Financing Agreement

(Additional Financing for a Road Sector Development Project)

between

REPUBLIC OF BURUNDI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 17, 2011
FINANCING AGREEMENT

Agreement dated May 17, 2011, entered into between the REPUBLIC OF BURUNDI ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing additional financing for the Original Project (as defined in the Appendix to this Agreement). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

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 Twelve Million Two Hundred Thousand Special Drawing Rights (SDR 12,200,000) ("Financing") to assist in financing of Parts 1, 2, 4 and 5 of 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 February 15 and August 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 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 Condition of Effectiveness consists of the following, namely, that the Recipient has updated the Project Implementation Manual for the Project in form and substance satisfactory to the Association.

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 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
P. O. Box 1830
Bujumbura
Republic of Burundi

Facsimile: +257-22-223-827

5.03. The Association’s Address is:

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

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

REPUBLIC OF BURUNDI

By: /s/ Clotilde Nizigama
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Mercy Miyang Tembon
Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to contribute to the post-conflict revival of the Recipient through restoration of part of the priority road network, generation of employment for the rural poor, and improvement of institutional capacity in the road sector.

The Project consists of the following parts:

Part 1. **Rehabilitation of Paved Classified Roads**

Completion, control and supervision of civil works for the rehabilitation of part of paved primary roads, comprising National Roads 1, 3, 7 and 10, through drainage improvement and spot rehabilitation.

Part 2. **Rehabilitation of Unpaved Classified Roads**

Completion, control and supervision of civil works for the rehabilitation of approximately 100 km of unpaved classified roads, including Provincial Roads 101, 109, 120 and 124.

Part 3. **Road Maintenance and Management**

Routine maintenance on the 1,100 kilometers of the paved road network, routine maintenance of 250 kilometers of earth roads rehabilitated under the Project or the Original Project, and periodic maintenance on selected roads of the classified paved network, through labor-intensive and output-based contracting approaches.

Part 4. **Sector Management and Institutional Strengthening**

(a) Consolidation of the functionality of data management and planning systems in road agencies and the Recipient’s Ministry of Public Works and Equipment; and

(b) implementation of the Road Sector Policy Action Plan.

Part 5. **Project Management Support**

Support for the management of the Project, including financial management, procurement, monitoring and evaluation, reporting, auditing, as well as preparing follow-on activities.
SCHEDULE 2
Project Execution

Section I. Implementation Arrangements

1. Throughout the implementation of the Project, the Recipient shall maintain all the institutional and implementation arrangements, including with respect to financial management, procurement, monitoring and evaluation, established for the Original Project set forth in Schedule 4 to the Original Financing Agreement, except as specified below, all as further described in the Project Implementation Manual.

A. Institutional Arrangements.

2. Without limitation to the provisions of Paragraph 1 above:

   (a) the OdR shall be responsible for the overall implementation and oversight of the Project except for Part 4.(a) of the Project which shall be implemented by MTTPE;

   (b) (i) the Recipient shall maintain personnel for the Project in adequate number and with terms of reference, qualifications and experience satisfactory to the Association, including in the Project management unit established in the OdR and in the NRF;

      (ii) the Recipient shall procure consultants on an as needed basis for the Project, including for the environmental monitoring, the consultations of the stakeholders and the collection of data on the Project indicators, each selected on the basis of terms of reference, experience and qualifications satisfactory to the Association, and selected in accordance with the provisions of Section III of this Schedule;

      (iii) without limitation to the provisions of paragraph (i), the Recipient shall amend the contracts of the staff initially recruited for the Original Project, in order to extend the term of their contract and their terms of reference, to include the Project;

      (iv) without limitation to the provisions of paragraph (i), the Recipient shall ensure that, no later than May 31, 2011, a new financial management specialist, with terms of reference, experience and qualifications satisfactory to the Association, and selected in accordance with the provisions of Section III of this Schedule, has been recruited for the Project;
(v) without limitation to the provisions of paragraph (i), the Recipient shall ensure that, no later than three (3) months after the Effective Date, a new monitoring and evaluation specialist, with terms of reference, experience and qualifications satisfactory to the Association, and selected in accordance with the provisions of Section III of this Schedule, has been recruited for the Project; and

(vi) without limitation to the provisions of paragraph (i), the Recipient shall ensure the following additional resources are maintained for the Project: (i) the road engineer consultant of international repute residing at OdR or, as the case may be, a new road engineer consultant of international repute selected on the basis of terms of reference, qualification and experience satisfactory to the Association and in accordance with the provisions of Section III of this Schedule; and (ii) a technical auditor with terms of reference, experience and qualifications satisfactory to the Association, and selected in accordance with the provisions of Section III of this Schedule; and

(c) the Recipient shall ensure that: (i) a supervision engineering firm shall be recruited in due course before the procurement of each civil works contract for the Project, on the basis of terms of reference, experience and qualifications satisfactory to the Association and in accordance with the provisions of Section III of this Schedule, in order to help update bills of quantities and technical design and support the OdR with bid evaluations; and (ii) bill of quantities for works contracts of a duration of twelve (12) or more months shall be reviewed jointly by said supervision engineer firms and the civil work contractors every six months or following any other frequency as needed.

B. Counterpart funding

For the purpose of financing Part 3 of the Project, the Recipient shall:

(a) establish or designate, and maintain throughout Project implementation, an account in Burundi Francs, in a commercial bank acceptable to the Association, on terms and conditions satisfactory to the Association;

(b) deposit into such account, an amount in Burundi Francs equivalent to Dollars 3,000,000, in twelve (12) equal monthly installments of 300,000,000 Burundi Francs from July 2011 to June 2012 (both inclusive), as counterpart funds;
(c) ensure that the funds deposited into such account in accordance with the provisions of subparagraph (b) are used during the implementation of the Project for their intended purposes, unless otherwise agreed by the Association by notice to the Recipient; and

(d) carry out, no later than June 30, 2011, an assessment of the implementation of the contracts for the completion of the road maintenance works under Part 3 of the Original Project, in concert with the stakeholders.

C. **Anti-Corruption**

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

D. **Manual**

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

2. 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. **Safeguards**

1. The Recipient shall ensure that Project shall at all times be implemented in accordance with the guidelines, procedures, timetables and other specifications set forth in the Environmental and Social Management Plan.

2. Except as the Association shall otherwise agree in writing and subject to compliance with applicable consultation and public disclosure requirements of the Association, the Recipient shall not abrogate, amend, repeal, suspend or waive any provisions of any part of the Environmental and Social Management Plan.

3. Without limitation to the provisions of Paragraph 1 above, in order to facilitate the implementation of the prescriptions of the Environmental and Social Management Plan, the Recipient shall include in the bidding documents for civil works under Parts 1 and 2 of the Project, the mitigation measures to be carried out with respect to said civil works activities, before the publication of said bidding documents.
4. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall regularly collect, compile and submit to the Association, on a semi-annual basis, reports on the status of compliance with the Environmental and Social Management Plan, giving details of: (a) measures taken in furtherance of the Environmental and Social Management Plan; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Environmental and Social Management Plan; and (c) remedial measures taken or required to be taken to address such conditions.

5. In the event that any provision of the Environmental and Social Management Plan shall conflict with any provision under this Agreement, the terms of this Agreement shall prevail.

6. The Recipient represents and warrants that the Project does not include any activity which could trigger OP/BP 4.12 (Involuntary Resettlements). No expenditures incurred for the preparation or implementation of an activity which triggers OP/BP 4.12 (Involuntary Resettlements) shall be eligible to a financing from the proceeds of the Financing.

E. Training

Training shall be carried out on the basis of annual work programs and budgets, which shall have been approved by the Association, and which 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.

F. Settlement of outstanding claims.

In order to limit the risk of outstanding claims under the contracts for the rehabilitation of National Roads 3 and 10 under the Original Project having an adverse impact on the Project and the achievement of its objectives, no later than the day before the date of publication of the bidding documents for the first civil works contract, the Recipient shall reach an agreement with its creditors on a calendar for the payment of said claims, and shall thereafter comply with said agreement.

G. Road Sector Action Plan

The Recipient shall, throughout the implementation of the Project, cause the Road Sector Policy Action Plan to be implemented.
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 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 one month after the end of the period covered by such report.

2. Fifteen (15) months after the Effective Date, the Recipient shall, in conjunction with the Association, carry out a mid-term review of the Project (the “Mid-term Review”), covering the progress achieved in the implementation of the Project. The Recipient shall prepare, under terms of reference satisfactory to the Association, and furnish to the Association not less than three (3) months prior to the beginning of the Mid-term Review, a report integrating the results of the monitoring and evaluation activities performed pursuant to this Agreement, on the progress achieved in the carrying out of the Project during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective of the Project during the period following such date. Following the Mid-term Review, the Recipient shall act promptly and diligently in order to take, or cause to be taken, any corrective action deemed necessary by the Association to remedy any shortcoming noted in the carrying out of the Project in furtherance of the objective of the Project.

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 not later than forty five (45) days after the end of each calendar quarter, interim unaudited 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 fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.
4. In order to ensure the timely carrying out of the audits referred to in Section II. B.3 of this Schedule, the Recipient shall engage auditors for the purpose not later than three (3) months after the Effective Date, in accordance with the provisions of Section III of this Schedule.

Section III. Procurement

A. General

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

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

2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) 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 UN Agencies</td>
</tr>
<tr>
<td>(f) Community Participation</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) Quality-Based Selection</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.

E. Special Undertaking

The Special Procurement Commission, headed by the General Manager of the OdR and assisted by the project management unit in the OdR, shall be responsible for Project procurement in accordance with the provisions of this Agreement and the Project Implementation Manual.

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 Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works and consultants’ services for Parts 1 and 2 of the Project</td>
<td>9,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works and consultants’ services for Parts 4 and 5 of the Project, including Operating Costs, Training and audits</td>
<td>3,200,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>12,200,000</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 is December 31, 2013.
APPENDIX

Definitions


2. “Burundi Francs” means the currency of the Recipient.

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


8. “NRF” means the Recipient’s National Road Fund, responsible for mobilization and management of road maintenance resources.

9. “OdR” means the Recipient’s National Road Agency responsible for road planning and supervision.

11. “Operating Costs” means the incremental operating expenses, based on annual budgets approved by the Association, incurred by the OdR and MTPE, on account of the Project, consisting of operation and maintenance costs of office, vehicles and office equipment; water and electricity utilities, telephone, office supplies, bank charges, salaries of contractual staff, travel and supervision costs including *per diem*, but excluding the salaries and indemnities of officials and public servants of the Recipient’s civil service.

12. “Original Financing Agreement” means the development credit agreement for a Road Sector Development Project between the Recipient and the Association, dated April 2, 2004 as amended to the date of this Agreement (Credit No. 3874-BU).

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


15. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated February 14, 2011 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

16. “Project Implementation Manual” means the Recipient’s manual for the Original Project and the Project entitled “Project de Développement du Secteur Routier, Crédit IDA no. 3874-BU, Manuel d’Exécution du Projet” and dated September 2009, including any Schedules to said manual and any update made in compliance with Section 4.01 of this Agreement.


18. “Special Procurement Commission” means the entity established within the OdR by the Recipient pursuant to Ministerial Ordinance No. 540/1432 of October 16, 2003, as modified by Ministerial Ordinance No. 540/35 of January 27, 2004, and responsible for procurement, and whose role and functions under the Project are described in Section III.E of Schedule 2 to this Agreement.

19. “Training” means the cost of training under the Project, based on annual budgets approved by the Association pursuant to Section I.F of Schedule 2 to this Agreement, including costs associated with seminars, workshops, conference and
study tours, travel and subsistence costs for training participants, services of
trainers, rental of training facilities, preparation and reproduction of training
materials and other activities directly related to course preparation and
implementation.