

**CONFORMED COPY**

**CREDIT NUMBER 3287 BU  
GRANT NUMBER H033 BU**

# **Development Grant Agreement**

**(Second Social Action Project – Supplemental Financing)**

**between**

**REPUBLIC OF BURUNDI**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated April 14, 2003**

**CREDIT NUMBER 3287 BU**  
**GRANT NUMBER H033 BU**

## **DEVELOPMENT GRANT AGREEMENT**

AGREEMENT, dated April 14, 2003, between REPUBLIC OF BURUNDI (the Recipient) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Recipient and the Association have entered into a Development Credit Agreement (Second Social Action Project) dated October 28, 1999, as amended from time to time (the Development Credit Agreement), for the purpose of assisting in the financing of the project described in Schedule 2 to the Development Credit Agreement (the Project);

(B) the Project is carried out by Twitezimbere with the Recipient's assistance, and, as part of such assistance, the Recipient has made available to Twitezimbere the proceeds of the Credit as provided in the Development Credit Agreement;

(C) the Recipient has requested the Association to provide further additional assistance in support of the Project by increasing the amount made available under the Development Credit Agreement by an amount in various currencies equivalent to ten million three hundred thousand Special Drawing Rights (SDR 10,300,000);

(D) the Association was authorized under Resolution No. 549, adopted by its Board of Governors on September 29, 2002, to use the funds transferred to the Association out of the Bank's fiscal year 2002 net income to provide financing in the form of grants and the development grant set forth in Section 2.01 of this Agreement (the "Grant") is being financed out of the funds so transferred;

(E) the Project supported by the Grant will be carried out by Twitezimbere with the Recipient's assistance, and, as part of such assistance, the Recipient will make available to Twitezimbere the proceeds of the Grant as provided in this Agreement; and

WHEREAS the Association has agreed, on the basis, *inter alia*, of the foregoing, to extend the Grant to the Recipient upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

## **ARTICLE I**

### **General Conditions; Definitions**

Section 1.01. (a) The following provisions of the “General Conditions Applicable to Development Credit Agreements” of the Association, dated January 1, 1985 (as amended through October 6, 1999), with the modifications set forth in paragraph (b) of this Section (the General Conditions), constitute an integral part of this Agreement:

- (i) Article I;
  - (ii) Article II;
  - (iii) Section 3.01;
  - (iv) Sections 4.01, 4.02, 4.05 and 4.06;
  - (v) Article V;
  - (vi) Sections 6.01, 6.02, 6.03, 6.04 and 6.06;
  - (vii) Article VIII;
  - (viii) Article IX;
  - (ix) Article X;
  - (x) Article XI; and
  - (xi) Sections 12.01, 12.02, 12.03, 12.04 and 12.05.
- (b) The General Conditions shall be modified as follows:
- (i) the term “Borrower”, wherever used in the General Conditions, means the Recipient;
  - (ii) the term “Development Credit Agreement”, wherever used in the General Conditions, means this Agreement;
  - (iii) the term “Credit” and “credit”, wherever used in the General Conditions, means the Grant; and
  - (iv) the term “Credit Account”, wherever used in the General Conditions, means the Grant Account.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions, in the Preamble to this Agreement and in the Development Credit Agreement, as amended, have the respective meanings therein set forth:

(a) "Agreement Amending the Project Agreement" means the agreement between the Association and Twitezimbere of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Agreement Amending the Project Agreement;

(b) "Amendment to the Convention" means the amendment modifying the Convention to include the proceeds of the supplemental financing through the Grant;

(c) "Development Credit Agreement" means the agreement dated October 28, 1999 for the Project, between the Recipient and the Association, as such agreement may be amended from time to time, and such term includes the "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985 (as amended through December 2, 1997);

(d) "Financial Monitoring Report" or "FMR" means each report prepared in accordance with Section 3.03 (a) of this Agreement; and

(e) "Social and Environmental Risk Management Plan" means the plan providing for mitigation measures for potential negative environmental and social impacts of the Project, acceptable to the Association and referred to in paragraph (d) of Section 3.01 of this Grant Agreement as the same may be amended from time to time.

## **ARTICLE II**

### **The Grant**

Section 2.01. The Association agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, an amount in various currencies equivalent to ten million three hundred thousand Special Drawing Rights (SDR 10,300,000).

Section 2.02. (a) The amount of the Grant may be withdrawn from the Grant Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable costs of goods, works and services required for the Project and to be financed out of the proceeds of the Grant.

(b) The Recipient may, for the purpose of the Project, open and maintain in dollars a special deposit account in BRB on terms and conditions satisfactory to the Association. Deposits into, and payments out of the Special Account shall be made in accordance with the provisions of Schedule 4 to the Development Credit Agreement.

Section 2.03. The Closing Date shall be December 31, 2005, or such later date as the Association shall establish. The Association shall promptly notify the Recipient of such later date.

Section 2.04. (a) The Recipient shall pay to the Association a commitment charge on the principal amount of the Grant not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Recipient from the Grant Account or canceled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year specified in Section 2.05 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of the Recipient; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. Commitment charges shall be payable semiannually on March 15 and September 15 in each year.

Section 2.06. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

### **ARTICLE III**

#### **Execution of the Project**

Section 3.01. Subject to paragraph (b) of this Section, Sections 3.01, 3.02, 3.03, 3.04, 4.01, 5.01 and 5.02 of the Development Credit Agreement and Schedules 1 (except the table in paragraph 1 thereof and paragraph 4), 2, 3 and 4 thereto are incorporated in the Development Grant Agreement, with the following modifications in said Sections and Schedules, unless the context otherwise requires:

- (a) the term "Credit" shall be read as "Grant";
- (b) the term "Borrower" shall be read as "Recipient";

(c) the term “this Agreement” or “the Development Credit Agreement” shall be read as “the Development Grant Agreement”; and

(d) A new paragraph (e) is added at the end of Schedule 3 to the Development Credit Agreement, to read as follows:

“The Recipient shall:

(e) ensure that the Project implementation shall at all times be carried out in accordance with the Social and Environmental Risk Management Plan, and, except as the Association shall otherwise agree, the Recipient shall not amend or waive any provision of the Social and Environmental Risk Management Plan or any provision thereof, in a manner which, in the opinion of the Association, may materially and adversely affect the implementation of the Project.”

Section 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: (a) maintain, during the Project execution period, the account in FBU opened for the Development Credit Agreement; (b) deposit into the Project Account, on a quarterly basis starting July 1, 2003, an amount in FBU equivalent to US\$71,000; and (c) ensure that the amounts deposited into the Project Account are used exclusively to finance expenditures under the Project and are included in the Recipient’s public expenditure program.

Section 3.03. (a) Without limitation upon the provisions of Section 4.01 of the Development Credit Agreement, and the Recipient’s reporting obligations set out in Schedule 3 to the Development Credit Agreement, the Recipient shall prepare and furnish to the Association a Financial Monitoring Report, in form and substance satisfactory to the Association, which:

- (i) sets forth sources and uses of funds for the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the Grant, and explains variances between the actual and planned uses of such funds;
- (ii) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and explains variances between the actual and planned Project implementation; and
- (iii) sets forth the status of procurement under the Project, as at the end of the period covered by said report.

(b) The first FMR shall be furnished to the Association not later than 45 days after the end of the first calendar quarter after the Effective Date, and shall cover the period from the incurrence of the first expenditure under the Grant through the end of such first calendar quarter; thereafter, each FMR shall be furnished to the Association not later than 45 days after each subsequent calendar quarter, and shall cover such calendar quarter.

#### **ARTICLE IV**

##### **Termination**

Section 4.01. The following event is specified as additional condition to the effectiveness of this Agreement within the meaning of Section 12.01 (b) of the General Conditions, namely that the Amendment to the Convention between the Recipient and Twitezimbere has been executed on behalf of the Recipient and Twitezimbere.

Section 4.02. The following are specified as additional matters, within the meaning of Section 12.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association:

(a) that the Agreement amending the Project Agreement has been duly authorized or ratified by Twitezimbere, and is legally binding upon Twitezimbere in accordance with its terms; and

(b) that the Amendment to the Convention has been duly authorized or ratified by the Borrower and Twitezimbere, and is legally binding upon the Borrower and Twitezimbere in accordance with its terms.

Section 4.03. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

## ARTICLE V

### Representative of the Recipient; Addresses

Section 5.01. The Minister of the Recipient at the time responsible for finance is designated as representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 5.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Recipient:

Ministry of Finance  
P.O. Box 1830  
Bujumbura  
Republic of Burundi

Cable address:

5135 BDI MINFIN

Facsimile:

(257) 22 38 27

For the Association:

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

Cable address:

INDEVAS  
Washington, D.C.

Telex:

248423 (MCI) or  
64145 (MCI)

Facsimile:

(202) 477-6391



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.

REPUBLIC OF BURUNDI

By /s/ Athanase Gahungu  
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Emmanuel Mbi  
Authorized Representative

### SCHEDULE 1

#### Withdrawal of the Proceeds of the Grant

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Grant, the allocation of the amounts of the Grant to each Category and the percentage of expenditures for items so to be financed in each Category:

<u>Category</u>	<u>Amount of the Grant Allocated (Expressed in SDR Equivalent)</u>	<u>% of Expenditures to be financed</u>
(1) Civil works	5,160,000	100%
(2) Goods and vehicles	1,170,000	100%
(3) Consultants' services, and audits	1,890,000	100% of foreign expenditures and 95% of local expenditures
(4) Training	780,000	100%
(5) Incremental operating costs	270,000	40%
(6) Unallocated	<u>1,030,000</u>	
<b>TOTAL</b>	<b><u>10,300,000</u></b>	

4. The Association may require withdrawals from the Grant Account to be made on the basis of statements of expenditure for expenditures for: (i) goods and works under contracts costing less than \$100,000 equivalent each; (ii) consultants' services (firms) under contracts costing less than \$75,000 equivalent; (iii) consultants' services (individuals) under contracts costing less than \$25,000 equivalent, (iv) training; and (v) operating costs, all under such terms and conditions as the Association shall specify by notice to the Recipient.