

Public Disclosure Authorized

CONFORMED COPY

GRANT NUMBER H485-BI

Financing Agreement

(Public Works and Urban Management Project)

between

REPUBLIC OF BURUNDI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 7, 2009

GRANT NUMBER H485-BI

FINANCING AGREEMENT

AGREEMENT dated July 7, 2009 entered into between the REPUBLIC OF BURUNDI (“Recipient”) and the 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 thirty million one hundred thousand Special Drawing Rights (30,100,000) (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 The Maximum Commitment Charge Rate payable by the Recipient on the Un-withdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.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 Ministry of Public Works and Equipment 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 — EFFECTIVENESS; TERMINATION

- 4.01. The Additional Conditions of Effectiveness consist of the following:
 - (a) The Umbrella Delegated Contract Management Agreement, in form and substance satisfactory to the Association, has been executed on behalf of the Recipient and ABUTIP.
 - (b) The Recipient has appointed an internal financial auditor, with qualifications, experience, and terms of reference satisfactory to the Association, in accordance with the provisions of Section III of Schedule 2 to this Agreement, for purposes of Project implementation and monitoring and evaluation.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 4.03. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

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

5.02. The Recipient's Address is:

Ministry of Finance
P. O. Box 1830
Bujumbura
Burundi

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

5.03. The Association's Address is:

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

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI)	1-202-477-6391

AGREED at Bujumbura, 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 increase access to basic socioeconomic services and short-term employment opportunities in target areas.

The Project consists of the following parts:

1. Infrastructure

Rehabilitation and expansion of the following infrastructure through the carrying out of Subprojects:

- (a) Communal and community demand-driven infrastructure, such as roads, markets, water supply and sanitation systems, communal buildings, schools, health and social centers, erosion control and environmental systems, and quarries, in the Recipient's Communes.
- (b) City-level trunk infrastructure, such as roads, central markets, bus stations, sanitation systems, and city halls, in Bujumbura, Gitega, and Ngozi cities.

2. Municipal and Urban Management

Capacity building of communal staff, principally in Bujumbura, Gitega, and Ngozi, in the following areas through the acquisition of goods and the provision of consultants' services and Training:

- (a) Infrastructure and services programming, development, and maintenance, including development of programming tools such as city-level urban and financial audits and performance-based contract management, acquisition of digital maps, development of a strategic sanitation plan and a priority investment program for Bujumbura, development and monitoring of a maintenance program, provision of training in procurement, project management, and environmental and disaster management, carrying out of infrastructure and facilities management, and provision of information technology and office equipment support.

- (b) Taxpayer identification and management of revenue-generating facilities for purposes of communal resource mobilization, including updating of the local fiscal base and development of management models for revenue-generating facilities, such as markets and bus stations targeted under Part 1 of the Project.
- (c) Municipal administrative and financial management, including preparation of local budgets and charts of accounts and budget and accounting procedures manuals, production of administrative and management accounts and financial statements, provision of training in budget preparation, execution, monitoring, and control, evaluation of existing accounting and financial management software, updating of administrative procedures manuals, computerization of registries, and provision of information technology and office equipment support.

3. Institutional Strengthening and Monitoring and Evaluation

Carrying out of the following activities through the acquisition of goods, the provision of consultants' services and Training, and the financing of Operating Costs:

- (a) Capacity building of institutional partners in communal development, including development of a knowledge database of local financial and fiscal data, and a preparation study for local tax reform, for the Directorate of Communal Finance, development of programming tools complementing Communal Development Plans for the National Fund for Communal Investment, facilitation of exchanges between the Burundian Association of Local Representatives and other similar entities, and development of improved urban planning tools for, and provision of training in the area to, the Directorate of Urban Planning.
- (b) Capacity building of local private actors in the construction sector in project management, technical standards, quality control, environmental and social management, and on-site HIV / AIDS prevention.
- (c) Project, including any Subproject, implementation, management, and monitoring and evaluation, including implementation and monitoring and evaluation of environmental and social safeguards measures, and carrying out of audits, information, education, and communication activities, and capacity building of Technical Secretariat and ABUTIP staff.

SCHEDULE 2**Project Execution****Section I. Implementation Arrangements****A. Institutional Arrangements**

1. The Ministry of Public Works and Equipment shall be responsible for Project implementation and management in accordance with the following arrangements.

Technical Committee

2. The Recipient shall maintain, throughout Project implementation, the Technical Committee, with a composition, an institutional framework, functions and resources satisfactory to the Association for purposes of Project implementation.
3. The Technical Committee shall be responsible for the provision of overall strategic orientation to the Project and ensuring the equitable distribution of Subprojects across the territory of the Recipient. As such, it shall ensure Project implementation and feasibility in accordance with the annual work plans and budgets referred to in Section V.B of this Schedule and examine the Project Reports referred to in Section II.A.1 (a) of this Schedule.

Technical Secretariat

4. The Recipient shall maintain, throughout Project implementation, the Technical Secretariat, with an institutional framework, functions, and resources satisfactory to the Association for purposes of Project implementation, including staff with qualifications, experience and terms of reference satisfactory to the Association.
5. Without prejudice to the provisions of paragraph 4 of this Section, the Technical Secretariat shall be responsible for day-to-day Project, including Subproject, implementation, management, and monitoring and evaluation, including financial and administrative management, and implementation of the Umbrella Delegated Contract Management Agreement with ABUTIP.

B. Umbrella Delegated Contract Management Agreement

1. To facilitate the carrying out of Part 1 of the Project, the Recipient, represented by the Ministry of Public Works and Equipment, shall enter into an agreement with ABUTIP (“Umbrella Delegated Contract Management Agreement”), under terms and conditions approved by the Association, which shall include the following:
 - a) the obligation of ABUTIP to carry out procurement, quality control, and implementation of applicable safeguards instruments under Part 1 of the Project;
 - b) the obligation of ABUTIP to ensure that Part 1 of the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines;
 - c) the obligation of ABUTIP to ensure that Part 1 of the Project is implemented in accordance with the provisions of the Project Implementation 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;
 - d) the obligation of ABUTIP to ensure that Part 1 of the Project is carried out in accordance with the provisions of the Environmental and Social Management Framework, the Resettlement Policy Framework, any Environmental Management Plans, and any Resettlement Action 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;
 - e) the obligation of ABUTIP to ensure that procurement of the goods, works, and services required for Part 1 of the Project is carried out in accordance with the provisions of Section III of this Schedule, as said provisions may be further elaborated in the Procurement Plan;
 - f) the obligation of ABUTIP to: (A) enter into a Subproject Delegated Contract Management Agreement with each Beneficiary; and (B) carry out procurement, quality control, and implementation of applicable safeguards instruments under the respective Subproject or package of Subprojects in accordance with the provisions of said Agreement; and

- g) the payment of appropriate fees to ABUTIP for its services, both under the Umbrella Delegated Contract Management Agreement and the Subproject Delegated Contract Management Agreements, in accordance with the provisions of the Project Implementation Manual.
- 2. The Recipient shall exercise its rights under the Umbrella Delegated Contract Management Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing, 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.

C. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Subprojects

1. General

- (a) Without prejudice to the provisions of Section I.A.3 and 5 of this Schedule, the Technical Secretariat shall review and appraise Subproject proposals, prior to having them submitted for approval by the Technical Committee, and thereafter monitor and evaluate Subprojects on behalf of the Recipient in accordance with the provisions of this Part D and the Project Implementation Manual.
- (b) The Technical Committee shall approve Subprojects following their approval in the first instance by the Technical Secretariat.
- (c) The Technical Secretariat shall ensure that Subprojects are carried out in accordance with the provisions of the Umbrella Delegated Contract Management Agreement.

2. Subproject Grant Eligibility and Subproject Implementation Guidelines and Procedures

No proposed Subproject shall be eligible for financing under the Project unless, on the basis of an appraisal conducted in accordance with this Part D and the Project Implementation Manual, the proposed Subproject 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 Subproject has been initiated by a Commune;
- (b) the proposed activities satisfy the requirements of Part 1 of the Project as described in further detail in the Project Implementation Manual;
- (c) the cost of the proposed Subproject is at least Burundian Francs 120 million, with the exception of Subprojects under Part 1 (a) of the Project relating to erosion control and environmental systems, the cost of which may be lower;
- (d) the proposed Subproject is consistent with the respective Communal Development Plan, and, in the case of a Subproject relating to a school or health center, the national sanitation or school program, as the case may be;
- (e) the proposed Subproject complies with the: (i) Environmental and Social Management Framework; (ii) Resettlement Policy Framework; (iii) any Environmental Management Plan; and (iv) any Resettlement Action Plan;
- (f) the proposed Subproject is consistent with the relevant technical, engineering, and environmental standards and national sector policies;
- (g) the Beneficiary's contribution to the projected Subproject costs in cash or in kind is in accordance with the provisions of the Project Implementation Manual;
- (h) the Beneficiary has put in place all necessary arrangements, including financial and human resources, for the management of the proposed Subproject and a plan for its maintenance following completion; and

- (i) in the case of a Beneficiary who received subproject financing under the Public Works and Employment Project, it shall have implemented said subproject satisfactorily and in accordance with the requirements of the subproject financing.

3. Terms and Conditions of Subproject Grant Agreements

- (a) A Subproject shall be carried out pursuant to a Subproject Grant Agreement, to be concluded between the Technical Secretariat on behalf of the Recipient, ABUTIP, and the respective Beneficiary, 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 Subproject, its budget, and applicable performance indicators;
 - (ii) the provision of the Subproject Grant on a grant basis;
 - (iii) the obligation of ABUTIP and the Beneficiary to enter into a Subproject Delegated Contract Management Agreement with ABUTIP; and of ABUTIP to carry out the Subproject in accordance with the provisions of said Agreement;
 - (iv) the obligation of the Beneficiary to contribute part of the projected Subproject costs in cash or in kind in accordance with the provisions of the Project Implementation Manual and, in the case of a cash contribution, to make available, prior to execution of the Subproject Delegated Contract Management Agreement, the full cash contribution or an initial down-payment, with any balance to be provided in one (1) or more subsequent installments, as the case may be, in accordance with the provisions of said Agreement;
 - (v) the obligation of ABUTIP to: (A) carry out the Subproject with due diligence and efficiency and in accordance with sound technical, financial, administrative, and environmental practices; and (B) 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;

- (vi) the obligation of the Beneficiary to: (A) ensure that the resources required for the Subproject are provided promptly as needed; and (B) maintain adequate records to reflect, in accordance with sound accounting practices, the resources, operations, and expenditures relating to the Subproject;
- (vii) the obligation of ABUTIP to carry out the Subproject in accordance with the provisions of the Anti-Corruption Guidelines;
- (viii) the obligation of ABUTIP to carry out the Subproject in accordance with the provisions of the Project Implementation Manual;
- (ix) the obligation of ABUTIP to carry out the Subproject in accordance with the provisions of (A) Environmental and Social Management Framework; (B) Resettlement Policy Framework; (C) any Environmental Management Plan; and (D) any Resettlement Action Plan;
- (x) the obligation of ABUTIP to ensure that the goods, works, and consultants' services to be financed from the proceeds of the 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 Subproject; and
- (xi) the right of the Technical Secretariat, 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, sites, plants, and construction included in the 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 Subprojects; and (C) suspend or terminate the right of ABUTIP to use the proceeds of the Subproject Grant, or obtain a refund of all or any part of the amount of the Subproject Grant then withdrawn, as the case may be, upon failure by ABUTIP to perform any of its obligations under the Subproject Grant Agreement; and

(xii) the obligation of the Beneficiary to monitor Subproject implementation and operationalize it following completion.

(b) The Recipient, or the Technical Secretariat, as the case may be, shall exercise its rights under the Subproject Grant Agreement in such manner as to protect its interests and the interests of the Association and to accomplish the purposes of the Subproject Grant, and, except as the Association shall otherwise agree, neither the Recipient nor the Technical Secretariat shall assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.

E. Manual

1. The Recipient shall: (i) ensure that the Project, including any Subprojects, is carried out in accordance with the Project Implementation Manual; and (ii) except as the Association shall otherwise agree, not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.
2. In the event of any conflict between the provisions of the Project Implementation Manual and those of this Agreement, the latter shall prevail.

F. Safeguards

1. The Recipient shall ensure that the Project, including any Subprojects, shall be carried out in accordance with the provisions of the Environmental and Social Management Framework, Resettlement Policy Framework, any Environmental Management Plans, and any Resettlement Action Plans, 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.
2. Wherever required in terms of the Environmental and Social Management Framework or Resettlement Policy Framework, the Recipient shall, for the purposes of any Subproject, and prior to implementation thereof, proceed to have an Environmental Management Plan or Resettlement Action 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. In the event of any conflict between the provisions of the Environmental and Social Management Framework, the Resettlement Policy Framework, any Environmental Management Plans, or any Resettlement Action Plans, and those of this Agreement, the latter shall prevail.
- 4. 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, on a quarterly basis, reports on the status of compliance with the Environmental and Social Management Framework and Resettlement Policy Framework, and Environmental Management Plans and Resettlement Action Plans, if any, giving details of:
 - (a) measures taken in furtherance of such Environmental and Social Management Framework and Resettlement Policy Framework, and Environmental Management Plans and Resettlement Action Plans, if any;
 - (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Environmental and Social Management Framework and Resettlement Policy Framework, and Environmental Management Plans and Resettlement Action Plans, if any; and
 - (c) remedial measures taken or required to be taken to address such conditions.
- 5. The Technical Secretariat shall be responsible for the implementation and monitoring and evaluation of said Frameworks and Plans.

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 45 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
	Project Objective
1.	Percentage of population with access to an all-season road
2.	Percentage of population with access to improved market facilities
3.	Number of persons with access to improved school and health facilities
4.	Number of person-days of short-term employment created through public works

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association as part of the Project Report, interim un-audited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (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.

Section III. Procurement

A. General

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

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

C. Particular Methods of Procurement of Consultants’ Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants’ Services.** The following table specifies methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method
(a) 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 (exclusive of Taxes)
(1) Goods, works, non-consulting services, consultants’ services (including audits), Training, and Operating Costs under the Project (Parts 2, and 3 of the Project)	3,500,000	100
(2) Subprojects (Part 1 of the Project)	22,100,000	100% of amounts disbursed
(3) Refund of Project Preparation Advance	400,000	Amount payable pursuant to Section 2.07 of the General Conditions
(4) Unallocated	4,100,000	
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 for payments made prior to the date of this Agreement.
2. The Closing Date is December 31, 2014.

Section V. Other Undertakings

A. Financial Auditors

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, for purposes of the audit referred to in Section II.B.3 of this Schedule.

B. 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 plans and budgets.

C. 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.

D. Midterm Review

The Recipient shall:

- (a) carry out jointly with the Association, no later than 30 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 on procurement and disbursement; (v) progress on 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 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 the said report and the Association's views on the matter.

APPENDIX

Section I. Definitions

1. “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.
2. “Beneficiary” means a Commune (as hereinafter defined) to which or for whose benefit a Subproject Grant (as hereinafter defined) is made or proposed to be made for the carrying out of a Subproject (as hereinafter defined).
3. Burundian Agency for Implementation of Public Interest Works (*Agence Burundaise pour la Réalisation des Travaux d’Intérêt Public*, ABUTIP) means the Recipient’s enterprise established and operating pursuant to its Ministerial Ordinance No. 530/897 of June 27, 2003.
4. “Burundian Association of Local Representatives” (*Association Burundaise des Élus Locaux*) means the entity, established and operating pursuant to the Recipient’s Law No. 01/11 of April 18, 1992, the objective of which is to safeguard the functioning of local government and strengthen communal administration and good local governance.
5. “Burundian Franc” (*Franc Burundais*) means the currency of the Recipient.
6. “Communal Development Plan” (*Plan Communal de Développement Communautaire*) means the plan prepared by a Commune (as hereinafter defined) pursuant to the Recipient’s Law No. 1/016 of April 20, 2005 and outlining its priority development needs for a given period of five (5) years.
7. “Commune” (*Commune*) means an administrative subdivision of the Recipient, established pursuant to its Law No. 1/16 of April 20, 2005.
8. “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.
9. “Directorate of Communal Finance” (*Direction des Finances Communales*) means the Recipient’s entity, under the supervisory authority of the Ministry for Communal Development (as hereinafter defined), responsible for communal finance.

10. “Directorate of Urban Planning” (*Direction de l’Urbanisme*) means the Recipient’s entity, under the supervisory authority of the Ministry of Water, Environment, Land Planning, and Urban Planning (as hereinafter defined), responsible for urban planning.
11. “Environmental and Social Management Framework” (*Cadre de Gestion Environnementale et Sociale*) means the Recipient’s framework, dated March 22, 2009, 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 Project activities, offset them, or reduce them to acceptable levels, or enhance positive impacts, including in relation to medical waste management in the case of health centers targeted under the Project, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any schedules 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, including in relation to medical waste management in the case of health centers targeted under a Subproject, 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. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).
14. “Ministry of Communal Development” (*Ministère du Développement Communal*) means the Recipient’s ministry at the time responsible for communal development.
15. “Ministry of Public Works and Equipment” (*Ministère des Travaux Publics et de l’Équipement*) means the Recipient’s ministry at the time responsible for public works and equipment.

16. “Ministry of Water, Environment, Land Planning, and Urban Planning” (*Ministère de l’Eau, de l’Environnement, de l’Aménagement du Territoire et de l’Urbanisme*) means the Recipient’s ministry at the time responsible for water, environment, land planning, and urban planning.
17. “National Fund for Communal Investment” (*Fonds National d’Investissement Communal*) means the Recipient’s entity, under the supervisory authority of the Ministry for Communal Development, established and operating pursuant to the Recipient’s Decree No. 100/260 of August 30, 2007, and the objective of which is to mobilize, channel, and manage internal and external funds for purposes of local development.
18. “Operating Costs” means the incremental operating costs under the Project, based on the annual work plans and budgets referred to in Section V.B of Schedule 2 to this Agreement as approved by the Association, and incurred by the Technical Secretariat 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.
19. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
20. “Procurement Plan” (*Plan de Passation des Marchés*) means the Recipient’s procurement plan for the Project, dated April 8, 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.
21. “Project Implementation Manual” (*Manuel d’Exécution du Projet*) means the Recipient’s manual, dated April 2009, agreed with the Association and outlining implementation, organizational, administrative, monitoring and evaluation, environmental and social monitoring and mitigation, financial management, disbursement, and procurement arrangements for purposes of Project implementation, as the same may be amended from time to time with the prior written agreement of the Association, and such term includes any schedules to said Manual.

22. “Public Works and Employment Project” means the Recipient’s project financed by the Association (Credit No. 3460 BU and Grant No. H198 BU) whose objectives are to: (i) generate productive employment to help reconstruction in the Recipient’s territory through labor-intensive public works; (ii) promote the execution of cost-effective and economically and socially useful public works projects, including through small and medium enterprises; and (iii) building institutional capacity at the municipal level to identify, prioritize, operate, and maintain subprojects.
23. “Resettlement Action Plan” (*Plan d’Action de Réinstallation*) means the Recipient’s plan, to be agreed with the Association and setting out the arrangements, including related compensation measures, to be applied in the event of the physical or economic displacement of persons affected by activities to be implemented under a Subproject in accordance with the provisions of the Resettlement Policy Framework (as hereinafter defined), 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.
24. “Resettlement Policy Framework” (*Cadre de Politique de Réinstallation*) means the Recipient’s framework, dated March 22, 2009, agreed with the Association and setting out the arrangements, including related compensation measures, to be applied in the event of the physical or economic displacement of persons affected by activities to be implemented under the Project, 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.
25. “Subproject” means a specific activity carried out under Part 1 of the Project, financed or proposed to be financed through a Subproject Grant (as hereinafter defined).
26. “Subproject Delegated Contract Management Agreement” means an agreement between a Beneficiary and ABUTIP pursuant to which ABUTIP shall carry out contract management, specifically procurement, quality control, and implementation of applicable safeguards instruments under a Subproject or a package of Subprojects.
27. “Subproject Grant” means a grant made or proposed to be made out of the proceeds of the Financing to finance a Subproject.
28. “Subproject Grant Agreement” means an agreement between the Recipient, represented by the Technical Secretariat, and a Beneficiary, setting forth the terms and conditions governing a Subproject Grant.

29. “Technical Committee” (*Comité Technique*) means the Recipient’s entity, under the supervisory authority of the Ministry of Public Works and Equipment, established and operating pursuant to the Recipient’s Decision No. 720/53 of February 1, 2002.
30. “Technical Secretariat” (*Secretariat Technique*) means the Recipient’s entity, under the supervisory authority of the Ministry of Public Works and Equipment, established and operating pursuant to the Recipient’s Decision of April 25, 2001, and which is responsible for the provision of technical assistance, training, and advisory services to municipalities in project identification, programming, operation, and maintenance.
31. “Training” means the costs of training under the Project, based on the annual work plans and budgets referred to in Section V.B of Schedule 2 to this Agreement, 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.
32. “Umbrella Delegated Contract Management Agreement” means the agreement between the Recipient and ABUTIP pursuant to which ABUTIP shall carry out contract management, specifically procurement and quality control, under Part 1 of the Project.

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.”
