

April 13, 2017

H.E Domitien Ndhokubwayo
Minister of Finance, Budget and Privatization
Ministry of Finance, Budget and Privatization
Bujumbura
Republic of Burundi

RE: Republic of Burundi: IDA Grant No. D049-BI
Strengthening Institutional Capacity for Government Effectiveness Project
Amendment to the Legal Agreement

Excellency:

We refer to the Financing Agreement dated April 1, 2016, (the "Agreement"), between the Republic of Burundi ("Recipient") and the International Development Association ("Association") for the above-referenced project, (the "Project").

We also refer to your letter dated December 16, 2016 requesting specific amendments to the Agreement. Please note that capitalized terms used in this letter (the "Amendment Letter") and not defined herein have the meaning ascribed to them in the Agreements.

We are pleased to inform you that the Association accedes to your request and proposes,

1. Article 4.02 of the Agreement is hereby deleted in its entirety.
2. Part A.3 and A.4 of Schedule 1 to the Agreement is hereby amended to read as follows:
3. Strengthening of the tax administration including, *inter alia*, (a) improvement of the modernization strategy for OBR's department in charge of domestic taxes; (b) purchase and installation of information communication technology components (hardware and software); (c) provision of training to OBR staff on information communication technology readiness; (d) design and implementation of OBR outreach activities to facilitate taxpayers understanding and use of new processes and procedures; (e) development of a risk-based audit system and the reinforcement of the capacity of OBR in the use thereof; (f) strengthening of human resource capacity in OBR regional offices and (g) support towards the development and implementation of information sharing initiatives between OBR and communes on local tax administration.
4. Development of effective collection practices for the Recipient's mining revenues, including, *inter alia*, (a) revision of the Recipient's mineral tax policies in accordance with the Mining Code and Mining Regulations; (b) carrying out of a value chain audit of the mining sector and use of said audit findings to improve mineral-related declaration procedures and protocols and related administrative capacity of OBR and MEM; (c) provision of training to selected staff of DFP,

OBM, OBR and MEM to support their mining taxation and accounting functions and (d) design and dissemination of a guide on the Mining Code, Mining Regulations and associated mining tax policy.”

5. Part D of Schedule 1 to Agreement is hereby amended to read as follows:

“Part D: Improving Mining Regulatory Capacity and Practices

Carrying out of a program of activities aimed at improving the Recipient’s mining regulatory capacity and practices including, *inter alia*:

(a) carrying out of an institutional and functional review of the mining departments within MEM; (b) development and implementation of staff capacity-enhancement measures in both the MEM and OBM; (c) minor refurbishment and equipping of MEM and OBM offices; (d) development and implementation of a communications strategy, including the set-up and maintenance of MEM’s website and (e) support towards the negotiations of mineral development agreements.

(b) Implementation of a program of activities aimed at mainstreaming good practices in artisanal mining and improving the capacity of OBM in promoting sustainable artisanal mining including, (a) development of a mines inspection form and enforcement procedures consistent with international best practice on artisanal and small scale mining; (b) the training of relevant staff in the use thereof and carrying out of related workshops on artisanal and small-scale mining and (c) provision of equipment to mine inspectors in regional offices of OBM.

(c) Implementation of measures to improve mineral data quality and accessibility, including, *inter alia*, (a) implementation of mineral traceability system within the Recipient’s territory; (b) establishment and maintenance of an online mineral database and (c) facilitation of south-south knowledge exchange and study tours.”


(d) Section IV of Schedule 2 to the Agreement is hereby amended to read as follows:

“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 Grant Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, consultants' services and Training for Part A of the Project, except Part A.4 of the Project	3,550,000	100%
(2) Goods, consultants' services and Training for Part A.4 of the Project	700,000	100%
(3) Goods, consultants' services, Operating Costs and Training for Part B of the Project	<div style="border: 1px solid blue; padding: 2px; display: inline-block;">  Approuvé </div> 6,200,000	100%
(4) Goods, consultants' services and Training for Part C of the Project	2,100,000	100%
(5) Goods, minor works, non-consulting services, consultants' services and Training for Part D of the Project	2,400,000	100%
(6) Refund of Preparation Advance	750,000	Amount payable pursuant to Section 2.07 of the General Conditions
TOTAL AMOUNT	15,700,000	

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 date of this Agreement; or
 - (b) under Category 2 unless the Recipient has established the Inter-Ministerial Working Group in accordance with Section I.A.3 of this Schedule 2.

- 2. The Closing Date is December 31, 2021.”
- 5. A new paragraph 19 is hereby inserted in Section I of the Appendix to the Agreement and the following paragraphs renumbered accordingly, with said paragraph to read as follows.
 “19. OBM” means *Office Burundaise des Mines*, the Recipient’s mining regulatory and oversight entity office established and operating pursuant to the Recipient’s *Decret N.100/112 du 30 mai 2016 portant creation, missions, organisation, et fonctionnement de l’Office Burundais des Mines et Carrieres.*”
- 6. Paragraph 5, 6, and 7 of Section I of the Appendix to the Agreement is deleted in its entirety and the following paragraphs renumbered accordingly.

Please confirm your agreement with the foregoing amendments by signing and dating this Amendment Letter in the spaces provided below. Henceforward, all other provisions of the Agreement not hereby amended shall remain in full force and effect. This Amendment Letter shall be executed in two counterparts each of which shall be an original.

Upon confirmation, please return one fully executed original to us. The provisions set forth in this Amendment Letter shall become effective as of the date of countersignature upon receipt by the Association of the countersigned original of this Amendment Letter.

Sincerely,



Bella Bird

Country Director for Tanzania, Burundi Malawi, and Somalia
Africa Region

CONFIRMED AND AGREED:
REPUBLIC OF BURUNDI

By 




Name of Authorized Representative

Ministre des Finances, du Budget et de la Trésorerie
Title

11.04.2017
Date