
GRANT NUMBER E2910-BI

Financing Agreement

(Access to Finance to Import Strategic Commodities Project)

between

REPUBLIC OF BURUNDI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between 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) apply to and form 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 a grant, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to thirty million one hundred thousand Special Drawing Rights (SDR 30,100,000) (“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 III of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.04. The Payment Dates are May 15 and November 15 in each year.
- 2.05. The Payment Currency is Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project and cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article V of the General Conditions, Schedule 2 to this Agreement and the Project Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Events of Suspension consist of the following, namely, that Law No. 1/34 dated December 2, 2008, has been amended, suspended, abrogated, repealed, or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under this Project.

(b) the Association's Electronic Address is:

Telex: Facsimile: E-mail:
248423 (MCI) 1-202-477-6391 burundiwb@worldbank.org

AGREED as of the Signature Date.

REPUBLIC OF BURUNDI

By

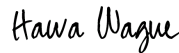


Authorized Representative

Name: H.E. Audace NIYONZIMA
Title: Minister of Finance, Budget and Economic Planning
Date: 25-Jan-2024

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Hawa Wague
Title: Country Manager
Date: 23-Jan-2024

SCHEDULE 1

Project Description

The objective of the Project is to increase access to trade finance to allow the Recipient to import Critical Commodities.

The Project consists of the following part:

1. Trade Finance Facility for Imports of Critical Commodities

Establishing a Trade Finance Facility for the purpose of de-risking importation of Critical Commodities, by providing contingent financing to Correspondent Banks to backstop or guarantee the payment obligations of the Participating Financial Institutions (PFIs) to the Correspondent Banks in case of occurrence of an Eligible Event or the PFIs default on their payment of Lines of Credit or other Eligible Instruments issued by the Correspondent Banks to the PFIs for importation of Critical Commodities.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

Project Implementing Entity

1. The Recipient shall: (a) designate the Project Implementing Entity with the overall responsibility for implementing the Project; and (b) ensure that the Project Implementing Entity has appointed a focal team in charge of reporting, monitoring and evaluation and environmental and social aspects with adequate resources, skills, experience and under terms of reference acceptable to the Association. No later than nine (9) months after the Effective Date, the Recipient shall cause the Project Implementing Entity to modify the terms of reference of the external auditor to include the specificity of this Project, in a manner acceptable to the Association.
2. Without limitation to the provisions of paragraph 1 above, the Recipient shall ensure that the Project Implementing Entity: (a) verifies the eligibility of the PFIs and Correspondent Banks to participate in the Project as set forth in the Verification Protocol and the PIM; (b) verifies that the PFIs have an ESMS in place acceptable to the Association; (c) compiles and submits to the Recipient and the Association documentation confirming default on payment of Letters of Credit or occurrence of Eligible Events in cases when they occur; (d) reports on all the trade finance transactions supported by the Project; and (e) takes appropriate sanctions against the defaulting PFIs.
3. The Recipient shall ensure that the Project Implementing Entity meets the costs incurred in connection with the implementation of the Project.
4. The Recipient shall, and shall cause the Project Implementing Entity to, establish and maintain throughout Project implementation, a technical committee, under terms of reference and with qualified and experienced members in adequate number, all satisfactory to the Association, as further detailed in the PIM, which shall oversee the Trade Finance Facility and meet on a semi-annual basis.

B. Project Implementation Manual

1. Without limitation to the provisions of Article V of the General Conditions, the Recipient shall cause the Project Implementing Entity to implement the Project in accordance with the Project Implementation Manual (“PIM”) which sets forth, *inter alia*: (i) procedures for implementation of the Project and institutional

arrangements, consistent with the provisions of this Agreement and with applicable laws and regulations and including timetables of actions required to be carried out under the Project, staffing, the fiduciary, technical and operational aspects; (ii) monitoring and evaluation arrangements including the Verification Protocol; (iii) model PFI Agreement and selection criteria for the PFIs; (iv) model Correspondent Bank Agreement and selection criteria for Correspondent Banks; (v) process for the actions to be taken against the defaulting PFIs; and (vi) eligibility criteria of importers.

2. Except as the Association shall otherwise agree in writing, the Recipient shall ensure that the Project Implementing Entity does not, amend, waive, suspend or abrogate any provision of the PIM and in case of any inconsistency between the provisions of the PIM and those of this Agreement, the provisions of this Agreement shall prevail.

C. Operation of the Trade Financing Facility and use of the Grant Proceeds

1. Upon a PFI's notification to the Recipient and the Project Implementing Entity of its issuance of a Letter of Credit (Eligible Instrument) to the Correspondent Bank in connection with the importation of Critical Commodities, the Recipient shall cause the Project Implementing Entity to: (a) verify that the PFI has an adequate ESMS in place acceptable to the Association to check the eligibility of importers; and (b) thereafter enter on behalf of the Recipient into the following agreements: (i) an agreement with the PFI (PFI Agreement) outlining the obligations of the parties (including the fee to access the Trade Financing Facility) in connection with the importation of the Critical Commodities and Guaranteed Amount to the Correspondent Bank; (ii) an agreement with the Correspondent Bank (Correspondent Bank Agreement) to confirm the payment of the agreed amount (Guaranteed Amount) in case the PFI defaults on its payment obligations to the Correspondent Bank.
2. In the event of occurrence of an Eligible Event or a PFIs failure to meet its payment obligations to the Correspondent Bank as shown in the Notice of Unpaid Claim, the Recipient shall ensure that the Project Implementing Entity verifies the default in accordance with the Verification Protocol, and thereafter issues a letter to the Recipient and the Association confirming that the Eligible Event has occurred prior to the Closing Date, accompanied by: (a) a copy of the Letter of Credit that was issued; (b) a copy of the Notice of Unpaid Claim; and (c) instructions to the Recipient and the Association that a payment of the Guaranteed Amount be made to the Correspondent Bank.
3. The Recipient shall cause the Project Implementing Entity to conduct its operations and affairs in accordance with consistently applied financial standards and practices acceptable to the Association.

D. Performance Standards

1. The Recipient shall cause the Project Implementing Entity to carry out the Project in accordance with the Performance Standards, the Exclusion List, and the ESAP, all in a manner acceptable to the Association.
2. Without limitation upon paragraph 1, the Recipient shall cause the Project Implementing Entity to ensure that:
 - (a) adequate resources are made available to ensure that the social and environmental performance of the Project is managed in a manner consistent with the ESAP, the Performance Standards and the Exclusion List;
 - (b) qualified and experienced staff in adequate numbers are retained to verify that the PFIs implement the ESMS in a manner acceptable to the Association;
 - (c) no later than thirty (30) days after the end of each calendar semester, covering the calendar semester, an environmental and social performance report shall be furnished to the Association, setting out, *inter alia*: (i) compliance with the Performance Standards and the Exclusion List; (ii) the status of implementation of the ESMSs by the PFIs; (iii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESMSs by the PFIs; (iii) corrective and preventive measures taken or required to be taken to address such conditions; (iv) details of Project-related complaints, and setting out the action being taken to ensure compliance and/or address Project-related complaints; and
 - (d) the Association is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, including, *inter alia*, cases of sexual exploitation and abuse, sexual harassment, fatalities or serious workplace related injuries, child labor, forced labor, as set out in the ESAP.
3. No later than thirty (30) days after the Effective Date, the Recipient shall cause the Project Implementing Entity to establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Association.

E. Verification Protocol.

1. The Recipient shall:
 - (a) ensure that the Project Implementing Entity prepares and provides verification reports with relevant data and any other evidence for: (i) monitoring and evaluation of the Eligible Events in case they occur; and (ii) verifying that the PFIs and Correspondent Bank have met their eligibility requirements in accordance with the Verification Protocol; and
 - (b) verify the results of the Project Implementing Entity regarding the occurrence of Eligible Events prior to advising the Association to disburse the Guaranteed Amounts to eligible Correspondent Banks.

Section II. Project Monitoring, Reporting and Evaluation

The Recipient shall ensure that the Project Implementing Entity prepares and furnishes to the Association each Project Report not later than one (1) month after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of the Proceeds of the Financing

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

| Category | Amount of the Grant Allocated (expressed in SDR) | Percentage of Expenditures to be Financed. (inclusive of Taxes) |
|---|---|--|
| (1) Eligible Payments from the Trade Finance Facility | 30,100,000 | 100% |
| TOTAL AMOUNT | 30,100,000 | |

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 Signature Date.
 - (b) under Category (1) to pay the Guaranteed Amount, unless and until the Recipient through the Project Implementing Entity has provided evidence satisfactory to the Association in accordance with the Verification Protocol that an Eligible Event has occurred or a PFI has defaulted on its payment obligations to a Correspondent Bank for a continuous period of fifteen (15) days from the date the payments were due.
2. Except as the Recipient and the Association may otherwise agree, the Recipient may request withdrawal(s) associated with a Letter of Credit or an Eligible Event described under Section III.B.1 (b) of Schedule 2 to this Agreement, for a cumulative amount not exceeding the Guaranteed Amount.
3. If the Association determines at any time that the Grant proceeds were not used for payments supported by the evidence provided by the Correspondent Bank through the Project Implementing Entity, in accordance with the Verification Protocol, the Recipient shall request the Project Implementing Entity to obtain additional evidence from the Correspondent Bank, or, if the Association shall so request, the Recipient shall ensure that the Correspondent Bank refunds the Association an amount equal to the amount of such payment. Unless the Association agrees, no further withdrawal shall be made to the Correspondent Bank, until the Correspondent Bank has provided such evidence or made such a refund as the case may be.
4. Refunds to the Association made pursuant to paragraph 3 above shall be credited to Category 1 for subsequent withdrawal or for cancellation in accordance with the provisions of this Agreement.
5. The Closing Date is January 31, 2026.

APPENDIX

Section I. Definitions

1. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, 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. “BRB” means *Banque de la République du Burundi*, the Recipient’s central bank, as established and operating under the Recipient’s Law No. 1/34 dated December 02, 2008, or any successor thereto acceptable to the Association.
3. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
4. “Critical Commodities” means fertilizer, pharmaceuticals (including vaccines, laboratory products and medical equipment, as well as raw materials for medicines) and potentially other strategic goods selected by the Recipient with the Association’s prior written approval.
5. “Correspondent Bank Agreement” means the agreement referred to in Section I.C.1 (a) of Schedule 2 to the Agreement, as said agreement may be amended from time to time with the Association’s prior written concurrence.
6. “Correspondent Banks” means a bank that meets the criteria under the PIM including advising and confirming a Letter of Credit from the PFI for Critical Commodities and effecting payment to the exporters for the Critical Commodities under the Project.
7. “Eligible Event” means the occurrence of the withdrawal condition set forth in Section III.B.1(b) of Schedule 2 to this Agreement.
8. “Eligible Instruments” means Letter of Credit, advance payment guarantees trade-related promissory notes and bills of exchange, bid and performance bonds, advance payment guarantees, supplier credits for the import of capital goods.
9. “Eligible Payment from the Trade Finance Facility” means a payment obligation made by the Association on behalf of the Recipient on the Guaranteed Amount.
10. “Environmental and Social Action Plan” or “ESAP” means the plan, dated December 8, 2023, detailing actions to be carried out or caused to be carried out by the Recipient, as the case may be, in accordance with the Performance Standards, as such plan may be amended from time to time with prior written agreement of the Association.

11. “Environmental and Social Management System” or “ESMS” is a system for identifying, assessing, managing, and monitoring of the environmental and social risks and impacts of for the PFIs and Commitment Banks on an ongoing basis.
12. “Exclusion List” means the excluded situations, conditions and activities outlined in the ESAP, the Project Operations Manual and the Annex to this Agreement.
13. “FX” means foreign exchange.
14. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (last revised on July 15, 2023).
15. “Guaranteed Amount” means the amount agreed to be paid by the Project Implementing Entity on behalf of the Recipient in case a PFI defaults in paying for a Letter of Credit or an Eligible Event occurs.
16. “Letter of Credit” means a letter from a bank guaranteeing that a buyer’s payment will be received on time and for the correct amount.
17. “Participating Financial Institutions” means the Burundian commercial banks registered in the Recipient’s territory and any other financial institutions approved by the Recipient to participate in the Project with the Association’s prior written concurrence.
18. “PFI Agreement” means the agreement referred to in Section I.C.1 (a) of Schedule 2 to the Agreement, as said agreement may be amended from time to time with the Association’s prior written concurrence.
19. “Project Implementation Manual” means the manual prepared by the Project Implementing Entity, satisfactory to the Association and referred to in Section I.B of Schedule 2 to the Financing Agreement, as the same may be amended from time to time with the Association’s prior written concurrence.
20. “Notice of Unpaid Claim” means the notice submitted by the Correspondent Bank consistent with the Verification Protocol, informing the Recipient and the Project Implementing Entity of the IPFs failure to pay, when due, any amounts to the Correspondent Bank guaranteed by the Project Implementing Entity in respect of an Eligible Instrument or Letter of Credit in connection with the purchase of Critical Commodities.
21. “Project Implementing Entity” means BRB.

22. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.
23. “Trade Finance Facility” means the facility established by the Recipient to pay the Guaranteed Amount to the Correspondent Banks in case the PFIs default on paying for the Lines of Credit or any other Eligible Instrument in connection with the importation of Critical Commodities.
24. “Verification Protocol” means the protocol for verification of occurrence of Eligible Events, determination of the eligibility of the PFIs and Correspondent Banks and use of Grant proceeds set forth in the PIM.

EXCLUSION LIST

This trade finance operation does not finance the following:

- any formulated pesticide products that meet the criteria of carcinogenicity, mutagenicity, or reproductive toxicity as set forth by relevant international agencies;
- commodities that (a) the Recipient lacks restrictions on their distribution, management, and use; or (b) they are likely to be used by, or be accessible to, lay personnel, farmers, or others without training, equipment, and facilities to handle, store, and apply these products properly;
- fertilizers that are not authorized for use on the crops and livestock, or for the use patterns, for which they are intended under the Project;
- medicines that are not authorized for use in the Recipient's territory;
- That results in long-term, permanent and/or irreversible negative impacts (e.g., loss of major natural habitat).
- That involves the transformation or degradation of critical natural habitats and may result in the loss of biodiversity, including any official protected natural areas, such as national parks and other protected areas or can cause degradation of critical habitats.
- That have a high probability of causing serious adverse effects on human health and / or the environment.
- That include activities that may have significant adverse social impacts and may give rise to discrimination, marginalization, or significant social conflict between communities.
- That cause or lead to child abuse, child labor exploitation, forced labor or human trafficking.
- That result in involuntary resettlement, including physical or economic displacement, restrictions on land use, or access to legally designated parks and protected areas, or large-scale land use changes.
- That have significant risks and/or adverse impacts on sensitive cultural communities, receptors, or that could damage non-replicable cultural heritage or property.
- That impact land owned or claimed by Historically Disadvantaged Local Communities and /or Indigenous Peoples without complete and documented free, prior, and informed consent of such communities.
- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where the Association considers the radioactive source to be trivial and/or adequately shielded.

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's, wildlife or products regulated under CITES.
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All financial intermediaries (FIs), except those engaged in activities specified below*, must apply the following exclusions, in addition to Exclusion List:

- Production or activities involving harmful or exploitative forms of forced labor¹/harmful child labor.²
- Commercial logging operations for use in primary tropical moist forest.
- Production or trade in wood or other forestry products other than from sustainably managed forests.

***Trade finance** projects, given the nature of the transactions, FIs will apply the following items in addition to the Exclusion List:

- Production or activities involving harmful or exploitative forms of forced labor¹/harmful child labor.²

¹ Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.

² Harmful child labor means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development.