

Public Disclosure Authorized

CONFIRMED COPY

GRANT NUMBER H659-BI

Financing Agreement

(Additional Financing for the Financial and Private Sector Development Project)

between

REPUBLIC OF BURUNDI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 4, 2011

Public Disclosure Authorized



GRANT NUMBER H659-BI

FINANCING AGREEMENT

AGREEMENT dated May 4, 2011, 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 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 five million two hundred thousand Special Drawing Rights (SDR 5,200,000) (“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 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 —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 the minister of the Recipient at the time responsible for finance.
- 5.02. The Recipient's Address is:

Ministry of Finance
P.O Box 1830
Bujumbura
Burundi

Facsimile:
257-22-22-38-27

- 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 Washington, D.C.	248423 (MCI)	1-202-477-6391

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 strengthen the Recipient's financial system and improve its business enabling environment.

The Project consists of the following parts:

Part 1: Modernizing the Financial Sector Infrastructure

Strengthen the Recipient's payment systems through the development of the BRB's information technology infrastructure, including by: (i) setting up two physically separated computer rooms; and (ii) defining, building and monitoring information technologies and infrastructure services to support the BRB's payment systems, the banking system and BRB's supervision, such as data center servers, storage, networking and security equipment, SWIFT network and security services, a data exchange portal, interconnection among BRB and the banking sector, and back office for the check clearing and the real time gross settlement system applications.

Part 2: Improving the Macroeconomic Framework

Support the Recipient's macroeconomic reforms through the provision of technical assistance for: (a) training of technicians, maintenance and security of the integrated financial management information system and development of a link between the Ministry of Finance and the other Recipient's ministries for the financial flows; (b) the update of the Recipient's government-employees data base (including the strengthening of the capacities to use them) for management of the public wage bill; (c) the strengthening of the Recipient's institutional capacity in procurement at the central and decentralized levels; (d) the strengthening of the Recipient's institutional capacity for internal and external audits and definition of a national audit and controls plan; (e) the strengthening of the capacities of the Recipient's system of production of national economic statistics; (f) the provision of technical assistance for the development of the Recipient's new growth and poverty reduction strategy; (g) the preparation and dissemination of regulations related to mining and a draft law on agriculture pre-cooperatives; and (h) the strengthening of the capacities of the Women's Associations and the Chambers of Commerce, as well as the provision of guarantees by the Women's Associations.

SCHEDULE 2**Project Execution****Section I. Implementation Arrangements****A. Institutional Arrangements**1. Project Steering Committee and Technical Committee

- (a) The Recipient shall maintain throughout Project implementation, the PSC and the Technical Committee, each with mandate and composition acceptable to the Association.
- (b) Without limitation to the provisions of paragraph (a), the PSC shall be responsible for the overall oversight of the Project, with the technical support of the Technical Committee.

2. Project Coordination Unit

- (a) The Recipient shall maintain throughout Project implementation, the PCU, which shall be under the supervision of the Ministry of Finance and shall be headed by a Project Coordinator who shall be assisted by suitably qualified and experienced staff in adequate numbers, including a procurement specialist, a private sector specialist and an accountant (all satisfactory to the Association).
- (b) The PCU shall be responsible for the coordination of the Project and the overall management of financial resources, accounting, procurement and reporting of the Project, with the technical support of BRB and the Ministry of Finance for the implementation of their respective Project activities.

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: (i) ensure that the Project is carried out in accordance with the PIM; and (ii) except as the Association shall otherwise agree, not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.

2. In the event of any conflict between the provisions of the PIM and those of this Agreement, those of this Agreement shall prevail.

D. Safeguards.

The Recipient shall ensure that, in the drafting of any regulations pertaining to mining under Part 2(e) of the Project, due attention will be given to social and environmental safeguards requirements, including, without limitation, those under the laws of the Recipient, and appropriate provision will be made to that effect in said regulations.

E. Annual Work Plans and Budgets

1. The Recipient shall furnish to the Association, for its review, comments and approval, as soon as available, but in any case not later than October 31 of each year, or any other date acceptable to the Association, the annual work plan and budget for the Project for each and subsequent years of Project implementation, of such scope and detail as the Association shall reasonably request.
2. Only the activities included in an annual work plan and budget expressly approved by the Association (each an “Annual Work Plan and Budget”) are eligible for financing from the proceeds of the Financing.
3. Training shall be carried out on the basis of Annual Work Plans and Budgets, 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.
4. Annual Work Plans and Budgets may be revised as needed during Project implementation subject to the Association’s prior approval.

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 semester, and shall be furnished to the Association not later than one month 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 unaudited financial reports for the Project covering the semester, 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. To this end, the Recipient shall, no later than three (3) months after the Effective Date, appoint, in accordance with the provisions of Section III of this Schedule, external independent financial auditors, with qualifications, experience, and terms of reference satisfactory to the Association.

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:

Procurement Method
(a) Limited International Bidding
(b) National Competitive Bidding
(c) Shopping
(d) Direct Contracting

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.

Procurement Method
(a) Quality Based Selection
(b) Selection Based on Consultants' Qualifications
(c) Least Cost Selection
(d) Selection of Individual Consultants
(e) 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:

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, Minor Works, Training ,consultants' services and Operating Costs for the Project	5,200,000	100%
TOTAL AMOUNT	5,200,000	

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, except that withdrawals up to an aggregate amount not to exceed one million Dollars (\$1,000,000) equivalent may be made for payments made prior to this date but on or after January 1, 2011, for Eligible Expenditures.
2. The Closing Date is February 28, 2014.

APPENDIX**Definitions**

1. “Annual Work Plans and Budgets” means the annual work plans and budgets for the implementation of the Project approved by the Association, referred to in Section I.E of Schedule 2 to this Agreement.
2. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011.
3. “BRB” means *Banque de la République de Burundi*, the Recipient’s central bank operating pursuant to the Recipient’s law *Loi du N° 1/34 du 02 décembre 2008* of December 2, 2008.
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “Chambers of Commerce” means collectively the twelve chambers included in the Federal Chamber of Commerce and Industry of Burundi, established in May 2010, to support the development of the private sector.
6. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 and May 2010.
7. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010.
8. “Ministry of Finance” means *Ministère des finances*, the Recipient’s ministry at the time responsible for finance.
9. “Minor Works” means small works for the adaptation of existing buildings required for the installation of computer equipments.
10. “Operating Costs” means the incremental operating expenses, based on annual budgets approved by the Association, incurred by the PCU, 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.

11. “Original Financing Agreement” means the financing agreement for a Financial and Private Sector Development Project between the Recipient and the Association, dated February 16, 2010 (Grant No. H 5360-BI).
12. “Original Project” means the Project described in the Original Financing Agreement.
13. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006 and May 2010.
14. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated January 11, 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.
15. “Project Coordination Unit” or “PCU” means the Recipient’s entity: (i) established for the implementation of the Recipient’s Economic Management Support Project financed by the Association pursuant to a Development Credit Agreement dated February 4, 2004 (Credit number 3852-BU); and (ii) responsible for the implementation of the Original Project.
16. “Project Implementation Manual” or “PIM” means the Recipient’s manual entitled “*Projet de Développement des Secteurs Financier et Privé (PDSFP) - Manuel des Procédures Administratives, Budgétaires, Comptables et Financières*”, dated September 16, 2009, agreed with the Association and setting out implementation, organizational, administrative, monitoring and evaluation, environmental and social monitoring and mitigation, financial management, disbursement, and procurement arrangements for purposes of implementation of the Original Project, as the same may be amended from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such Manual.
17. “Project Steering Committee” or “PSC” means the Recipient’s entity established for the Original Project by the Recipient’s Minister of Finance by letter Ref. 541/3211/2010 dated December 15, 2010.
18. “Technical Committee” or “TC” means the Recipient’s entity established for the Original Project by the Recipient’s Minister of Finance by letter Ref. 540/3210/2010 dated December 15, 2010.
19. “Training” means the cost of training financed under the Project and attributable to seminars, workshops, and study tours, along with the cost of travel and subsistence 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.

20. “Women’s Associations” means, collectively, Women’s Initiative For Self Employment (Wise S.A.) licensed by BRB in accordance with the provisions of the Recipient’s Decree no. 100/203 dated July 22 2006, on August 17, 2007, and/or Caisse Coopérative d’Epargne et de Credit Mutuel (CECM) licensed by Ordinance no. 550/113/1995, and/or any other association for the provision of microfinancing to women, acceptable to the Association.