

# Simplified Approval Process

## Annex 9a: Legal due diligence



GREEN  
CLIMATE  
FUND

## 9.A Legal Due Diligence

### *Government or regulatory approvals, licenses or permits*

The project activities envisaged will adhere to the following regulations:

Water Code (Law 1/02 of 26/03/2012 enacting the Water Code in Burundi) that prioritizes water control with a view to increasing agricultural and livestock production.

Land tenure Law N°1/13 of 09/08/2011 enacting the land code

Law N°04 of 29/01/2018, enacting the procurement code of 04/02/2018

The Project will need the following authorizations:

- i) to access to USD currently with the Central Bank,
- ii) administrative authorizations to extract construction materials such as sand and stones.

### *Applicable taxes (or exemptions thereof) and foreign exchange regulations related to the project/programme.*

**Taxes.** The grant financing is exempt from taxes (import taxes and duties as well as value-added taxes). The financing agreement will be exempt from taxes on signature, issuance or registration.

The level of taxes in the project unit costs estimate was assessed in order to estimate the Government's financial commitment for duties and taxes exemptions.

**Exchange rate.** The exchange rate used during project design is 1,882FBU for 1US\$, which represents the current official exchange rate at the time.

**Price contingencies.** After rising to 16.1% in 2017, inflation fell sharply to 1.2% in 2018 then rose to 7.3 in 2019. During the period of project implementation, inflation is anticipated to be approximately 9% based on forecasts from the IMF (World Economic Outlook Database).

**Physical contingencies and taxes.** Physical contingencies and taxes have been defined for each expenditure category, as expressed in the table *below*.

**Table 1. Parameters**

<i>Expenditure Acct</i>	<i>% Taxes</i>	<i>Physical cont.</i>
<i>A. Consultancies and Technical Assistance</i>	18	0
<i>B. Civil works, goods, services and inputs</i>	18	2

### **Insurance**

- *Details of any insurance policies or requirements related to the project/programme.*

The borrower/ recipient or the Executing Agency (through the Project Management Unit) shall insure all goods and buildings used in the project against such risks and in such amounts as shall be consistent with sound commercial practice.

The borrower / recipient or the Executing Agency (through the Project Management Unit) shall insure the goods imported for the project which are financed by the financing against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation in accordance with sound commercial practice.

