

CONFORMED COPY

GRANT NUMBER H283-BU

Financing Agreement

(Communications Infrastructure Project)

between

REPUBLIC OF BURUNDI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 22, 2007

GRANT NUMBER H283-BU

FINANCING AGREEMENT

AGREEMENT dated May 22, 2007, entered into 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) 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 thirteen million five hundred thousand Special Drawing Rights (SDR 13,500,000) (“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 IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Payment Dates are March 1 and September 1 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 and the Program. To this end, the Recipient shall carry out the Project through its Ministry of Transport, Posts and Telecommunications in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension is that a situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out.
- 4.02. The Additional Event of Acceleration is the event specified in Section 4.01 of this Agreement.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consists of the following:
 - (a) The Recipient has adopted a Project Implementation Manual, including an administrative, financial, and accounting procedures manual and a monitoring and evaluation manual, in form and substance satisfactory to the Association.
 - (b) The Recipient has established a Project Steering Committee in form and substance and with functions and resources satisfactory to the Association, comprising at least the Minister of Transport, Posts, and Telecommunications or one of his duly appointed representatives as Chair, and representatives of the Second Vice Presidency, other line ministries, the regulator, and the private sector.
 - (c) The Recipient has established the structure and functioning of the ICT Executive Secretariat in form and substance satisfactory to the Association, and recruited the said Secretariat in accordance with the provisions of Section III of Schedule 2 to this Agreement: (i) an executive secretary; (ii) a technical expert; (iii) a procurement specialist;

(iv) a financial management specialist; and (v) a monitoring and evaluation specialist, all with qualifications, experience, and terms of reference satisfactory to the Association.

(d) The Recipient has established a financial management system in form and substance satisfactory to the Association.

(e) The Recipient has established an account in a commercial bank acceptable to the Association under terms and conditions acceptable to the Association for purposes of deposit of the proceeds of the Financing.

5.02. The Effectiveness Deadline is the date 90 days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

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

6.02. The Recipient's Address is:

Ministry of Finance
P. O. Box 1830
Bujumbura
Burundi

Facsimile:

257-22-38-27

6.03. The Association's Address is:

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

Cable:

Telex:

Facsimile:

INDEVAS
Washington, D.C.

248423 (MCI)

1-202-477-6391

AGREED at Bujumbura, Republic of Burundi, as of the day and year first above written.

REPUBLIC OF BURUNDI

By: */s/ Denise Sinankwa*
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: */s/ Alassane Sow*
Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to contribute to lower prices for international capacity and extend the geographical reach of broadband networks in the Recipient's country.

The Project consists of the following parts:

1. Technical Assistance

Provision of technical assistance to:

- (a) Promote liberalization of and regulatory reforms in telecommunications infrastructure and related infrastructure and services necessary to support the Project, including: (i) telecommunications legal and regulation reform (including competition law and policy); and (ii) legal and regulatory aspects regarding e-transactions, privacy and data protection, access to information, network security, intellectual property rights, cyber crime, public-private partnerships and standards.
- (b) Strengthen capacity of Ministry of Transport, Posts and Telecommunications and Telecommunications Regulation and Inspection Agency to implement the National ICT Development Policy and sectoral reform, including through training.
- (c) Formulate arrangements and disbursement and governance mechanisms to enable the building of the national backbone, the establishment of joint access points to infrastructure and capacity purchase schemes, and the extension of ICT coverage in rural areas.
- (d) Increase capacity of the Ministry of Transport, Posts, and Telecommunications in relation to monitoring and evaluation, communication with respect to the Project and related activities, and compliance with the Environmental and Social Management Plan and the Resettlement Policy Framework.

2. Connectivity

- (a) Finance capacity purchase schemes for targeted users, namely universities and the Recipient's government.
- (b) Support for the establishment of joint infrastructure access points, of an internet exchange point, and of a government virtual private network (GovNet) to enable and support governmental communications needs.
- (c) Support the development of a national backbone through the implementation of Subprojects by private operators (with a contingency to address environmental, social, and resettlement issues).
- (d) Support for the extension of ICT coverage in rural areas.

3. Transparency

- (a) Support the formulation of an eGovernment strategy and the development of ICT standards and interoperability frameworks.
- (b) Support the establishment of an eGovernment pilot portal.

4. Project Management

Support to the ICT Executive Secretariat for purposes of Project management and monitoring of implementation of the Recipient's National ICT Development Policy.

SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

1. *Ministry of Transport, Post, and Telecommunications*

The Ministry of Transport, Posts and Telecommunications shall provide overall orientation and oversight of Project implementation.

2. *Project Steering Committee*

(a) The Recipient shall maintain, throughout Project implementation, the Project Steering Committee referred to in Section 5.01 (b) of this Agreement in form and substance and with functions and resources satisfactory to the Association and with a composition as set out in said Section.

(b) Without limitation upon the provisions of subparagraph (a) of this paragraph 2, the Project Steering Committee shall be responsible for: (i) supervision of overall orientation, coordination, and monitoring and evaluation of Project implementation, including fiduciary oversight of the Project; and (ii) approval of Project annual work programs and budgets.

3. *Burundi Backbone System Ad Hoc Working Group*

(a) The Recipient shall maintain, throughout Project implementation, a Burundi Backbone System Ad Hoc Working Group, in form and substance and with functions and resources satisfactory to the Association, and comprising at least the ICT Executive Secretariat technical expert as chair and representatives from the Telecommunications Regulation and Inspection Agency, the Ministry of Public Works, the Ministry of Finance and the Permanent Secretariat of the Burundi Backbone System or the Burundi Backbone System management company, once the latter is established.

(b) Without limitation upon the provisions of subparagraph (a) of this paragraph 3, the Burundi Backbone System Ad Hoc Working Group

shall be responsible for: (i) review of Project annual work program and budgets related to the national backbone and for submission to the ICT executive secretariat; and (ii) monitoring of and provision of guidance with respect to national backbone implementation.

4. *ICT Executive Secretariat*

- (a) The Recipient shall maintain, under the Ministry of Transport, Posts and Telecommunications throughout Project implementation, the ICT Executive Secretariat, in form and substance and with functions and resources satisfactory to the Association, including staff with qualifications, experience, and terms of reference satisfactory to the Association, including the persons referred to in Section 5.01 (b) of this Agreement.
- (b) Without limitation upon the provisions of subparagraph (a) of this paragraph 4, the ICT Executive Secretariat shall be responsible for: (i) oversight, in collaboration with the technical directorates of the Ministry of Transport, Posts and Telecommunications, of all technical, social, and environmental matters relating to Project implementation; (ii) planning of Project activities and preparation of Project annual work programs, both jointly with said directorates; (iii) monitoring and evaluation of Project activities jointly with said directorates; (iv) financial management, procurement, and audits under the Project; and (v) monitoring of implementation of the National ICT Development Policy.

B. Anti-Corruption

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

C. Manual

Except as the Association shall otherwise agree, the Recipient shall: (i) carry out, through its Ministry of Transport, Posts and Telecommunications, the Project in accordance with the provisions of the Project Implementation Manual, referred to in Section 5.01 (a) of this Agreement; and (ii) except as the Association shall otherwise agree, not amend, abrogate, or waive, or permit to be amended, abrogated, or waived, the aforementioned, or any provision thereof, in a manner which, in the opinion of the Association, may materially or adversely affect Project implementation or achievement of the objective thereof.

D. Environmental and Social Safeguards

1. The Recipient shall ensure that the Project is implemented in accordance with the provisions of the Environmental and Social Management Framework and Resettlement Policy Framework, and, except as the Association shall otherwise agree, the Recipient shall not amend, abrogate, or waive, or permit to be amended, abrogated, or waived, any provision of the aforementioned if such amendment or waiver may, in the opinion of the Association, materially or adversely affect Project implementation or achievement of the objective thereof.
2. The Recipient shall ensure that Subprojects likely to have an adverse environmental or social impact shall be appraised, approved, and monitored in accordance with the provisions of the Environmental and Social Management Framework and Resettlement Policy Framework, and specific procedures set out in the aforementioned.
3. The Recipient shall maintain, throughout Project implementation, provision for a socio-environmental specialist who shall be responsible for implementation of the Environmental and Social Management Framework and the Resettlement Policy Framework.

Section II. Project Monitoring, Reporting and Evaluation**A. Project Reports**

1. 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 paragraph 2. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than one month after the end of the period covered by such report.
2. The performance indicators referred to above in paragraph 1 consist of the following:
 - (a) Project Objective
 - (i) Volume of international communications traffic.
 - (ii) Volume of national communications traffic as reflected by the following two indicators: (A) internet user penetration; and (B) teledensity.

- (iii) Average international communications costs as reflected by the following indicator: Cost of a wholesale international E1 capacity connection.
- (b) Part 1 of Project
 - (i) Intellectual property rights and electronic transactions legislation in place.
 - (ii) Cost of mobile telephone calls.
- (c) Part 2 of Project
 - (i) Number of players in market purchasing capacity at landing station.
 - (ii) Cost of internet access.
 - (iii) Number of communes with broadband access.
 - (iv) Completion rate of international calls.
 - (v) Number of computers with broadband access in universities.
 - (vi) Number of governmental institutions connected to government private virtual network.
- (d) Part 3 of Project: Establishment of an eGovernment pilot portal.

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, no later than one month after the end of each calendar quarter, interim un-audited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
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 fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six 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) Limited International Competitive Bidding
(b) National Competitive Bidding
(c) Shopping
(d) 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) Selection Based on Consultants' Qualifications
(b) Least Cost Selection
(c) Selection of Individual Consultants
(d) Single Source Selection

D. Review by the Association of Procurement Decisions

Except as the Association shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Association:

(a) each contract for goods estimated to cost the equivalent of \$250,000 or more;

(b) each contract for works estimated to cost the equivalent of \$500,000 or more;

(c) each contract for consultants' services with specific and exclusive regard to the terms of reference for such contract;

(d) the first contract for consultants' services provided by a firm;

(e) each contract for consultants' services provided by a firm estimated to cost the equivalent of \$100,000 or more;

(f) the first contract for consultants' services provided by an individual consultant;

(g) each contract for consultants' services provided by an individual consultant estimated to cost the equivalent of \$50,000 or more;

(h) each contract for consultants' services procured on the basis of Single Source selection; and

(i) each contract for training, workshops, and study tours in accordance with the provisions of the

Project Implementation Manual. 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 Grant Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Grant Allocated (Expressed in SDR)	Percentage of Expenditures to be Financed (Excluding taxes)
(1) Goods	4,250,000	100%
(2) Works	170,000	100%
(3) Consultants’ services, including audits	3,100,000	100%
(4) Training	200,000	100%
(5) Operating Costs	150,000	100%
(6) Subprojects	4,700,000	100%
(7) Unallocated	1,300,000	
TOTAL AMOUNT	13,500,000	

B. Withdrawal Conditions; Withdrawal Period

Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

- (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR 150,000 equivalent may be made for payments made prior to this date but on or after February 26, 2007, for Eligible Expenditures ; nor
- (b) for any disbursement under Category (6) unless a Subproject Agreement in form and substance satisfactory to the Association has been concluded between the Recipient and the concerned private operator.

2. The Closing Date is July 31, 2011.

APPENDIX**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. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004.
4. “Environmental and Social Management Framework” (*Cadre de Gestion Environnementale et Sociale*) means the framework of February 2, 2007 outlining the environmental and social assessments to be carried out for the identification, evaluation, and mitigation of the potential negative environmental and social impact of activities under the Project, as the same may be updated from time to time with the concurrence of the Association, and such term includes any schedules to the Environmental and Social Management Framework.
5. “Executive Secretariat” means the executive secretariat to be established by the Recipient pursuant to the provisions of Section 5.01 (c) of this Agreement.
6. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005.
7. “ICT” means information and communications technology.
8. “Ministry of Transport, Posts and Telecommunications” (*Ministère des Transports, Postes, et Télécommunications*) means the Recipient’s ministry at the time responsible for transport, post, and telecommunications.
9. “Operating Costs” means the incremental expenses incurred by the Recipient on account of Project implementation, management, and monitoring, including for office space rental, utilities, and supplies, bank charges, communications, vehicle operation, maintenance, and insurance, building and equipment maintenance, advertising expenses, travel and supervision, salaries of contractual and temporary staff, but excluding salaries, fees, honoraria, and bonuses of members of the Recipient’s civil service.

10. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004.
11. “Procurement Plan” (*Plan de Passation des Marchés*) means the Recipient’s procurement plan for the Project, dated March 1, 2007 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.
12. “Project Implementation Manual” (*Manuel d’Exécution du Projet*) means the manual including an administrative, financial, and accounting procedures manual and a monitoring and evaluation manual outlining implementation, organizational, administrative, monitoring and evaluation, financial management, disbursement, and procurement arrangements, as shall have been agreed with the Association for purposes of Project implementation, as the same may be amended from time to time with the concurrence of the Association, and such term includes any schedules to the Project Implementation Manual.
13. “Resettlement Policy Framework” (*Cadre de Politique de Réinstallation Involontaire et de Compensation*) means the framework of February 5, 2007 outlining the principles and procedures to be followed in the event that any activity leads to land acquisition and / or the loss of livelihoods under the Project, as the same may be updated from time to time with the concurrence of the Association, and such term includes any schedules to the Resettlement Policy Framework.
14. “Steering Committee” means the steering committee to be established by the Recipient pursuant to the provision of Section 5.01 (b) of this Agreement.
15. “Subproject” means an activity undertaken by a private operator under Part 2 (c) of the Project for purposes of establishment of the Recipient’s national backbone.
16. “Subproject Agreement” means the agreement satisfactory to IDA providing for a Subproject.
17. “Training” means the training of persons involved in Project-supported activities, such term including seminars, workshops, and study tours, and costs associated with such activity include travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to training preparation and implementation.

