

CONFORMED COPY

CREDIT NUMBER 3460 BU

Project Agreement

(Public Works and Employment Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

AGETIP BURUNDI

Dated February 14, 2001

CREDIT NUMBER 3460 BU

PROJECT AGREEMENT

AGREEMENT, dated February 14, 2001, between INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and AGETIP BURUNDI (AGETIP BURUNDI).

WHEREAS (A) by the Development Credit Agreement of even date herewith between the Republic of Burundi (the Borrower) and the Association, the Association has agreed to make available to the Borrower an amount in various currencies equivalent to thirty-one million three hundred thousand Special Drawing Rights (SDR 31,300,000), on the terms and conditions set forth in the Development Credit Agreement, but only on conditions that AGETIP BURUNDI agree to undertake such obligations toward the Association as are set forth in this Agreement;

(B) by a Convention to be entered into between the Borrower and AGETIP BURUNDI, part of the proceeds of the credit provided for under the Development Credit Agreement will be made available to AGETIP BURUNDI on the terms and conditions set

forth in the said Convention; and

WHEREAS AGETIP BURUNDI, in consideration of the Association's entering into the Development Credit Agreement with the Borrower, has agreed to undertake the obligations set forth in this Agreement

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Definitions

Section 1.01. Unless the context otherwise requires, the several terms defined in the Development Credit Agreement, the Preamble to this Agreement and in the General Conditions (as so defined) have the respective meanings therein set forth.

ARTICLE II

Execution of the Project

Section 2.01. (a) AGETIP BURUNDI declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Development Credit Agreement, and, to this end, shall carry out Parts A.1, A.2 and A.4 of the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering and environmental and community development practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Association and AGETIP BURUNDI shall otherwise agree, AGETIP BURUNDI shall carry out the Parts A.1, A.2 and A.4 of the Project in accordance with the Implementation Program set forth in Schedule 4 to the Credit Agreement.

Section 2.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for Parts A.1, A.2 and A.4 of the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to the Credit Agreement.

Section 2.03. (a) AGETIP BURUNDI shall carry out the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of the Project Agreement and Parts A.1, A.2 and A.4 of the Project.

(b) For the purposes of Section 9.06 of the General Conditions and without limitation thereto, AGETIP BURUNDI shall:

(i) prepare, on the basis of guidelines acceptable to the Association and furnish to the Association not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Association and AGETIP BURUNDI, a plan for the sustainability of the Project; and

(ii) afford the Association a reasonable opportunity to exchange views with AGETIP BURUNDI on the said plan.

Section 2.04. (a) Without limitation to its obligations under Section 2.01 of this Agreement, AGETIP BURUNDI shall duly perform all its obligations under the AGETIP

BURUNDI Convention.

(b) Except as the Association shall otherwise agree, AGETIP BURUNDI shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving the AGETIP BURUNDI Convention or any provision thereof.

Section 2.05. (a) AGETIP BURUNDI shall, at the request of the Association, exchange views with the Association with regard to the progress of the Project, the performance of its obligations under this Agreement, under the AGETIP BURUNDI Convention, and other matters relating to the purposes of the Credit.

(b) AGETIP BURUNDI shall promptly inform the Association of any condition which interferes or threatens to interfere with the progress of the Project, the accomplishment of the purposes of the Credit, or the performance by AGETIP BURUNDI of its obligations under this Agreement and under the AGETIP BURUNDI Convention.

ARTICLE III

Management and Operations of AGETIP BURUNDI

Section 3.01. AGETIP BURUNDI shall carry on its operations and conduct its affairs in accordance with sound administrative, financial, technical and environmental practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers.

Section 3.02. AGETIP BURUNDI shall at all times operate and maintain its offices, machinery, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound engineering, financial, technical and environmental practices.

Section 3.03. AGETIP BURUNDI shall take out and maintain with responsible insurers, or make other provision satisfactory to the Association for insurance against such risks and in such amounts as shall be consistent with appropriate practice.

ARTICLE IV

Financial Covenants

Section 4.01. (a) AGETIP BURUNDI shall establish and thereafter maintain a financial management system, including records and accounts, and prepare financial statements, all in accordance with accounting standards acceptable to the Association, consistently applied, adequate to reflect its operations and financial condition and to register separately the operations, resources and expenditures related to the Project.

(b) AGETIP BURUNDI shall:

(i) have its records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, in accordance with auditing standards acceptable to the Association, consistently applied, by independent auditors acceptable to the Association;

(ii) furnish to the Association as soon as available, but in any case not later than six months after the end of each such year: (A) certified copies of the financial statements referred to in paragraph (a) of this Section, for such year as so audited; and (B) an opinion on such statements and report of such audit, by the said auditors, of such scope and in such detail as the Association shall have reasonably requested;

(iii) furnish to the Association such other information concerning such records, accounts and financial statements, and the audit thereof, and concerning the said

auditors, as the Association may from time to time reasonably request; and

(iv) without limitation to its obligations under paragraphs (a) and (b) of this Section, AGETIP BURUNDI shall furnish to the Association, on a semiannual basis, the statements of expenditures and the audited financial statements for the AGETIP BURUNDI Special Account in respect of Parts A.1, A.2 and A.4 of the Project.

Section 4.02. (a) Without limitation upon the provisions of Section 4.01 of this Agreement, AGETIP BURUNDI shall carry out a time-bound action plan acceptable to the Association for the strengthening of the financial management system referred to in paragraph (a) of the said Section 4.01 in order to enable AGETIP BURUNDI, not later than 18 months after the Effective Date, or such later date as the Association shall agree, to prepare quarterly Project Management Reports, acceptable to the Association, each of which:

(i) (A) sets forth actual sources and applications of funds for the Project, both cumulatively and for the period covered by the said report, and projected sources and applications of funds for the Project for the six-month period following the period covered by the said report; and (B) shows separately expenditures financed out of the proceeds of the Credit during the period covered by the said report and expenditures proposed to be financed out of the proceeds of the Credit during the six-month period following the period covered by the said report;

(ii) (A) describes physical progress in Project implementation, both cumulatively and for the period covered by the said report; and (B) explains variances between the actual and previously forecast implementation targets; and

(iii) sets forth the status of procurement under the Project and expenditures under contracts financed out of the proceeds of the Credit, as at the end of the period covered by the said report.

(b) Upon the completion of the action plan referred to in paragraph (a) of this Section, AGETIP BURUNDI shall prepare, in accordance with guidelines acceptable to the Association, and furnish to the Association not later than 45 days after the end of each calendar quarter, a Project Management Report for such period.

ARTICLE V

Effective Date; Termination; Cancellation and Suspension

Section 5.01. This Agreement shall come into force and effect on the date upon which the Development Credit Agreement becomes effective.

Section 5.02. (a) This Agreement and all obligations of the Association and of AGETIP BURUNDI thereunder shall terminate on the earlier of the following two dates:

(i) the date on which the Development Credit Agreement shall terminate in accordance with its terms; or

(ii) the date 20 years after the date of this Agreement.

(b) If the Development Credit Agreement terminates in accordance with its terms before the date specified in paragraph (a) (ii) of this Section, the Association shall promptly notify AGETIP BURUNDI of this event.

Section 5.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.

ARTICLE VI

Miscellaneous Provisions

Section 6.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex or facsimile to the party to which it is required or permitted to be given or made at such party's address hereinafter specified or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For the Association:

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

Cable address:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI) or 64145 (MCI)	(202) 477-6391

For AGETIP BURUNDI:

The Director General
AGETIP BURUNDI
B.P. 420
Bujumbura
Burundi

Facsimile:
(257) 24.34 23

Section 6.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of AGETIP BURUNDI may be taken or executed by the Director General or such other person or persons as the Director General shall designate in writing, and AGETIP BURUNDI shall furnish to the Association sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 6.03. This Agreement may be executed in several counterparts, each of which shall be an original, and all collectively but one instrument.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Pamela Cox

Acting Regional Vice President
Africa

AGETIP BURUNDI

By /s/ Thomas Ndikumana

Authorized Representative

Schedule 1

Implementation Program

1. AGETIP BURUNDI shall carry out Parts A.1, A.2 and A.4 of the Project in accordance with the provisions of the PIM, including the AGETIP BURUNDI Manual of Procedures, and shall not amend or waive any provision thereof which, in the opinion of the Association, will materially or adversely affect the implementation of the Project.

2. AGETIP BURUNDI shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators satisfactory to the Association set forth in Schedule 6 to the Development Credit Agreement, the carrying out of Part A.1, A.2 and A.4 of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, no later than January 31 and July 31 of each year, a report 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 Parts A.1, A.2 and A.4 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 Parts A.1, A.2 and A.4 of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the Association, not later than 4 weeks after the submission of the report referred to in paragraph (b) of this Section, or such later date as the Association shall request, and, thereafter, take all measures required to ensure the efficient completion of Parts A.1, A.2 and A.4 of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Association's views on the matter.

