OFFICIAL DOCUMENTS

GRANT NUMBER D151-B1

Financing Agreement
(Additional Financing For Agro-Pastoral Productivity and Markets Development Project)

between

REPUBLIC OF BURUNDI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated January 12, 2017
AGREEMENT dated January 12, 2017, entered into between REPUBLIC OF BURUNDI ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing additional financing for activities related to 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, in the Appendix to this Agreement or in the Appendix to the Original Financing 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 eighteen million Special Drawing Rights (SDR 18,000,000) ("Financing") 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 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 Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

4.02. 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, Budget and Privatization.
P. O. Box 1830
Bujumbura
Burundi

Telex: 5135
Telephone: 257-22-27-75
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 , as of the day

AGREED at , as of the day

REPUBLIC OF BURUNDI

By

Authorized Representative

Name: 

Title: 

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: 

Title:
SCHEDULE 1

Project Description

The objective of the Project is to increase small producers’ productivity and market access for Targeted Commodities in the Project Area.

The Project, which scales up the Original Project, consists of the following parts:

Part A: Agricultural Productivity and Access to Markets

1. Investments

Carrying out, through the provision of Matching Grants, of specific development projects to improve agricultural productivity and access to markets in the Project Area, such projects to focus on (i) production of Targeted Commodities and promotion of the use of climate resilient technologies and nutritionally enhanced crops (ii) post-harvest technologies including collection, storage, processing and marketing of Targeted Commodities; and (iii) watershed management.

2. Capacity Building; Institutional Support; Market Access Facilitation

(a) Carrying out of a program to build the capacity of Beneficiaries to develop and implement development projects referred to in Part A.1 of the Project and support the organization of the Targeted Value Chains.

(b) Carrying out of a program to build the capacity of public institutions that support Beneficiaries, in areas of agricultural research and extension, seed certification, agricultural promotion, monitoring and evaluation, veterinary services, animal disease prevention and pest control, trade standards, and to strengthen partnerships between such institutions and regional and international agricultural institutions which have developed improved technologies for commodities and livestock.

Part B: Irrigation Development; Feeder Road Rehabilitation

1. Irrigation Development

(a) Development and rehabilitation of selected irrigation systems in marshlands; and protection and conservation of watersheds adjacent to the irrigated schemes.

(b) Carrying out of a program to establish and build capacity of water user associations to manage and maintain the irrigations systems included in Part B.1(a) of the Project.

(c) Preparation and implementation of management and maintenance programs for the irrigation systems included in Part B.1(a) of the Project.
2. **Feeder Road Rehabilitation**

Rehabilitation and upgrading of selected interior tracks and access roads linking the schemes included in Part B.1(a) of the Project to existing communal roads leading to markets.

**Part C. Project Management and Coordination**

Carrying out of Project coordination, planning, management, audits, monitoring and evaluation; development of Project budgets and environmental and social analyses; development of a financial management system for the Project; and dissemination of Project information.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

Section I.A of Schedule 2 to the Original Financing Agreement (Institutional Arrangements) is hereby incorporated by reference in this Section I.A and shall apply, mutatis mutandis, to this Agreement, and the Recipient undertakes to comply with the provisions thereof to the same extent as if such provisions had been set out in full in this Agreement.

B. Anti-Corruption

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

C. Manual

1. 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.

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.

D. Safeguards

1. The Recipient shall implement the Project in accordance with the relevant Safeguards Instruments, and shall, to that end:

   (a) if any activity under the Project would require the adoption of any Supplemental Safeguard Instrument in accordance with the ESMF, PESIA or RPF:

       (i) prepare: (A) such Supplemental Safeguard Instrument in accordance with the applicable Safeguard Instrument; (B) furnish such Supplemental Safeguard Instrument to the Association for review and approval; and (C) thereafter adopt such Supplemental Safeguard Instrument prior to implementation of the activity; and
(ii) thereafter take such measures as shall be necessary or appropriate to ensure full compliance with the requirements of such Supplemental Safeguard Instrument; 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 and no civil works commence before resettlement measures under a Supplemental Safeguard Instrument prepared in accordance with the RPF 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 Supplemental Safeguard Instrument, regularly collect, compile and furnish to the Association reports in form and substance satisfactory to the Association, on the status of compliance with each Supplemental Safeguard Instrument, as part of the Project Reports, giving details of:

(a) measures taken in furtherance of such Supplemental Safeguard Instrument;

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

(c) remedial measures taken or required to be taken to address such conditions.

3. 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.

4. The Recipient shall ensure that:

(a) all terms of reference for any technical assistance and studies to be carried out under the Project are consistent with the Association’s environmental and social safeguard policies; and

(b) in any Project activity that may support the drafting of regulatory instruments for the purpose of community development planning or other land related reforms, due attention will be given to said policies.

E. Annual Work Plans and Budgets

1. Not later than November 30 in each calendar year or one month before the end of the Recipient’s fiscal year (or three months after the Effective Date for the first year of Project implementation), the Recipient shall prepare or cause to be prepared for the purpose of forwarding to the Association, a draft annual work plan and
budget for the Project (including Training and Operating Costs) for the subsequent
calendar year of Project implementation, of such scope and detail as the
Association shall have reasonably requested.

2. The Recipient shall afford the Association a reasonable opportunity to review such
draft annual work plan and budget, and thereafter shall carry out (or cause to be
carried 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. Any Training proposed to be included in an Annual 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. Annual Work Plans and Budgets may be revised as needed during Project
implementation subject to the Association’s prior written approval.

F. Matching Grants

Section I.F of Schedule 2 to the Original Financing Agreement (Matching Grants)
is hereby incorporated by reference in this Section I.F and shall apply, mutatis
mutandis, to this Agreement, and the Recipient undertakes to comply with the
provisions thereof to the same extent as if such provisions had been set out in full
in this Agreement.

G. Irrigation Development

Section I.G of Schedule 2 to the Original Financing Agreement (Irrigation
Development) is hereby incorporated by reference in this Section I.G and shall
apply, mutatis mutandis, to this Agreement, and the Recipient undertakes to comply with the provisions thereof to the same extent as if such provisions had been set out in full in this Agreement.

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 the indicators acceptable to the Association. Each
Project Report shall cover the period of one calendar semester, and shall be
furnished to the Association not later than forty-five (45) 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 (or cause to be prepared and furnished) 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.

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 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 methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan:

<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 the United Nations Agencies</td>
</tr>
<tr>
<td>(e) Community Participation in Procurement, consisting of, inter alia: (i) shopping; (ii) local bidding; (iii) community force account; and (iv) direct contracting.</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 methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(b) Selection Based on the Consultants' Qualifications</td>
</tr>
<tr>
<td>(c) Least Cost Selection</td>
</tr>
<tr>
<td>(d) Individual Consultants</td>
</tr>
<tr>
<td>(e) Single-Source Selection</td>
</tr>
</tbody>
</table>
(f) Community Participation in Selection of Consultants, consisting of, *inter alia:* (i) consultants' qualifications; (ii) individual consultants; and (iii) single source selection.

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 Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Matching Grants under Part A.1 of the Project</td>
<td>4,600,000</td>
<td>100% of the Matching Grants</td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, and consultants' services, Training and Operating Costs for the Project except Matching Grants under Part A.1 of the Project</td>
<td>13,400,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>18,000,000</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 January 31, 2020
Appendix

Section I. Definitions

1. "Affected Person" means a person who as a result of: (a) the involuntary taking of land under the Project is affected in any of the following ways: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not the affected person must move to another location; or (b) 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.

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


4. "Beneficiary" means a legal entity which meets the eligibility requirements of Section I Part F (1)(a) of Schedule 2 to this Agreement and to which the Recipient has made a Matching Grant for a Subproject.

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

6. "Central Provinces" means the Recipient’s province of Mwaro, Muramvya, and Bubanza.

7. "Coffee Sector Reform" means the Recipient’s decision, by Decree no. 100/084 of June 27, 2000, to authorize the sale of the Recipient’s assets in the coffee sector.


9. "Dam Safety Guidelines" means the guidelines to ensure the safety of dams included in the Project entitled “Sécurité des Micro-Barrages dans le Cadre du Projet de Productivité et de Développement des Marchés Agricoles du Burundi (PPDMA-BU)” attached as Schedule 2 to the Project Environmental and Social Impact Assessment, disclosed in the Recipient’s territory and approved by the Association.
"Environmental and Social Management Framework" and "ESMF" means the Recipient's environmental and social management framework for the Project, set forth in the document entitled "Cadre de Gestion Environnementale et Sociale du Projet de Productivité et de Développement des Marchés Agricoles du Burundi (PPDMA-BU)", attached as Schedule 1 to the Project Environmental and Social Impact Assessment, as updated and re-disclosed within the Recipient's territory on September 26, 2016 and at the Association's Infoshop on September 30, 2016.

"Environmental and Social Management Plan" and "ESMP" means a plan, approved by the Association for the Project, to be prepared by the Recipient, if as required by the ESMF, outlining specific 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 Association.

"Fiscal Year" and "FY" means each fiscal year of the Recipient, commencing January 1 and ending December 31.

"General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 31, 2010.

"Matching Grant" means a grant made or to be made by the Recipient to a Beneficiary out of the proceeds of the Financing for a Subproject.

"Matching Grant Agreement" means the agreement between the Recipient and a Beneficiary providing for a Matching Grant.

"Ministry of Agriculture" means the Ministre de l'Agriculture et de l'Elevage, the Recipient's ministry responsible for agriculture, and any successor thereto, and "Minister of Agriculture" has a corresponding meaning.

"Northern Provinces" means the Recipient's province of Ngozi, Kirundo, Muyinga, and Cankuzo.

"Operating Costs" means the incremental expenses incurred on account of Project implementation, consisting of reasonable expenditures for office supplies, vehicle operation and maintenance, communication and insurance costs, banking charges, rental expenses, office and office equipment maintenance, utilities, document duplication/printing, consumables, travel cost and per diem for Project staff for travel linked to the implementation of the Project, and salaries of contractual staff for the Project, but excluding salaries of officials of the Recipient's civil service.

"Original Financing Agreement" means the financing agreement for an Agro-Pastoral Productivity and Markets Development Project between the Recipient and
the Association, dated September 22, 2010 and amended as of December 16, 2010 (Grant No. H562-BI).

20. "Original Project" means the Project described in Schedule 1 to the Original Financing Agreement.

21. "PRASAB" means the Recipient's Agricultural Rehabilitation and Sustainable Land Management Project (Projet de Réhabilitation et d'Appui au Secteur Agricole du Burundi – PRASAB), financed in part by the Association (Grant No. H117-BU, GEF Grant No. TF053661-BU and Grant No. H406-BI).


23. "Procurement Plan" means the Recipient's procurement plan for the Project, dated October 25, 2016 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.

24. "Project Area" means the ten provinces of the Recipient included in: (i) the Northern Provinces; (ii) the Central Provinces; and (iii) the Southern Provinces; and such other provinces where the Coffee Sector Reform is implemented by the Recipient, as the Association may agree from time to time in writing.


26. "Project Implementation Manual" means the Recipient’s manual for the Original Project and the Project amended as of October 26, 2016, referred to in Section I.C of Schedule 2 to this Agreement, including any Schedules to said manual, as the same may be amended and/or supplemented from time to time.

27. "Resettlement Action Plan" and “RAP” means the plan to be prepared by the Recipient on the basis of the RPF and approved by the Association for the Project, setting forth the specific modalities for resettlement and compensation of Affected Persons under the Project, as the said document may be amended and/or supplemented from time to time with the prior written concurrence of the Association and subject to the initial consultation and disclosure requirements carried out on the RAP.

29. "Safeguards Instruments" means the ESMF, PESIA, RPF, IPDP, the PMP, Dam Safety Guidelines and any Supplemental Safeguard Instruments.


31. "Subproject" means a specific development project included in Part A.1 of the Project to be carried out by a Beneficiary and financed or to be financed under a Matching Grant Agreement out of the proceeds of a Matching Grant.

32. "Supplemental Safeguard Instruments" means any ESMP, RAP, other supplemental social and environmental safeguard instruments as required under the terms of the ESMF, RPF or PESIA.

33. "Targeted Commodities" means bananas, cassava, coffee, irrigated rice (and related off-season vegetables), tea, potato, fruits, milk, livestock and such additional commodities as may be agreed in writing, from time to time with the Association.

34. "Targeted Value Chain" means the chain of value-adding activities ranging from production to processing to pre-market and market activities for one or more Targeted Commodities.

35. "Training" means the costs of training under the Project, based on the Annual Work Plans and Budgets approved by the Association, and attributable to seminars, workshops, and study tours, along with travel and subsistence allowances 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.