

**OFFICIAL  
DOCUMENTS**

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**CREDIT NUMBER 5683-BF**

**Financing Agreement**

**(Public Sector Modernization Program)**

**between**

**BURKINA FASO**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

Dated *October 7*, 2015

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**CREDIT NUMBER 5683-BF**

**FINANCING AGREEMENT**

AGREEMENT dated October 7, 2015, entered into between BURKINA FASO ("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 credit in the amount of thirty-five million eight hundred thousand Euros (€35,800,000) ("Financing"), to assist in financing the program described in Schedule 1 to this Agreement ("Program").
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement. All withdrawals from the Financing Account shall be deposited by the Association into an account specified by the Recipient and acceptable to the Association.
- 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to the greater of: (a) the sum of three-fourths of one percent (3/4 of 1%) per annum plus the Basis Adjustment; and (b) three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are February 1 and August 1 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is Euro.

### **ARTICLE III — PROGRAM**

- 3.01. The Recipient declares its commitment to the objective of the Program. To this end, the Recipient shall carry out the Program, through the PSMPA, 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 Program 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 consists of the following, namely that any legislation, license or other legal instrument related to the implementation of the Program has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the achievement of the objective of the Program, or the ability of the Recipient to implement the Program.
- 4.02. The Additional Event of Acceleration consist of the following, namely that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Association to the Recipient.

### **ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Condition of Effectiveness consists of the following, namely that the Program Operational Manual has been adopted in accordance with the provisions of Section I.C.2 of Schedule 2 to this Agreement.
- 5.02. The Effectiveness Deadline is the date one hundred and twenty (120) days after the date of this Agreement.

### **ARTICLE VI — REPRESENTATIVE; ADDRESSES**

- 6.01. The Recipient's Representative is its Minister in charge of finance.
- 6.02. The Recipient's Address is:

Ministry of Economy and Finance  
03 BP 7050  
Ouagadougou 03  
Burkina Faso

Adresse télégraphique :	Télex :	Télécopie :
SEGEBOUV	5555	226-50-31-27-15

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 Ouagadougou, Burkina Faso, as of the day and year first above written.

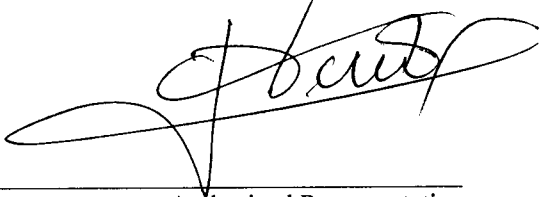
BURKINA FASO

By

  
\_\_\_\_\_  
Authorized Representative  
Name: Jean Gustave Sanon  
Title: Minister of Economy and Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

  
\_\_\_\_\_  
Authorized Representative  
Name: Emmanuel Nikiema  
Title: Acting Country Manager

## **SCHEDULE 1**

### **Program Description**

The objective of the Program is to improve selected service standards in ministries responsible for primary education, justice, labor and civil service.

The Program is a part of the Recipient's PSDMA and consists of following components/activities:

#### **Part A: Improving Human Resource Capacity and Performance**

Modernization and harmonization of human resources (HR) management processes in ministries responsible for civil service, primary education and justice through, *inter alia*: (a) elaboration of sector specific HR tools; (b) improvement of HR information systems; (c) provision of Training to HR staff, decentralization of selected HR responsibilities; and (d) implementation of a merit-based civil servant performance management.

#### **Part B: Strengthening Institutional Capacity for Policy Planning, Implementation and Monitoring and Evaluation**

Strengthening ministries responsible for civil service, primary education and justice capacity to develop, implement and monitor public policies, through *inter alia*: (a) in-service training; (b) enhancing systems and procedures relating to policy planning, implementation and monitoring and evaluation; (c) improving working environment of civil servants at central and decentralized levels; and (d) developing the use of information and communication technology for better information management and dissemination.

#### **Part C: Strengthening Coordination Capacity for Public Sector Reforms**

Support to the Beneficiary in the implementation of the PSDMA second action plan and Program Action Plan to ensure better coordination in the implementation of the Program and the PSDMA.

## **SCHEDULE 2**

### **Program Execution**

#### **Section I. Implementation Arrangements**

##### **A. Program Fiduciary, Environmental and Social Systems**

Without limitation on the provisions of Article IV of the General Conditions, the Recipient shall carry out the Program, or cause the Program to be carried out, in accordance with financial management, procurement and environmental and social management systems acceptable to the Association (“Program Fiduciary, Environmental and Social Systems”) which are designed to ensure that:

1. the Financing proceeds are used for their intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability; and
2. the actual and potential adverse environmental and social impacts of the Program are identified, avoided, minimized, or mitigated, as the case may be, all through an informed decision-making process.

##### **B. Anti-Corruption**

Without limitation on the provisions of Part A of this Section, the Recipient shall carry out the Program, or cause the Program to be carried out, in accordance with the provisions of the Anti-Corruption Guidelines.

##### **C. Other Program Institutional and Implementation Arrangements**

###### **1. Program Institutions**

Without limitation on the generality of Part A of this Section I, the Recipient shall: (a) maintain at all times during Program implementation, with terms of reference, mandate, composition and resources satisfactory to the Association; (i) the National Public Administration Modernization Committee, responsible for overall oversight of the Program; and (ii) the Permanent Secretariat of Modernization of Public Administration to be responsible for day-to-day Program coordination and implementation; and (b) establish, not later than one (1) month after the Effective Date, and maintain at all times during Program implementation, with terms of reference, mandate, composition and resources satisfactory to the Association, the National Public Administration Steering Committee, to be responsible for overall coordination of the Program.

2. Program Operational Manual

- (a) The Recipient shall prepare an operational manual for the Program, in form and substance acceptable to the Association, containing detailed: (i) administrative, procurement, financial management and monitoring and evaluation procedures; (ii) environmental and social management systems and complaints and grievance redress mechanism; (iii) Program Action Plan; (iv) detailed arrangements for verification of achievement of the DLR (including the verification protocol); and (v) coordination and oversight arrangements for the Program.
- (b) The Recipient shall: (i) furnish said manual to the Association for its review; (ii) afford the Association a reasonable opportunity to exchange views with the Recipient on said manual; and (iii) thereafter adopt such Program operational manual as shall have been approved by the Association (“Program Operational Manual”).
- (c) The Recipient: (i) shall ensure that the Program is carried out in accordance with the Program Operational Manual; and (ii) shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, any of its provisions without the prior written agreement of the Association.

3. Additional Program Implementation Arrangements

Without limitation on the generality of Part A of this Section I, the Recipient shall carry out the Action Plan, in accordance with the schedule set out in said Action Plan in a manner satisfactory to the Association. Except as the Association may otherwise agree, the Recipient not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, any of its provisions without the prior written agreement of the Association.

**Section II. Excluded Activities**

The Recipient shall ensure that the Program excludes any activities which:

- A. in the opinion of the Association, are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people; or
- B. involve the procurement of: (1) works, estimated to cost US\$50,000,000 equivalent or more per contract; (2) goods, estimated to cost US\$30,000,000 equivalent or more per contract; (3) non-consulting services, estimated to cost US\$20,000,000 equivalent or more per contract; or (4) consultants’ services, estimated to cost US\$15,000,000 equivalent or more per contract.

**Section III. Program Monitoring, Reporting and Evaluation; Audits**

**A. Program Reports**

The Recipient shall monitor and evaluate the progress of the Program and prepare Program Reports in accordance with the provisions of Section 4.08 of the General Conditions. Each Program 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.

**B. Program Financial Audits**

Without limitation on the generality of Section I.A of this Schedule 2 and Section 4.09 of the General Conditions, the Recipient shall have the 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, commencing with the fiscal year in which the first withdrawal was made under the Preparation Advance for the Program. The audited Financial Statements for each such period shall be furnished to the Association not later than nine (9) months after the end of such period.

**C. Verification Protocol**

1. The Recipient shall ensure that the Verification Agent prepares and provides verifications reports certifying the achievement of the DLRs, and furnish to the Association not later than 90 days the receipt of the consolidate implementation report after the verification of compliance of said DLRs, a report on the results of said verification of compliance process of such scope and in such details as the Association shall request.
2. Said verification reports shall be based on on-desk review of the documentation available and on-site verification in a representative sample of areas targeted by the Program.

**Section IV. Withdrawal of Financing Proceeds**

**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 may specify from time to time by notice to the Recipient to: (a) repay the Preparation Advance; and (b) finance the Program Expenditures, on the basis of the results ("Disbursement Linked Results" or "DLRs") achieved by the Recipient, as measured against specific indicators ("Disbursement Linked Indicators" or "DLIs"); all as set forth in the table in paragraph 2 of this Part A.
2. The following table specifies each category of withdrawal of the proceeds of the Financing (including the Disbursement Linked Indicators as applicable) ("Category"),



the Disbursement Linked Results for each Category (as applicable), and the allocation of the amounts of the Financing to each Category:

<b>Category (including Disbursement Linked Indicator as applicable)</b>	<b>Disbursement Linked Result (as applicable)</b>	<b>Amount of the Financing Allocated (expressed in Euros)</b>	<b>Disbursement Calculation Formula (as further detailed in the Disbursement Letter)</b>
(1) DLI #1: Update of the SIGASPE for better use by selected human resources departments.	DLR #1: The updated SIGASPE is functioning and operating in a manner satisfactory to the Association in FY16.	1,698,800	DLR #1: 1,698,800 in FY16.
(2) DLI #2: Share of civil services transactions involving hiring ( <i>engagement/intégration</i> ) and/or promotion ( <i>reclassement</i> ) completed within a 28 calendar-day period.	DLR#2: The percentage of hired or promoted within a 28 calendar-day period in each of FY17, FY18 and FY19, in excess of 11% for FY17, and in excess of the percentage achieved for each preceding FY for FY 18 and FY19.	7,148,000	DLR #2: 178,700 for each percentage point increase per FY up to a maximum amount of 7,148,000 by the Closing Date.
(3) DLI #3: Share of new primary school teachers appointed to the MENA by August 31.	DLR #3: The percentage of new primary school teachers retained and transferred to MENA in each of FY17 and FY19 in excess of 26% for FY17, and in excess of the percentage achieved in FY17 for FY19.	4,467,500	DLR# 3: 89,350 for each percentage point increase per FY, up to a maximum amount of 4,467,500 by the Closing Date.
(4) DLI #4: Number of private sector employees registered with the national social security	DLR #4: The number of registered private sector employees in each of FY17, FY18 and FY19, in excess of 324,000 for FY17, and in excess of the number achieved in the preceding FY for FY18 and FY19.	2,680,000	DLR#4: 134,000 for each 4,000 registrations increase per FY, up to a maximum amount of 2,680,000 by the Closing Date.
(5) DLI#5: Improvement of the monitoring mechanism for instruction time on task in public primary school	DLR #5: The monitoring mechanism for teachers' time on task is updated and operating in a manner satisfactory to the Association in FY16.	2,798,400	DLR #5: 2,798,400 in FY16.

in the Sahel, Upper Basin and East regions.			
(6) DLI#6: Share of public primary school classes with at least 770 hours of instruction time annually in the Sahel, Upper Basin and East regions.	DLR #6: The percentage of primary school classes with at least 770 hours of instruction time in each of FY17, FY18 and FY19 in excess of 21% for FY17, and in excess of the percentage achieved for each preceding FY for FY18 and FY19.	5,361,000	DLR# 6: 89,350 for each percentage point increase per FY up to a maximum amount of 5,361,000 by the Closing Date.
(7) DLI# 7: Establishment of a uniform case tracking system in selected departmental and district courts.	DLR #7: The uniform case tracking system is established and operating in a manner satisfactory to the Association in FY16.	1,698,800	DLR #7: 1,698,800 in FY16.
(8) DLI #8: Share of judgments issued by administrative tribunals in a 12 month period (75% of which through a written judgment) in the regions of Ouagadougou, Tenkodogo, Dedougou and Bobo-Dioulasso.	DLR#8: the percentage of judgments issued by the administrative tribunal (75% of which through a written judgment) in FY17, FY18, and FY19, in excess of 36% for FY17, and in excess of the percentage achieved for each preceding FY for FY18 and FY19.	4,467,500	DLR #8: 178,700 for each percentage point increase per FY up to a maximum amount of 4,467,500 by the Closing Date.
(9) DLI #9: Share of judgments involving litigation matters issued by selected departmental and district courts, in a manner consistent with the Recipient's rules and procedures	DLR #9: the percentage of judgments involving litigation matters issued by selected departments and districts in FY18, and FY19, in excess of 41% for FY18, and in excess of the percentage achieved for each preceding FY for FY19.	2,680,000	DLR #9: 89,000 for each percentage point increase per FY, up to a maximum amount of 2,680,000 by the Closing Date.
(10) Preparation Advance to be repaid in accordance with Section 2.07.(a) of the General Conditions.	Not applicable	2,800,000	
<b>TOTAL AMOUNT</b>		<b>35,800,000</b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
  - (a) for purposes of Section 2.05 of the General Conditions, for payments for Program Expenditures made prior to the date of this Agreement; and
  - (b) for any DLR under Categories (1) through (9) until and unless the Recipient has furnished evidence satisfactory to the Association that said DLR has been achieved.
2. Notwithstanding the provisions of Part B.1(b) of this Section, the Recipient may withdraw: (i) an amount not to exceed €8,950,000 as an advance, provided, however, that if any of the DLRs set forth in the table in Part A.2 of this Section in the opinion of the Association, is not achieved or only partially achieved by the date by which said DLR is set to be achieved or by the Closing Date, the Recipient shall refund to the Association, such advance or portion of such advance as determined by the Association in accordance with paragraph 3 of this Part B promptly upon notice thereof by the Association. Except as otherwise agreed with the Recipient, the Association shall cancel the amount so refunded. Any further withdrawals requested as an advance under any Category shall be permitted only on such terms and conditions as the Association shall specify by notice to the Recipient.
3. Notwithstanding the provisions of Part B.1(b) of this Section, if in the opinion of the Association any of the DLRs under Categories (2), (3),(4), (6), (8) or (9) has not been achieved by the date by which the said DLR is set to be achieved, the Association may, at any time, after consulting with the Recipient, decide, to:
  - (a) authorize the withdrawal of such lesser amount of the unwithdrawn proceeds of the Financing then allocated to said Category which, in the opinion of the Association, corresponds to the extent of achievement of said DLR, said lesser amount to be calculated in accordance with the Disbursement Calculation Formula set out in the fourth column of the table in Section IV.A.2 of this Schedule;
  - (b) reallocate all or a portion of the proceeds of the Financing then allocated to said DLR to any other DLR; and/or
  - (c) cancel all or a portion of the proceeds of the Financing then allocated to said DLR.
4. The Closing Date is December 31, 2019.
5. Notwithstanding the foregoing provisions of this Section IV, if at any time after the Closing Date the Recipient has failed to provide evidence satisfactory to the Association that the Withdrawn Financing Balance does not exceed the total amount of Program Expenditures paid by the Recipient, exclusive of any such expenditures financed by any

other financier or by the Association or the Association under any other loan, credit or grant, the Recipient shall, promptly upon notice from the Association, refund to the Association such excess amount of the Withdrawn Credit Balance. The Association shall cancel the refunded amount of the Withdrawn Credit Balance.

**SCHEDULE 3**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each February 1 and August 1:	
commencing August 1, 2021 to and including February 1, 2053	1.5625

\* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03(b) of the General Conditions.

## APPENDIX

### Section I. Definitions

1. “Action Plan” means the Recipient’s plan dated May 15, 2015 and referred to in Section I.C.3 of Schedule 2 to this Agreement, as may be amended from time to time with the agreement of the Association.
2. “Anti-Corruption Guidelines” means the Association’s “Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing,” dated February 1, 2012.
3. “Basis Adjustment” means the Association’s standard basis adjustment for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association, and expressed either as a positive or negative percentage per annum.
4. “Category” means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
5. “Disbursement Linked Indicator” or “DLI” means in respect of a given Category, the indicator related to said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
6. “Disbursement Linked Result” or “DLR” means in respect of a given Category, the result under said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement, on the basis of the achievement of which, the amount of the Financing allocated to said result may be withdrawn in accordance with the provisions of said Section IV.
7. “Fiscal Year” or “FY” means the twelve month period commencing January 1 and ending on December 31.
8. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010, with the modifications set forth in Section II of this Appendix.
9. “HR” means human resources.
10. “MENA” means the “*Ministère de l’Education Nationale et de l’Alphabetisation*”, the Recipient’s ministry responsible for national education and literacy, or any successor thereto.
11. “National Public Administration Steering Committee” means the Recipient’s steering committee for the PSDMA and the Program, to be established in accordance with Section I.C.1.b of Schedule 2 to this Agreement.

12. “National Public Administration Modernization Committee” means the Recipient’s committee established pursuant to Decree No. 2011-535/PRES/PM/MFPTSS dated August 9, 2011, as may be amended from time to time, and referred to in Section I.C.1.(a) of Schedule 2 to this Agreement.
13. “Permanent Secretariat of Modernization of Public Administration” or “PSMPA” means the Recipient’s secretariat responsible for the modernization of public administration established pursuant to Decree No. N°2013-1308/ PRES/PM/MFPTSS dated December 31, 2013, as may be amended from time to time, and referred to in Section I.C.1.a of Schedule 2 to this agreement.
14. “Preparation Advance” means the advance referred to in Section 2.07 (a) of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association and on behalf of the Recipient on April 15, 2015.
15. “Program Fiduciary, Environmental and Social Systems” means the Recipient’s systems for the Program referred to in Section I.A of Schedule 2 to this Agreement.
16. “Program Operational Manual” means the operational manual for the Program as referred to in Section I.C.2 of Schedule 2 to this agreement.
17. “PSDMA” means the Recipient’s ten year strategic plan for the modernization of the administration (*Plan Stratégique Décennal de Modernisation de l’Administration*), as the same may be amended from time to time.
18. “SIGASPE” means the system used by public administration for human resource management (*Système Intégré de Gestion Administrative et Salariale du Personnel de l’Etat*).
19. “Verification Agent” means the *Autorité Supérieure de Contrôle de l’Etat*, the Recipient’s high authority for state oversight responsible for verification of DLRs achievement as further detailed in Section III.C of Schedule 2 to this Agreement.

## **Section II. Modifications to the General Conditions**

The modifications to the General Conditions are as follows:

1. Wherever used throughout the General Conditions, the term “the Project” is modified to read “the Program”, the term “the Project Agreement” is modified to read “the Program Agreement”, the term “Project Implementing Entity” is modified to read “the Program Implementing Entity”, the term “Project Report” is modified to read “Program Report”; and the term “Eligible Expenditures” is modified to read “Program Expenditures”.
2. In the **Table of Contents**, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.

3. Section 2.02, *Special Commitment by the Association*, is deleted in its entirety, and the subsequent Sections in Article II are renumbered accordingly.
4. In Section 2.02 (originally numbered as Section 2.03), the heading “*Applications for Withdrawal or for Special Commitment*” is replaced with “*Applications for Withdrawal*”, and the phrase “or to request the Association to enter into a Special Commitment” is deleted.
5. The section originally numbered as Section 2.04, *Designated Accounts* is deleted in its entirety, and the subsequent Sections in Article II are renumbered accordingly.
6. Paragraph (a) of Section 2.03 (originally numbered as Section 2.05), *Eligible Expenditures* (renamed “Program Expenditures” in accordance with paragraph 1 of this Section II), is modified to read: “(a) the payment is for the financing of the reasonable cost of expenditures required for the Program and to be financed out of the proceeds of the Financing in accordance with the provisions of the Legal Agreements;”.
7. The last sentence of Section 2.04 (originally numbered as Section 2.06), *Financing Taxes*, is modified to read: “To that end, if the Association at any time determines that the amount of any such Tax is excessive, or that such Tax is discriminatory or otherwise unreasonable, the Association may, by notice to the Recipient, exclude such amount or such Tax from the Program Expenditures to be financed out of the proceeds of the Financing, as required to ensure consistency with such policy of the Association.”
8. Section 2.06 (originally numbered as Section 2.08), *Reallocation*, is modified to read: “Notwithstanding any allocation of an amount of the Financing to a withdrawal category under the Financing Agreement, the Association may, by notice to the Recipient, reallocate any other amount of the Financing to such category if the Association reasonably determines at any time that such reallocation is appropriate for the purposes of the Program.
10. Section 6.01, Cancellation by the Recipient, is modified to read: “The Recipient may, by notice to the Association, cancel any amount of the Unwithdrawn Financing Balance.”
11. Paragraph (d) of Section 6.03, Cancellation by the Association, entitled “Misprocurement”, is deleted, and subsequent paragraphs are relettered accordingly.
12. Section 6.04, Amounts Subject to Special Commitment not Affected by Cancellation or Suspension by the Association, is deleted in its entirety, and subsequent Sections in Article VI and references to such Sections are renumbered accordingly.
13. In the **Appendix**, *Definitions*, all references to Section numbers are modified, as necessary, to reflect the modifications set forth above. In addition, the definition of the term “Special Commitment” set forth in paragraph 50 is deleted in its entirety, and all subsequent paragraphs are renumbered accordingly.