

Public Disclosure Authorized

CONFORMED COPY

GRANT NUMBER H497-BI

Financing Agreement

(Emergency Demobilization and Transitional Reintegration Project)

between

REPUBLIC OF BURUNDI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 17, 2009

GRANT NUMBER H497-BI

FINANCING AGREEMENT

AGREEMENT dated July 17, 2009 entered into between the REPUBLIC OF BURUNDI (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). 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 ten million one hundred thousand Special Drawing Rights (SDR 10,100,000) (variously, “Grant”, and “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 The Maximum Commitment Charge Rate payable by the Recipient on the Un-withdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.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 National Commission for Demobilization, Reinsertion, and Reintegration 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 — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following, namely, that an extraordinary situation shall have arisen which shall make it improbable that the Program or a significant part thereof will be carried out.
- 4.02. The deadline for the effectiveness of the Project Co-financing Multi-Donor Trust Fund Grant Agreement is nine (9) months after the Effective Date.

ARTICLE V — EFFECTIVENESS; TERMINATION

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

ARTICLE VI — REPRESENTATIVE; ADDRESSES

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

6.02. The Recipient's Address is:

Ministry of Finance
P. O. Box 1830
Bujumbura
Burundi

Telex:	Facsimile:
5135 MINIFINBDI	257-22-22-38-27

6.03. 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, 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 support the efforts of the Recipient to: (i) demobilize members of the National Liberation Forces and the National Liberation Forces – Dissidents; and (ii) provide socioeconomic reintegration support to said members following demobilization, as well as to Ex-Combatants demobilized under the Emergency Demobilization, Reinsertion, and Reintegration Project, with a particular focus on the provision of such support to such female, child, and disabled Ex-Combatants.

The Project constitutes the second phase of the Program and consists of the following parts:

1. Demobilization

- (a) Sensitization of new target groups of members of the National Liberation Forces and the National Liberation Forces – Dissidents, as well as host communities, to the demobilization process and rationale and Project scope and mechanisms.
- (b) Demobilization of members of the National Liberation Forces and the National Liberation Forces – Dissidents, including the establishment, refurbishment, and maintenance of temporary demobilization centers as needed, verification of eligibility, registration and issuance of identification cards, socioeconomic profiling, carrying out of expectation surveys in relation to reintegration, pre-discharge orientation, medical and psychosocial triage, voluntary counseling and testing for HIV / AIDS, and transport to host communities.

2. Reinsertion

- (a) Provision of reinsertion kits comprising toiletries and utensils, and Transitional Subsistence Allowances to Ex-Combatants.
- (b) Counseling and orientation, including following reinsertion, for Group 2 Ex-Combatants and their partners in relation to the appropriate use of said Allowances, and for host communities.

3. Reintegration

- (a) Provision of transitional economic reintegration support to Ex-Combatants as follows:
 - (i) Scholarship Grants for education;
 - (ii) Apprenticeship Grants for employment generation, vocational and skills training, and training in basic business development and accounting; and
 - (iii) Subproject Grants for income generation and microenterprise Subprojects.
- (b) Provision of transitional social reintegration support to Ex-Combatants, including psychosocial trauma counseling and support, HIV / AIDS counseling and referral, and carrying out of information and sensitization and reconciliation activities for Ex-Combatants and host communities.
- (c) Establishment of linkages with the Recipient's longer-term development initiatives and ensuring benefits to other community members in areas with a high concentration of Ex-Combatants, including promotion of the participation of Ex-Combatants in broader associations for income-generating activities and of families of Ex-Combatants in reintegration activities.

4. Vulnerable Groups

- (a) Separation of child members from Armed Political Parties and Movements and family reunification or alternative placement of child Ex-Combatants.
- (b) Provision of reinsertion support, including Transitional Subsistence Allowances, to or for the benefit of child Ex-Combatants.
- (c) Provision of transitional socioeconomic reintegration support to child Ex-Combatants.
- (d) Provision of transitional socioeconomic reintegration support to disabled Ex-Combatants.

- (e) Provision of medical rehabilitation and prosthetic support to disabled Ex-Combatants.
- (f) Provision of specialized transitional reintegration and psychosocial support for female Ex-Combatants and female Ex-Combatant heads of households.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

National Commission for Demobilization, Reinsertion, and Reintegration

1. The Recipient shall maintain, throughout Project implementation, the National Commission for Demobilization, Reinsertion, and Reintegration, with a composition, institutional framework, functions, and resources satisfactory to the Association.
2. The National Commission for Demobilization, Reinsertion, and Reintegration shall be responsible for Project policy orientation, implementation, management, and monitoring and evaluation in accordance with the following institutional arrangements.

Steering Committee

3. The Recipient shall establish, no later than three (3) months after the Effective Date, and thereafter maintain throughout Project implementation, the Steering Committee, headed by a representative of the National Commission for Demobilization, Reinsertion, and Reintegration, comprising, *inter alia*, representatives of the Technical Coordination Team and development partners, including the Association as an observer only, and with an institutional framework, functions, and resources satisfactory to the Association.
4. The Steering Committee shall be responsible for ensuring regular information exchange amongst the organizations represented on the Committee and assisting the National Commission for Demobilization, Reinsertion, and Reintegration in addressing any technical constraints in Project implementation.

Technical Coordination Team

5. The Recipient shall establish, under the supervisory authority of the National Commission for Demobilization, Reinsertion, and Reintegration, and thereafter maintain throughout Project implementation, the Technical Coordination Team, with an institutional framework, functions, and resources satisfactory to the Association, and appoint to said Team competent personnel in adequate numbers, including a project coordinator, a financial management specialist, a monitoring and evaluation specialist, a procurement specialist, and an operations officer.
6. The Technical Coordination Team shall be responsible for day-to-day Project implementation, management, and monitoring and evaluation.
7. The Technical Coordination Team shall furnish to the Association, an independent annual evaluation of Project implementation, to be submitted not later than three (3) months after the end of the period covered by such evaluation, including: (i) verification that a statistically representative sample of Ex-Combatants has received their Transitional Subsistence Allowances in accordance with the annual work plan and budget referred to in Section V.A of this Schedule; and (ii) information on the purposes for which the Transitional Subsistence Allowances were utilized by said sample.

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:
 - (a) shall: (i) adopt a Project Implementation Manual in form and substance satisfactory to the Association, 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 Project implementation, including guidelines and procedures for the provision of Apprenticeship Grants, Scholarship Grants, Subproject Grants, and Transitional Subsistence Allowances; and (ii) thereafter ensure that the Project is carried out in accordance with the provisions of said Manual; and

(b) except as the Association shall otherwise agree, shall 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 Project Implementation Manual, and those of this Agreement, the latter shall prevail.

D. Transitional Subsistence Allowances

1. The Technical Coordination Team shall review and approve, on behalf of the Recipient, applications for Transitional Subsistence Allowances in accordance with the provisions of this Part D, the Project Implementation Manual, and the Administrative, Financial, and Accounting Manual.

2. No proposed Transitional Subsistence Allowance Beneficiary shall be eligible for a Transitional Subsistence Allowance unless, on the basis of a review conducted in accordance with this Part D, the Project Implementation Manual, and the Administrative, Financial, and Accounting Manual, the proposed Transitional Subsistence Allowance Beneficiary 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 Transitional Subsistence Allowance Beneficiary is an Ex-Combatant; and

(b) the proposed Transitional Subsistence Allowance Beneficiary shall have committed, in said application, to adhere to the requirements of the Project, including the Anti-Corruption Guidelines, the Environmental and Social Management Framework, and any Environmental Management Plans, to the extent applicable.

E. Scholarship, Apprenticeship, and Subproject Grants

1. General

Implementation Partners shall develop, implement, and monitor and evaluate, on behalf of the Recipient, Scholarship Activities, Apprenticeships, and Subprojects in accordance with the provisions of this Part E, the Project Implementation Manual, and the Administrative, Financial, and Accounting Manual.

2. Eligibility

The respective Implementation Partner shall ensure that:

- (a) the Scholarship Activity, Apprenticeship, or Subproject is developed in consultation with the Scholarship Activity, Apprenticeship, or Subproject Grant Beneficiary;
- (b) the Scholarship Activity, Apprenticeship, or Subproject Grant Beneficiary figures in the list of eligible Ex-Combatants transmitted to the Implementation Partner by the Recipient;
- (c) the Scholarship Activity, Apprenticeship, or Subproject satisfies the requirements of Part 3 (a) of the Project as described in further detail in the Project Implementation Manual;
- (d) the Scholarship Activity, Apprenticeship, or Subproject complies with the: (i) Environmental and Social Management Framework; and (ii) any Environmental Management Plans, to the extent applicable; and
- (e) the Scholarship Activity, Apprenticeship, or Subproject is consistent with the relevant technical, financial, administrative, and environmental standards and national sector policies.

3. Terms and Conditions

- (a) A Scholarship Activity, Apprenticeship, or Subproject shall be carried out pursuant to a Scholarship, Apprenticeship, and / or Subproject Grant Agreement, to be concluded between the Technical Coordination Team on behalf of the Recipient and the Implementation Partner, under terms and conditions satisfactory to the Association, described in further detail in the Project Implementation Manual, which shall include the following:
 - (i) a description of the Scholarship Activity, Apprenticeship, and / or Subproject, its budget, and the applicable performance indicators;

- (ii) the obligation of the Implementation Partner to: (A) carry out the Scholarship Activity, Apprenticeship, and / or Subproject with due diligence and efficiency and in accordance with sound technical, financial, administrative, and environmental standards and national sector policies; (B) ensure that the resources required for the Scholarship Activity, Apprenticeship, and / or Subproject are provided promptly as needed; (C) maintain adequate records to reflect, in accordance with sound accounting practices, the resources, operations, and expenditures relating to the Scholarship Activity, Apprenticeship, and / or Subproject; and (D) at the request of the Association or the Recipient, have such records audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the records as so audited to the Recipient and the Association;
- (iii) the obligation of the Implementation Partner to carry out the Scholarship Activity, Apprenticeship, and / or Subproject in accordance with the provisions of the Anti-Corruption Guidelines;
- (iv) the obligation of the Implementation Partner to carry out the Scholarship Activity, Apprenticeship, and / or Subproject in accordance with the provisions of the Project Implementation Manual and the Administrative, Financial, and Accounting Manual, and without any right or authority, except as the Association shall otherwise agree, to assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof;
- (v) the obligation of the Implementation Partner to carry out the Scholarship Activity, Apprenticeship, and / or Subproject in accordance with the provisions of: (A) the Environmental and Social Management Framework; and (B) any Environmental Management Plans, and without any right or authority, except as the Association shall otherwise agree, to assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof;

- (vi) the requirement that the goods, works, and consultants' services to be financed from the proceeds of the Scholarship, Apprenticeship, and / or Subproject Grant shall be procured in accordance with procedures ensuring efficiency and economy and in accordance with the provisions of Section III of this Schedule, and shall be used exclusively in the carrying out of the Scholarship Activity, Apprenticeship, and / or Subproject;
 - (vii) the right of the Technical Coordination Team, on behalf of the Recipient, and of the Recipient in its own right, to: (A) inspect by itself, or jointly with the Association, if the Association shall so request, the goods, works, and sites included in the Scholarship Activity, Apprenticeship, and / or 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 the Scholarship Activity, Apprenticeship, and / or Subproject; and (C) suspend or terminate the right of the Implementation Partner to use the proceeds of the Scholarship, Apprenticeship, and / or Subproject Grant, or obtain a refund of all or any part of the amount of the Scholarship, Apprenticeship, and / or Subproject Grant then withdrawn, as the case may be, upon failure by the Implementation Partner to perform any of its obligations under the Scholarship, Apprenticeship, and / or Subproject Grant Agreement; and
 - (viii) the payment of appropriate fees to the Implementation Partner for its services under the Scholarship Activity, Apprenticeship, and / or Subproject Grant Agreement, in accordance with the provisions of the Project Implementation Manual and the Administrative, Financial, and Accounting Manual.
- (b) The Recipient shall exercise its rights under the Scholarship, Apprenticeship, and / or Subproject Grant Agreement in such manner as to protect its interests and the interests of the Association and to accomplish the purposes of the Scholarship, Apprenticeship, and / or 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 aforementioned, or any provision thereof.

F. Safeguards

1. (a) The Recipient shall:
 - (i) adopt the Environmental and Social Management Framework, 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; and
 - (ii) ensure that the Project is carried out in accordance with the provisions of said Framework and any Environmental Management Plans; and
- (b) 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. Wherever required in terms of said Framework, the Recipient shall, for the purposes of any Subproject, and prior to implementation thereof, proceed to have an Environmental Management Plan, as the case may be,
 - (a) prepared in form and substance satisfactory to the Association,
 - (b) except as otherwise agreed with the Association, submitted to the Association for review and approval, and
 - (c) thereafter, adopted and locally disclosed.
3. Without limitation upon its other reporting obligations under Section II.A.1 (a) of this Schedule, the Recipient shall take all measures necessary on its part to regularly collect, compile, and submit to the Association, as part of the Project Report, reports on the status of compliance with said Framework and Plans, giving details of:
 - (a) measures taken in furtherance of said Framework and Plans;

- (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of said Framework and Plans; and
 - (c) remedial measures taken or required to be taken to address such conditions.
4. The Technical Coordination Team shall be responsible for the preparation, implementation, and monitoring and evaluation of said Framework and Plans, and, to this end, shall retain, as needed, particularly in relation to Part 3 (a) of the Project, the services of an environmental and social specialist, with qualifications, experience, and terms of reference satisfactory to the Association, who shall also supervise Implementation Partners in this regard.
5. In the event of any conflict between the provisions of said Framework or Plans, and those of this Agreement, the latter shall prevail.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. (a) 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 set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Association not later than 30 days after the end of the period covered by such report.
- (b) The performance indicators referred to above in sub-paragraph (a) consist of the following:

No.	Indicator
1.	Number of members of the National Liberation Forces and the National Liberation Forces – Dissidents demobilized or released from service out of the total number eligible (Adults disaggregated by gender and illness or disability, children disaggregated by gender and Armed Political Party and Movement affiliation)
2.	Percentage of recipients (or families, in the case of child recipients) of Transitional Subsistence Allowances reporting using the majority proportion of said Allowances to cover their and / or their dependents' basic needs (Adults disaggregated by gender, Ex-Combatant Group affiliation, and illness or disability, children disaggregated by gender, Ex-Combatant Group affiliation, and Armed Political Party and Movement affiliation)
3.	Percentage of Project beneficiaries reporting being in comparable economic circumstances to those of their community peers (Disaggregated by gender, adult or child, Armed Political Party and Movement affiliation, Ex-Combatant Group affiliation, and illness or disability (adults only))
4.	Percentage of Project beneficiaries reporting greater acceptance by their communities than during the first month following demobilization or release from service (Disaggregated by gender, adult or child, Armed Political Party and Movement affiliation, Ex-Combatant Group affiliation, and illness or disability (adults only))
5.	Number of disabled Ex-Combatants achieving medical progress as foreseen under their individual rehabilitation or treatment regimens (Disaggregated by gender, Ex-Combatant Group affiliation, Armed Political Party and Movement affiliation, and severity of disability)

B. Financial Management, Financial Reports and Audits

1. The Recipient shall: (a) adopt an Administrative, Financial, and Accounting Manual in form and substance satisfactory to the Association and setting out administrative, financial management, accounting, and disbursement arrangements for purposes of Project implementation; and (b) thereafter ensure that the Project is carried out in accordance with the provisions of said Manual.
2. 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.

3. To this end, the Recipient shall, no later than three (3) months after the Effective Date, automate the accounting function of the Technical Coordination Team.
4. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association, not later than 45 days after the end of each calendar quarter, interim un-audited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
5. 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.
6. 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 financial auditors, with qualifications, experience, and terms of reference satisfactory to the Association.

Section III. Procurement

A. General

1. **Goods.** All goods 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

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods.** 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) National Competitive Bidding
(b) Shopping
(c) Direct Contracting
(d) Force Account

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) Least Cost Selection
(b) Selection Based on Consultants’ Qualifications
(c) Single Source Selection
(d) Selection of Individual Consultants

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) Transitional Subsistence Allowances and Scholarship, Apprenticeship, and Subproject Grants	4,300,000	100% of amounts disbursed
(2) Goods, works, non-consulting services, consultants' services (including for audits), and Training	1,500,000	100
(3) Operating Costs	900,000	100
(4) Unallocated	3,400,000	
TOTAL AMOUNT	10,100,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$4,000,000 equivalent may be made for payments made prior to this date but on or after January 1, 2009, for Eligible Expenditures;
 - (b) under Categories (1) and (2), unless:
 - (i) the Recipient has established the Technical Coordination Team, and appointed to said Team the personnel referred to in Section I.A.5 of this Schedule; and
 - (iii) the Recipient has adopted the Project Implementation Manual, the Administrative, Financial, and Accounting Manual, and the Environmental and Social Management Framework.
2. The Closing Date is December 31, 2011.

Section V. Other Undertakings

A. Annual Work Plans and Budgets

The Recipient shall:

- (a) furnish to the Association for approval as soon as available, but in any case not later than November 30 of each year, the annual work plan and budget for the Project for each subsequent year of Project implementation, of such scope and detail as the Association shall have reasonably requested, except for the annual work plan and budget for the Project for the first year of Project implementation, which shall be furnished no later than one (1) month after the Effective Date; and
- (b) thereafter ensure that the Project is carried out in accordance with said plan and budget.

B. 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.1 (a) of this Schedule, 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.

C. Midterm Review

The Recipient shall:

- (a) carry out jointly with the Association, no later than 12 months after the Effective Date, a midterm review to assess the status of Project implementation, as measured against the performance indicators referred to in Section II.A.1 (a) of Schedule 2 to this Agreement. 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 in procurement and disbursement; (v) progress in 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 the 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 said report and the Association's views on the matter.

APPENDIX**Section I. Definitions**

1. “Administrative, Financial, and Accounting Manual” (*Manuel Administratif, Financier et Comptable*) means the Recipient’s manual, referred to in Section II.B.1 of Schedule 2 to this Agreement, 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 said Manual.
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.
3. “Apprenticeship” means a specific activity carried out under Part 3 (a) (ii) of the Project, financed or proposed to be financed through an Apprenticeship Grant (as hereinafter defined).
4. “Apprenticeship Grant” means a grant made or proposed to be made out of the proceeds of the Financing to finance an Apprenticeship.
5. “Apprenticeship Grant Agreement” means an agreement between the Recipient, represented by the Technical Coordination Team, and an Implementation Partner (as hereinafter defined), setting forth the terms and conditions governing an Apprenticeship Grant.
6. “Apprenticeship Grant Beneficiary” means an Ex-Combatant for whose benefit an Apprenticeship Grant is made to an Implementation Partner.
7. “Armed Political Party and Movement” means an organized armed group that engaged in military fighting between October 21, 1993 and November 16, 2003 against the Burundian Armed Forces in the territory of the Recipient.
8. “Burundian Armed Forces” (*Forces Armées Burundaises*) means the Recipient’s former armed forces.
9. “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.

10. “Emergency Demobilization, Reinsertion, and Reintegration Project” means the Recipient’s project, financed by the Association (Grant No. H0760 BU), the objective of which is to assist the Recipient in creating long-term sustainable social development and supporting macroeconomic stability in its territory, as elaborated in the Development Grant Agreement of April 2, 2004 between the Recipient and the Association relative to said Project.
11. “Environmental and Social Management Framework” (*Cadre de Gestion Environnementale et Sociale*) means the Recipient’s framework, referred to in Section I.F of Schedule 2 to this Agreement, 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.
12. “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, 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.
13. “Ex-Combatant” means: (i) an ex-combatant as defined under the Development Grant Agreement of April 2, 2004 between the Recipient and the Association relative to the Emergency Demobilization, Reinsertion, and Reintegration Project and demobilized under said Project (“Group 1 Ex-Combatant”); or (ii) a member of the National Liberation Forces or the National Liberation Forces – Dissidents fulfilling the criteria for combatant status set out in the Recipient’s Decree No. 100/112 of August 19, 2004 and demobilized under the Project (“Group 2 Ex-Combatant”).
14. “Ex-Combatant Group” means Group 1 Ex-Combatants collectively, or Group 2 Ex-Combatants collectively.
15. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).
16. “HIV / AIDS” means Human Immunodeficiency Virus / Acquired Immunodeficiency Virus.

17. “Implementation Partner” means a public enterprise or non-governmental organization appointed by the Recipient for purposes of implementation of Part 3 (a) of the Project.
18. “National Commission for Demobilization, Reinsertion, and Reintegration” (*Commission Nationale pour la Démobilisation, Réinsertion et Réintégration*) means the Recipient’s entity, under the supervisory authority of the Office of the President, established and operating pursuant to its Decrees No. 100/127 of August 28, 2003 and 100/180 of December 10, 2003, responsible for implementation and supervision of the Program.
19. “National Liberation Forces” (*Forces Nationales de la Libération*) means the former Armed Political Party and Movement transformed into a political party in April 2009.
20. “National Liberation Forces – Dissidents” (*Forces Nationales de la Libération – Dissidents*) means the former Armed Political Party and Movement comprising dissidents from the National Liberation Forces.
21. “Operating Costs” means the incremental operating costs under the Project, based on the annual work plans and budgets referred to in Section V.A of Schedule 2 to this Agreement as approved by the Association, and incurred by the National Commission for Demobilization, Reinsertion, and Reintegration on account of utilities and supplies, bank charges, communications, vehicle operation, maintenance, and insurance, office space rental, building and equipment maintenance, public awareness-related media expenses, travel and supervision, and salaries of contractual and temporary staff, but excluding salaries, fees, honoraria, and bonuses of members of the Recipient’s civil service.
22. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.
23. “Procurement Plan” (*Plan de Passation des Marchés*) means the Recipient’s procurement plan for the Project, dated May 21, 2009 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. “Program” means the program designed to address the Emergency through the demobilization, reinsertion, and reintegration of a large number of Ex-Combatants and set forth or referred to in the letter dated February 19, 2004 from the Recipient to the Association.
25. “Project Co-financing Multi-Donor Trust Fund” means the trust fund to be established for purposes of multi-donor co-financing for the Project.
26. “Project Co-financing Multi-Donor Trust Fund Grant Agreement” means the agreement to be entered into between the Recipient and the Association, acting as administrator of the Project Co-financing Multi-Donor Trust Fund, providing for the Project Co-financing Multi-Donor Trust Fund Grant (as hereinafter defined).
27. “Project Co-financing Multi-Donor Trust Fund Grant” means an amount of \$7,500,000 equivalent, to be provided by the Association, acting as administrator of the Project Co-financing Multi-Donor Trust Fund, to assist in financing the Project.
28. “Project Implementation Manual” (*Manuel d’Exécution du Projet*) means the Recipient’s manual, referred to in Section I.C of Schedule 2 to this Agreement, 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 said Manual.
29. “Scholarship Activity” means a specific activity carried out under Part 3 (a) (i) of the Project, financed or proposed to be financed through a Scholarship Grant (as hereinafter defined).
30. “Scholarship Grant” means a grant made or proposed to be made out of the proceeds of the Financing to finance a Scholarship Activity.
31. “Scholarship Grant Agreement” means an agreement between the Recipient, represented by the Technical Coordination Team, and an Implementation Partner, setting forth the terms and conditions governing a Scholarship Grant.
32. “Scholarship Grant Beneficiary” means an Ex-Combatant for whose benefit a Scholarship Grant is made to an Implementation Partner.
33. “Steering Committee” (*Comité de Pilotage*) means the Recipient’s entity referred to in Section I.A.3 of Schedule 2 to this Agreement.

34. “Subproject” means a specific activity carried out under Part 3 (a) (iii) of the Project, financed or proposed to be financed through a Subproject Grant (as hereinafter defined).
35. “Subproject Grant” means a grant made or proposed to be made out of the proceeds of the Financing to finance a Subproject.
36. “Subproject Grant Agreement” means an agreement between the Recipient, represented by the Technical Coordination Team, and an Implementation Partner, setting forth the terms and conditions governing a Subproject Grant.
37. “Subproject Grant Beneficiary” means an Ex-Combatant for whose benefit a Subproject Grant is made to an Implementation Partner.
38. “Technical Coordination Team” (*Équipe de Coordination Technique*) means the Recipient’s entity referred to in Section I.A.5 of Schedule 2 to this Agreement.
39. “Training” means the costs of training under the Project, based on the annual work plans and budgets referred to in Section V.A of Schedule 2 to this Agreement as 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.
40. “Transitional Subsistence Allowance” means a cash payment made to an Ex-Combatant under Part 2 (a) of the Project for purposes of reinsertion into civilian life and covering his and his family’s basic needs over a period of 12 months following demobilization.
41. “Transitional Subsistence Allowance Beneficiary” means an Ex-Combatant to whom or for whose benefit a Transitional Subsistence Allowance is provided or proposed to be provided.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. Section 2.07 is modified to read as follows:

“Section 2.07. *Refinancing Preparation Advance*

If the Financing Agreement provides for the repayment out of the proceeds of the Financing of an advance made by the Association or the Bank (“Preparation Advance”), the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Financing Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Association shall pay the amount so withdrawn to itself or the Bank, as the case may be, and shall cancel the remaining unwithdrawn amount of the advance.”

2. Paragraph (i) of Section 6.02 is modified to read as follows:

“Section 6.02. *Suspension by the Association*

... (1) *Ineligibility*. The Association or the Bank has declared the Project Implementing Entity ineligible to receive proceeds of any financing made by the Association or the Bank or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Association or the Bank, as a result of a determination by the Association or the Bank that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Association or the Bank.”

3. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:

- (a) The term “Project Preparation Advance” is modified to read “Preparation Advance” and its definition is modified to read as follows:

“‘Preparation Advance’ means the advance referred to in the Financing Agreement and repayable in accordance with Section 2.07.”

