

12-Apr-2020

H. E. Dr. Domitien Ndiwokubwayo
Minister of Finance, Budget and Economic Development
Ministry of Finance, Budget and Economic Development
Bujumbura
Republic of Burundi

Re: Republic of Burundi: : Supplemental Advance Agreement for the
Preparation of the Proposed Great Lakes Trade Facilitation Program
Supplemental Project Preparation Advance No. V3250

Excellency:

In response to the request for financial assistance made on behalf of the Republic of Burundi (“Recipient”), I am pleased to inform you that the International Development Association (“Bank”) proposes to extend to the Recipient a supplemental advance out of the World Bank’s Project Preparation Facility in an amount not to exceed two million Dollars (\$2,000,000) (“Advance” or “Supplemental Advance”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in financing the activities described in the Annex (“Activities”). A previous advance of one million Dollars (\$1,000,000) was granted to the Recipient on August 7, 2017, bringing the total amount of the financial support extended by the Bank for the preparation of the proposed project to three million Dollars (\$3,000,000). The objective of the Activities is to facilitate the preparation of a proposed project designed to enhance the capacity for commerce and improve processes and conditions for cross-border trade at targeted border locations in the Great Lakes Region (“Project”), for the carrying out of which the Recipient has requested the Bank’s financial assistance.


The Recipient represents, by confirming its agreement below, that: (a) it understands that the provision of the Supplemental Advance does not constitute or imply any commitment on the part of IBRD or IDA to assist in financing the Project; and (b) it is authorized to enter into this Agreement and to carry out the Activities, repay the Supplemental Advance and perform its other obligations under this Agreement, all in accordance with the provisions of this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the Bank. Upon receipt by the Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the Bank has not received this countersigned copy within ninety (90) days


after the date of signature of this Agreement by the Bank, unless the Bank has established a later date for such purpose.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By 
Deborah Wetzel
Director for Regional Integration
Africa Region

AGREED:
REPUBLIC OF BURUNDI

By 
Authorized Representative

Name: Dr. Domitien Ndiwokubwayo

Title: Minister of Finance

Date: 13-Apr-2020

Enclosures:

- (1) "Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility", dated July 31, 2010; and
- (2) Disbursement Letter for the Advance of the same date as this Agreement, together with "Disbursement Guidelines for Investment Project Financing", dated February 2017.

Article I Standard Conditions; Definitions

1.01. **Standard Conditions.** The “Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility”, dated July 31, 2010 (“Standard Conditions”), constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement, and the following additional terms shall have the following meanings:

(a) “EHS Guidelines” means the World Bank Group Environmental, Health and Safety Guidelines published on www.ifc.org/ehsguidelines, as said guidelines are updated from time to time.

(b) “Environmental Social and Management Framework” and “ESMF”, each means the document disclosed in country on February 21, 2020 and on the Bank website the same date, which: (i) sets out the modalities to be followed by the Recipient in assessing the potential adverse environmental and social impacts of the Activities, and the measures to be taken to offset, reduce or mitigate such adverse impacts.

(c) “Environmental Management Plan” and “EMP”, each means a plan to be prepared and adopted by the Recipient, as provided in the ESMF providing appropriate mitigation, monitoring and institutional measures designed to mitigate potential adverse environmental and social impacts under the Activities, offset them, reduce them to acceptable levels or enhance positive impacts, as the same may be amended from time to time with the consent of the Bank.

(d) “Implementation Unit” or “IU” means the implementation unit of the Bank financed Financial and Private Sector Development Project, Grant No. H5360-BI, dated February 16, 2010.

(e) “Operating Costs” means the incremental expenses incurred on account of the Activities’ implementation, management and monitoring, consisting of the costs of operation and maintenance of offices, vehicles and office equipment, water and electricity utilities charges, telephone charges, bank charges, travel and *per diem*, and salaries of contractual staff, but excluding the salaries of officials and public servants of the Recipient’s civil service.

(f) “Safeguards Instruments” means the ESMF, the EMP and any other subsequent safeguards documents, plans or instruments as agreed with the Bank.

(g) “Safeguard Policies” means, the Operational Policies (Ops) and Bank Procedures (BPs) of the Bank, namely OP/BP 4.01 (Environmental Assessment), OP/BP 4.04 (Natural Habitats), OP/BP 4.09 (Pest Management), OP/BP 4.10 (Indigenous Peoples), OP/BP 4.11 (Physical Cultural Resources), OP/BP 4.12 (Involuntary Resettlement), OP/BP 4.36 (Forests), and OP/BP 4.37 (Safety of Dams); they can be found at <https://policies.worldbank.org>.

(h) “Training” means the reasonable costs associated with training and workshops participation under the Activities, consisting of travel and subsistence costs for training participants, costs (other than consulting services) associated with securing the services of trainers and presenters, rental of training facilities, translation and interpretation services, preparation and reproduction of training materials.

Article II

Execution of the Activities

2.01. ***Description of the Activities.*** The Activities for which the Supplemental Advance is provided consist of the following parts:

(a) Feasibility studies, detailed designs and bidding documents for civil works contracts to include: (i) the preparation of detailed designs and bidding documents for civil works contracts to enable tendering and contracting to take place as soon as the Project is approved; (ii) the carrying out of studies and designs for the proposed one-stop border post at Gatumba and the border markets as Gatumba and Rumonge.

(b) Consultancy services for policy and procedures reforms, to include: (i) a review of processes and procedures at the borders for all authorized agencies; (ii) a study on identification systems for small scale traders; (iii) the design of the Project website; (iv) the development of a communication strategy for the proposed Project; (v) the collection of baseline data for the results framework; and (vi) the design of management options for, *inter alia*, border markets.

(c) Design and installation of provisional facilities at Gatumba border post and Rumonge market, to include the design and construction of temporary facilities to allow and enhance trade.

(d) Recruitment of core staff to manage the studies, the project preparation and tender processes and provision of relevant training to enable the newly recruited staff to effectively manage the Project once it becomes effective.

(e) Acquisition of equipment, including vehicles to enable the implementation staff to manage the various preparatory studies and assessments, supervise safeguards assessments and engage with local communities.

2.02. ***Execution of the Activities Generally.*** The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall carry out the Activities through an Implementation Unit in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article II; and (c) 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 and as of July 1, 2016.

2.03. ***Institutional and Other Arrangements.*** Without limitation upon the provisions of Section 2.02 above:

(a) The Recipient shall maintain, throughout the Refinancing Date, the Implementation Unit with mandate, composition and staffing acceptable to the Bank to be responsible for the day-to-day management of the Activities, including procurement and financial management.

(b) The Recipient shall ensure that: (a) all consultancies related to technical assistance, design and capacity building under the Project, the application of whose results could have environmental, social and health and safety implications, shall only be undertaken pursuant to terms of reference reviewed and found satisfactory by the Bank; and (b) such terms of reference shall require the technical assistance, design and capacity building activities to take into account the requirements of the applicable Bank Safeguards Policies and EHS Guidelines.

2.04. *Safeguards*

(a) The Recipient shall ensure that the Activities are carried out in accordance with the Safeguards Instruments, including the Environmental Social and Management Framework, the Environmental and Social Management Plan, and any other safeguards documents, plans or other instruments required during the implementation of the Activities.

(b) Without limitation to its other reporting obligations under this Agreement and under Section 2.08 of the Standard Conditions, the Recipient shall include in the Activities Reports adequate information on the implementation of the Safeguards Instruments, giving details of:

- (i) measures taken in furtherance of the Safeguards Instruments;
- (ii) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguards Instruments; and
- (iii) remedial measures taken or required to be taken to address such conditions, and to ensure the continued efficient and effective implementation of the Safeguards Instruments.

2.05. ***Monitoring, Reporting and Evaluation of the Activities.*** The Recipient shall monitor and evaluate the progress of the Activities in accordance with the provisions of Section 2.08 of the Standard Conditions.

2.06. ***Financial Management.*** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.09 of the Standard Conditions.

(b) The Recipient shall ensure that interim un-audited financial reports for the Activities are prepared and furnished to the Bank not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Sections 2.09 (b) of the Standard Conditions.

(i) If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, the Recipient shall have the Financial Statements included in the first audit of financial statements required under the Refinancing Agreement.

(ii) If, by the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, such audit of the Financial Statements shall cover the period of the Supplemental Advance, commencing with the fiscal year in which the first withdrawal under the Supplemental Advance was made. The audited Financial Statements for such period shall be

furnished to the Bank not later than six (6) months after the end of the Recipient's fiscal year in which the Refinancing Date occurs.

(iii) Notwithstanding the provisions of paragraphs (i) and (ii) of this Section, the Bank may request an audit of the Financial Statements prior to the Refinancing Date, covering such period as is indicated in its request. The audited Financial Statements for such period shall be furnished to the Bank not later than six (6) months after the end of such period.

2.07. Procurement

All goods, works, non-consulting services and consulting services required for the Activities and to be financed out of the proceeds of the Supplemental Advance shall be procured in accordance with the requirements set forth or referred to in the "World Bank Procurement Regulations for IPF Borrowers" dated July 2016, revised November 2017 and August 2018 ("Procurement Regulations") and the provisions of the Recipient's procurement plan for the Activities dated November 8, 2019 ("Procurement Plan") provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the Bank.

**Article III
Withdrawal of the Advance**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Supplemental Advance in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the Bank may specify by notice to the Recipient (including the "Disbursement Guidelines for Investment Project Financing" dated February 2017, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies each category of Eligible Expenditures that may be financed out of the proceeds of the Supplemental Advance ("Category"), the amount of the Supplemental Advance allocated to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Advance Allocated (expressed in Dollars)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, Operating Costs and Training under the Activities	2,000,000	100%
TOTAL AMOUNT	2,000,000	

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient, except that withdrawals up to an aggregate amount not to

exceed \$300,000 equivalent may be made for payments made prior to this date but on or after September 2, 2019, for Eligible Expenditures under Category (1).

3.03. **Refinancing Date.** The Refinancing Date is January 31, 2021.

Article IV Terms of the Advance

4.01. **Refinancing under the Refinancing Agreement:** If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, then the full amount of the Withdrawn Advance Balance shall be paid to the World Bank as soon as the Refinancing Agreement becomes effective, by means of a withdrawal by the World Bank of such amount of the Refinancing Proceeds, in accordance with the provisions of the Refinancing Agreement.

4.02. **No Repayment in the absence of a Refinancing Agreement:** Notwithstanding any provision to the contrary in the Standard Conditions, if, on or before the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, or if, by such date, it has been so executed but terminates without becoming effective, then the Recipient shall not be obligated to repay the Withdrawn Advance Balance.

Article V Recipient's Representative; Addresses

5.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 9.02 of the Standard Conditions is its minister in charge of finance.

5.02. **Recipient's Address.** The Recipient's Address referred to in Section 9.01 of the Standard Conditions is:

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

Telephone:

257-22-22-27-75

5.03. **World Bank's Address.** The World Bank's Address referred to in Section 9.01 of the Standard Conditions is:

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

Telex:

248423 (MCI) or
64145 (MCI)

Facsimile:

(1)-202-477-6391