Financing Agreement, with effect as of the Effective Date of this Agreement, to read as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

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 or in 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 thirty-nine million eight hundred thousand Special Drawing Rights (SDR 39,800,000) (variously, "Grant" and "Financing") which consists of: (a) the Original Grant equivalent to thirty million one hundred thousand Special Drawing Rights (30,100,000); and (b) the Additional Grant equivalent to nine million
seven hundred thousand Special Drawing Rights (SDR 9,700,000), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 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 April 15 and October 15 in each year.

2.05. The Payment Currency is the Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through the Ministry of Transport, Public Works and Equipment 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 Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

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

(a) The Umbrella Delegated Contract Management Agreement, referred to in Section I.B.1 of Schedule 2 to this Agreement, has been amended in form and substance satisfactory to the Association.

(b) The Recipient has revised and adopted the Project Implementation Manual in accordance with Section I.E of Schedule 2 to this Agreement.

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

4.03. For purposes of Section 8.05 (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 date of this Agreement.
ARTICLE V—REPRESENTATIVE; ADDRESSES

5.01. The Recipient's Representative is its minister at the time responsible for finance.

5.02. The Recipient's Address is:

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

Telex: Facsimile:

5135 257-22-22-38-27
MINIFINBDI

5.03. The Association's Address is:

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

Cable: Telex: Facsimile:

INDEVAS 248423 (MCI) 1-202-477-6391
Washington, D.C.
AGreed at Bujumbura, Burundi as of the day and year first above written.

REPUBLIC OF BURUNDI

By

Authorized Representative

Name: Tabu Abdallah Mawirabag

Title: Ministre des Renances et de la Planification et du Developpement Economique

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Mercy Tembon

Title: Country Manager
SCHEDULE 1

Project Description

The objective of the Project is to increase access to basic socioeconomic services and short-term employment opportunities in target areas.

The Project consists of the following parts:

1. Infrastructure

Construction and rehabilitation, through the financing of Subprojects, of:

(a) communal and community demand-driven infrastructure, including, *inter alia*, roads, markets, water supply and sanitation systems, communal buildings, schools, health and social centers, erosion control and environmental systems, and quarries, in the Recipient’s Communes; and

(b) city-level trunk infrastructure, including, *inter alia*, central markets, bus stations, sanitation systems, and city halls, in Bujumbura, Gitega, and Ngozi municipalities.

2. Municipal and Urban Management

Capacity building of public sector human resources, principally in Bujumbura, Gitega, and Ngozi municipalities, through the provision of goods, consultants’ services and Training, to:

(a) support infrastructure and services programming, development, and maintenance, including development of programming tools such as city-level urban and financial audits and performance-based contract management, acquisition of digital maps, development of a strategic sanitation plan and a priority investment program for Bujumbura, development and monitoring of a maintenance program, provision of training in procurement, project management, and environmental and disaster management, carrying out of infrastructure and facilities management, and provision of information technology and office equipment support;

(b) develop taxpayer identification and management of revenue-generating facilities for purposes of local resource mobilization, including, *inter alia*, updating of the local fiscal base and development of management models for revenue-generating facilities and systemization of intergovernmental fiscal transfers; and
(c) improve municipal administrative and financial management, including preparation of local budgets and charts of accounts and budget and accounting procedures manuals, production of administrative and management accounts and financial statements, provision of training in budget preparation, execution, monitoring, and control, evaluation of existing accounting and financial management software, updating of administrative procedures manuals, computerization of registries, and provision of information technology and office equipment support.

3. **Institutional Strengthening and Monitoring and Evaluation**

Carrying out of the following activities through the acquisition of goods, the provision of consultants' services and Training, and the financing of Operating Costs:

(a) capacity building of institutional partners in communal development, including development of a knowledge database of local financial and fiscal data, and a preparation study for local tax reform, for the Directorate of Communal Finance, development of programming tools complementing Communal Development Plans for the National Fund for Communal Investment, facilitation of exchanges between the Burundian Association of Local Representatives and other similar entities, and development of improved urban planning tools for, and provision of training in the area to, the Directorate of Urban Planning;

(b) capacity building of local private actors in the construction sector in project management, technical standards, quality control, environmental and social management, and on-site HIV/AIDS prevention; and

(c) project, including any Subproject, implementation, management, and monitoring and evaluation, including implementation and monitoring and evaluation of environmental and social safeguards measures, and carrying out of audits, information, education, and communication activities, and capacity building of Technical Secretariat and ABUTIP staff.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. Inter-Ministerial Technical Committee

   (a) The Recipient shall maintain, throughout Project implementation, the Technical
   Committee, with a mandate, composition, and resources satisfactory to the
   Association for purposes of Project implementation.

   (b) The Technical Committee shall be responsible for the provision of overall
   strategic orientation to the Project, including, inter alia, overseeing the equitable
   distribution of Subprojects across the territory of the Recipient, ensuring the
   implementation of the Project in accordance with the Annual Work Plan and
   Budget, and reviewing of the Project Reports.

2. Technical Secretariat

   (a) The Recipient shall maintain, throughout Project implementation, the Technical
   Secretariat with composition, functions and resources satisfactory to the
   Association.

   (b) Without limitation upon the provisions of Paragraph (a) of Section I.A.2 of this
   Schedule 2, the Technical Secretariat shall at all times be comprised of qualified
   and experienced personnel in adequate numbers all with terms of reference
   acceptable to the Association.

   (c) The Technical Secretariat shall be responsible for day-to-day Project coordination
   and implementation, including: (i) preparing proposed annual work plans of
   activities for inclusion in the Project, updating the Procurement Plan and related
   budgets and consolidating Project Reports for the Technical Committee’s review;
   (ii) carrying out financial management and Project procurement activities, other
   than such activities undertaken by ABUTIP; (iii) monitoring and evaluating the
   Project; and (iv) execution of the Umbrella Delegated Contract Management
   Agreement between the Recipient and ABUTIP.

B. Umbrella Delegated Contract Management Agreement

1. To facilitate the carrying out of Part 1 of the Project, the Recipient shall amend the
   Umbrella Delegated Contract Management Agreement with ABUTIP, under terms
   and conditions approved by the Association in accordance with Section III of this
   Schedule 2.
2. In the Umbrella Delegated Contract Management Agreement, the Recipient shall obtain rights adequate to protect the interests of the Recipient and the Association, including the right to require ABUTIP to:

a) carry out its activities under the Part 1 of the Project 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, without limitation to the generality of the foregoing, in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of Financing proceeds other than the Recipient, the Project Implementation Manual, the provisions of Section III of this Schedule 2, and the Safeguard Instruments;

b) maintain policies and procedures, adequate to enable ABUTIP to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the activities carried out under Part 1 of the Project and the achievement of its objectives;

c) (i) 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 activities carried out under Part 1 of the Project; and (ii) 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 furnish promptly to the Recipient and the Association the financial statements as so audited;

d) enable the Recipient and the Association to inspect the activities carried out under Part 1 of the Project, their operation and any relevant records and documents; and 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;

e) enter into a Subproject Grant Agreement with each Beneficiary and the Recipient, under terms and conditions, satisfactory to the Association, including those provisions set forth in Section I.D.3 of this Schedule 2 and as further detailed in the Project Implementation Manual, to facilitate the carrying out of Subprojects; and

f) refund any amount of the Financing then withdrawn, upon the Recipient’s determination that ABUTIP has failed to perform any of ABUTIP’s obligations under the Umbrella Delegated Contract Management Agreement.
3. The Recipient shall ensure the payment of appropriate fees to ABUTIP for its services, under the Umbrella Delegated Contract Management Agreement, in accordance with the provisions of the Project Implementation Manual.

4. The Recipient shall exercise its rights and carry out its obligations under the Umbrella Delegated Contract Management 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, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived the Umbrella Delegated Contract Management Agreement or any provisions therein.

C. Anti-Corruption

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

D. Subprojects

1. General

   (a) The Technical Secretariat shall review and appraise Subproject proposals, prior to having them submitted for approval by the Technical Committee, and thereafter monitor and evaluate Subprojects on behalf of the Recipient in accordance with the provisions of this Section 1.D and the Project Implementation Manual.

   (b) The Technical Committee shall approve Subprojects following their approval in the first instance by the Technical Secretariat.

   (c) The Technical Secretariat shall cause ABUTIP to ensure that Subprojects are carried out in accordance with the provisions of the Umbrella Delegated Contract Management Agreement and the Subproject Grant Agreement.

2. Subproject Grant Eligibility and Subproject Implementation Guidelines and Procedures

No proposed Subproject shall be eligible for financing under the Project unless, on the basis of an appraisal conducted in accordance with this Section 1.D and the Project Implementation Manual, the proposed Subproject is deemed to satisfy the eligibility criteria specified below and in further detail in the Project Implementation Manual, which shall include the following:

   (a) the proposed Subproject has been initiated by a Commune;
the proposed activities satisfy the requirements of Part 1 of the Project as described in further detail in the Project Implementation Manual;

c) the cost of the proposed Subproject is at least the equivalent of 100 thousand United States Dollars, with the exception of Subprojects relating to erosion control and environmental systems, the cost of which may be lower;

d) the proposed Subproject is consistent with the respective Communal Development Plan, and, in the case of a Subproject relating to a school or health center, a national sanitation or school program, as the case may be;

e) the proposed Subproject complies with the Safeguard Instruments;

f) the proposed Subproject is consistent with the Recipient's relevant technical, engineering, and environmental standards and sector policies;

g) the Beneficiary's contribution to the projected Subproject costs in cash is in accordance with the provisions of the Project Implementation Manual;

h) the Beneficiary has put in place all necessary arrangements, including financial and human resources, for the management of the proposed Subproject and a plan for its maintenance following completion; and

i) in the case of a Beneficiary which received subproject financing under the Public Works and Employment Project, it shall have implemented said subproject satisfactorily and in accordance with the requirements of the subproject financing.

3. Terms and Conditions of Subproject Grant Agreements

(a) Each Subproject shall be carried out pursuant to a Subproject Grant Agreement to be concluded by and among the Recipient represented by the Technical Secretariat, the relevant Beneficiary and ABUTIP, under terms and conditions approved by the Association and as further detailed in the Project Implementation Manual which shall include the following:

(i) a description of the Subproject, its budget, applicable performance indicators acceptable to the Association;

(ii) the provision of the Subproject financing from the Recipient to the Beneficiary on a grant basis ("Subproject Grant");

(iii) the obligation of the Beneficiary to contribute part of the projected Subproject costs in cash in accordance with the provisions of the Project Implementation Manual and to make available, prior to the first
disbursement of the Subproject Grant, the full cash contribution or an initial down-payment, with any balance to be provided in one (1) or more subsequent installments, as the case may be, in accordance with the provisions of the Subproject Grant Agreement;

(iv) the obligation of the Beneficiary to: (A) ensure that its counterpart resources required for the Subproject are provided promptly as needed; and (B) provide ABUTIP with all collaboration needed to allow ABUTIP to comply with its obligations listed in (vii) and (viii) immediately below;

(v) the obligation of the Beneficiary to monitor Subproject implementation and operationalize it following completion;

(vi) the obligation of ABUTIP to maintain policies and procedures, adequate to monitor and evaluate the Subproject in accordance with applicable performance indicators acceptable to the Association;

(vii) the obligation of ABUTIP to carry out the Subproject (on the Beneficiary’s behalf) 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, without limitation to the generality of the foregoing, in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of Financing proceeds other than the Recipient, the Project Implementation Manual, the provisions of Section III of this Schedule 2, and the Safeguard Instruments;

(viii) the obligation of ABUTIP to (i) 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 (ii) 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 furnish promptly to the Recipient and the Association the financial statements as so audited;

(ix) the right of the Recipient to: (A) inspect by itself, or jointly with the Association, if the Association shall so request, the goods, works, sites, plants, and construction included in the Subproject, the operations thereof, and any relevant records and documents; (B) obtain all information as it, or the Association, shall reasonably request regarding the administration, operation, and financial condition of Subprojects; and (C) suspend or terminate the right of ABUTIP to use the proceeds of the Subproject Grant referred to in Section I.D.3 (a)(ii) of this Schedule 2 or obtain a
refund of any amount of the said Subproject Grant then withdrawn, as the case may be, upon failure by ABUTIP or the Beneficiary to perform any of its obligations under the Subproject Grant Agreement; and

(b) The Recipient shall exercise its rights and carry out its obligations under the Subproject Grant Agreement in such manner as to protect its interests and the interests of the Association and to accomplish the purposes of the Subproject Grant, and, except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the Subproject Grant Agreement, or any provision therein.

E. **Project Implementation Manual**

1. The Recipient shall furnish to the Association a Project implementation manual revised in form and substance satisfactory to the Association and adopted pursuant to Section 4.01(b) of this Agreement, setting forth, *inter alia*, the detailed arrangements and procedures for: (i) institutional coordination and day-to-day execution of the Project; (ii) development, approval, monitoring and evaluation of Subprojects and terms and conditions of, and procedures for award of, Subproject Grants; (iii) disbursement and financial management; (iv) procurement; (v) environmental and social safeguards management; and (vi) monitoring, evaluation, reporting and communication (“Project Implementation Manual”).

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

4. 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.

F. **Annual Work Plans and Budgets**

1. Not later than November 30 in each calendar year, the Recipient shall prepare: (a) a draft annual work plan and budget for the Project activities proposed for inclusion in the Project (including proposed Subprojects, Training and Operating Costs) for the subsequent calendar year of Project implementation, of such scope and detail as the Association shall have reasonably requested; and (b) any Environmental Management Plan or Resettlement Action Plan which are required for the implementation of the activities included in the draft annual work plan and budget.

2. The Recipient shall furnish such draft annual work plan and budget to the Association and afford the Association a reasonable opportunity to review such
draft annual work plan and budget, and thereafter shall carry out such annual work plan and budget during such subsequent calendar year as shall have been approved by the Association ("Annual Work Plan and Budget"). Only those activities that are included in an Annual Work Plan and Budget shall be eligible for financing out of the proceeds of the Financing.

3. For any training proposed to be included in an Annual Work Plan and Budget, the Recipient shall, inter alia, identify: (a) particulars of the training envisaged; (b) the personnel to be trained; (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. Annual Work Plans and Budgets may be revised as needed during Project implementation subject to the Association's prior written approval.

G. Safeguards

1. The Recipient shall ensure that the Project, including any Subprojects, shall be carried out in accordance with the provisions of the Safeguard Instruments, and, except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.

2. If any activity under the Project (including any Subproject) would require the adoption of a Environmental Management Plan or Resettlement Action Plan, the Recipient shall, prior to implementation thereof, (a) prepare, submit to the Association for review and approval and thereafter adopt and locally disclose, such Environmental Management Plan or Resettlement Action Plan.

3. In the event of any conflict between the provisions of the Safeguard Instruments and those of this Agreement, those of this Agreement shall prevail.

4. Without limitation upon its other reporting obligations under Section II.A of this Schedule, the Recipient shall take all measures necessary on its part to regularly collect, compile, and submit to the Association, on a quarterly basis, reports on the status of compliance with the Safeguard Instruments, if any, giving details of:

   (a) measures taken in furtherance of such Safeguard Instruments, if any;

   (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Safeguard Instruments, if any; and

   (c) remedial measures taken or required to be taken to address such conditions.
H. Semi-Annual Reviews

The Recipient shall review with the Association, no later than one (1) month after the transmittal to the Association of every second Project Report referred to in Section II.A of this Schedule 2, or such later date as the Association shall request, said Project Report and the preceding one, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objective thereof, based on the conclusions and recommendations of said Reports and the Association’s views on the matter.

I. Midterm Review

The Recipient shall:

(a) carry out jointly with the Association, no later than 30 months after the Effective Date of the Original Financing Agreement, a midterm review to assess the status of Project implementation, as measured against the indicators referred to in Section II.A of this Schedule. Such review shall include an assessment of the following: (i) overall progress in Project implementation; (ii) results of monitoring and evaluation activities; (iii) annual work plans and budgets; (iv) progress on procurement and disbursement; (v) progress on the implementation of safeguards instruments; (vi) Project implementation arrangements; and (vii) the need to make any adjustments to the Project and reallocate funds to improve performance;

(b) prepare and furnish to the Association, at least three (3) months before such review, a report, in scope and detail satisfactory to the Association, needed to undertake the review, integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective thereof during the period following such date; and

(c) review, jointly with the Association, the report referred to in paragraph (b) of this Section and thereafter take all measures required to ensure the efficient completion of the Project and the achievement of the objective thereof, based on the conclusions and recommendations of the said report and the Association’s views on the matter.
Section II.  Project Monitoring, Reporting and Evaluation

A.  Project Reports

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 indicators acceptable to the Association. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than 45 (forty-five) days after the end of the period covered by such report.

B.  Financial Management, Financial Reports and Audits

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 quarter, 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.

4.  No later than three (3) months after the Effective Date, the Recipient shall appoint, in accordance with the provisions of Section III of this Schedule, external financial auditors, with qualifications, experience, and terms of reference satisfactory to the Association, for purposes of the audit referred to in Section II.B.3 of this Schedule.

Section III.  Procurement

A.  General

1.  Goods, Works and Non-consulting Services. All goods, works and non-consulting 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 Section I of the Procurement Guidelines, and with the provisions of this Section.

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 Section.

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.

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) National Competitive Bidding</td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
<tr>
<td>(c) Direct Contracting</td>
</tr>
<tr>
<td>(d) 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) Selection under a Fixed budget</td>
</tr>
<tr>
<td>(b) Least Cost Selection</td>
</tr>
<tr>
<td>(c) Selection Based on Consultants’ Qualifications</td>
</tr>
<tr>
<td>(d) Single Source Selection</td>
</tr>
<tr>
<td>(e) Selection of Individual Consultants</td>
</tr>
</tbody>
</table>

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

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

Section IV. **Withdrawal of the Proceeds of the Financing**

A. **General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall 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 Association 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 Financing (“Category”), the allocations of the amounts of the 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 Original Grant Allocated (expressed in SDR)</th>
<th>Amount of the Additional Grant Allocated (expressed in DR)</th>
<th>Percentage of Expenditures to be Financed (exclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, consultants’ services (including audits), Operating Costs and Training under Parts 2 and 3 of the Project</td>
<td>3,500,000</td>
<td>700,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Subproject goods, works, non-consulting services and consultants’ services (Part 1 of the Project)</td>
<td>22,100,000</td>
<td>9,000,000</td>
<td>100% of amount disbursed under Subproject Grants</td>
</tr>
<tr>
<td>(4) Refund of Project Preparation Advance</td>
<td>400,000</td>
<td>0</td>
<td>Amount payable pursuant to Section 2.07 of the General Conditions</td>
</tr>
<tr>
<td>(5) Unallocated</td>
<td>4,100,000</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>30,100,000</strong></td>
<td><strong>9,700,000</strong></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 under the Additional Grant for payments made prior to the date of this Agreement.

2. The Closing Date is December 31, 2014.
APPENDIX

Section I. Definitions

1. "ABUTIP" means the Burundian Agency for Implementation of Public Interest Works (Agence Burundaise pour la Réalisation des Travaux d’Intérêt Public, ABUTIP) which is the Recipient’s enterprise established and operating pursuant to its Ministerial Ordinance No. 530/897 of June 27, 2003.

2. "Additional Grant" means the additional grant provided by the Association to the Recipient pursuant to Section 2.01 of this Agreement.

3. "Annual Work Plan and Budget" means each annual work plan, together with the related budget, for the Project prepared by the Recipient and approved by the Association in accordance with the provisions of Section I.F of Schedule 2 to this Agreement.


5. "Beneficiary" a Commune (as hereinafter defined) to which or for whose benefit a Subproject Grant (as hereinafter defined) is made or proposed to be made for the carrying out of a Subproject (as hereinafter defined).

6. "Burundian Association of Local Representatives” (Association Burundaise des Élus Locaux) means the entity, established and operating pursuant to the Recipient’s Law No. 01/11 of April 18, 1992, the objective of which is to safeguard the functioning of local government and strengthen communal administration and good local governance.

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

8. "Communal Development Plan” (Plan Communal de Développement Communautaire) means the plan prepared by a Commune (as hereinafter defined) pursuant to the Recipient’s Law No. 1/016 of April 20, 2005 and outlining its priority development needs for a given period of five (5) years.

9. "Commune” means an administrative subdivision of the Recipient, established pursuant to its Law No. 1/16 of April 20, 2005.

11. "Directorate of Communal Finance" (Direction des Finances Communales) means the Recipient's entity, under the supervisory authority of the Ministry for Communal Development (as hereinafter defined), responsible for communal finance.

12. "Directorate of Urban Planning" (Direction de l'Urbanisme) means the Recipient's entity, under the supervisory authority of the Ministry of Water, Environment, Land Planning, and Urban Planning (as hereinafter defined), responsible for urban planning.

13. "Environmental and Social Management Framework" (Cadre de Gestion Environnementale et Sociale) means the Recipient's framework, dated March 22, 2009, disclosed in the Recipient's territory on December 25, 2008 and at the World Bank's Infoshop on January 5, 2009 and re-disclosed for the purposes of the Additional Grant in the Recipient's territory on February 23, 2012 and at the World Bank's Infoshop on March 5, 2012, in form and substance satisfactory to the Association, setting out mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, that have been identified by the Recipient to eliminate any adverse environmental and social impacts of Project activities, offset them, or reduce them to acceptable levels, or enhance positive impacts, including in relation to medical waste management in the case of health centers targeted under the Project, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any schedules to said Framework.

14. "Environmental Management Plan" (Plan de Gestion Environnementale) means the Recipient's plan, to be agreed with the Association and setting out mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, that have been identified by the Recipient to eliminate any adverse environmental and social impacts of activities to be implemented under a Subproject, offset them, or reduce them to acceptable levels, or enhance positive impacts, including in relation to medical waste management in the case of health centers targeted under a Subproject, in accordance with the provisions of the Environmental and Social Management Framework, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any schedules or annexes to said Plan.


16. "Ministry of Communal Development" (Ministère du Développement Communal) means the Recipient's ministry at the time responsible for communal development.
17. “Ministry of Public Works and Equipment” (Ministère des Travaux Publics et de l’Équipement) means the Recipient’s ministry at the time responsible for public works and equipment.


19. “National Fund for Communal Investment” (Fonds National d’Investissement Communal) means the Recipient’s entity, under the supervisory authority of the Ministry for Communal Development, established and operating pursuant to the Recipient’s Decree No. 100/260 of August 30, 2007, and the objective of which is to mobilize, channel, and manage internal and external funds for purposes of local development.

20. “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 salaries, fees, honoraria and bonuses of officials and public servants of the Recipient’s civil service.


22. “Original Grant” means the original grant provided by the Association to the Recipient pursuant to Section 2.01 of the Original Financing Agreement.

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

24. “Preparation Advance” means the advance made by the Association to the Recipient under the Preparation Advance Agreement between the Association and the Recipient, dated December 4, 2008 (Project Preparation Advance No. Q6440).


26. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 8, 2009, revised as of March 21, 2012 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.

27. "Project Implementation Manual" means the manual, dated April 2009 and revised and adopted in accordance with Section 4.01(b) of this Agreement as the same may be revised from time to time with the prior written consent of the Association.

28. “Public Works and Employment Project” means the Recipient’s project financed by the Association (Credit No. 3460 BU and Grant No. H198 BU) whose objectives are to: (i) generate productive employment to help reconstruction in the Recipient’s territory through labor-intensive public works; (ii) promote the execution of cost-effective and economically and socially useful public works projects, including through small and medium enterprises; and (iii) building institutional capacity at the municipal level to identify, prioritize, operate, and maintain subprojects.

29. “Resettlement Action Plan” (Plan d’Action de Réinstallation) means the Recipient’s plan, to be agreed with the Association and setting out the arrangements, including related compensation measures, to be applied in the event of the physical or economic displacement of persons affected by activities to be implemented under a Subproject in accordance with the provisions of the Resettlement Policy Framework (as hereinafter defined), as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any schedules or annexes to said Plan.

30. “Resettlement Policy Framework” (Cadre de Politique de Réinstallation) means the Recipient’s framework, dated March 22, 2009, disclosed in the Recipient’s territory on December 25, 2008 and at the World Bank’s Infoshop on January 5, 2009 and re-disclosed for the purposes of the Additional Grant in the Recipient’s territory on February 23, 2012 and at the World Bank’s Infoshop on March 5, 2012, in form and substance satisfactory to the Association, setting out the arrangements, including related compensation measures, to be applied in the event of the physical or economic displacement of persons affected by activities to be implemented under the Project, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any schedules or annexes to said Framework.

31. “Safeguards Instruments” means the Environmental and Social Management Framework, the Resettlement Policy Framework, and any Environmental Management Plan or Resettlement Action Plan required under the terms of the Environmental and Social Management Framework or Resettlement Policy Framework.
32. "Subproject" means a specific activity carried out under Part I of the Project, financed or proposed to be financed through a Subproject Grant (as hereinafter defined).

33. "Subproject Grant" means a grant made or proposed to be made out of the proceeds of the Financing to finance a Subproject.

34. "Subproject Grant Agreement" means the agreement referred to in Section I.D.3 of Schedule 2 to this Agreement, to be entered into between the Recipient, ABUTIP and each Beneficiary, pursuant to which a proposed Subproject shall be carried out.

35. "Technical Committee" (Comité Technique) means the Recipient's entity, under the supervisory authority of the Ministry of Public Works and Equipment, established and operating pursuant to the Recipient's Decision No. 720/53 of February 1, 2002.

36. "Technical Secretariat" (Secretariat Technique) means the Recipient's entity, under the supervisory authority of the Ministry of Public Works and Equipment, established and operating pursuant to the Recipient's Decision of April 25, 2001, and which is responsible for the provision of technical assistance, training, and advisory services to municipalities in project identification, programming, operation, and maintenance.

37. "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.

38. "Umbrella Delegated Contract Management Agreement" means the agreement between the Recipient and ABUTIP pursuant to which ABUTIP shall carry out contract management, specifically procurement and quality control, under Part I of the Project.
Section II. Modifications to the General Conditions

Section 3.01 (b) of the General Conditions is modified to read as follows:

“(b) The Commitment Charge shall accrue from a date sixty days after: (i) the date of the Original Financing Agreement with respect to the unwithdrawn balance of the Original Grant and (ii) the date of the Financing Agreement (Amending and Restating Original Financing Agreement) with respect to the unwithdrawn balance of the Additional Grant, to the respective dates on which amounts are withdrawn by the Recipient from the Financing Account or cancelled. The Commitment Charge shall accrue at the rate set as of the June 30 immediately preceding the accrual date and at such other rate as may be set from time to time thereafter pursuant to this Section. The rate set as of June 30 in each year shall be applied from the next Payment Date in that year. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date. The Commitment Charge shall be computed on the basis of a 360-day year of twelve 30-day months.”