Financing Agreement

(Post Primary Education Project 2)

between

BURKINA FASO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 22, 2006
FINANCING AGREEMENT

AGREEMENT dated June 22, 2006, between BURKINA FASO (the “Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the “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 the Financing 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 an amount equivalent to sixteen millions Special Drawing Rights (SDR 16,000,000) (the “Credit”) to assist in financing the project described in Schedule 1 to this Agreement (the “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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Payment Dates are May 1 and November 1 in each year.

2.06. The principal amount of the Credit shall be repaid in accordance with repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is Euro.
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project 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 – EFFECTIVENESS; TERMINATION

4.01. The Additional Conditions of Effectiveness consist of the following:

   (a) The Recipient has opened a Designated Account in CFA Francs in the BCEAO on terms and conditions satisfactory to the Association, for the disbursement of the proceeds of the Financing.

   (b) The Recipient has recruited an external financial auditor for the Project under terms and conditions acceptable to the Association.

   (c) The Recipient has developed a computerized information system for the financial management of the Project (including the software customization, the adoption of the Manual of Financial, Administrative and Accounting Procedures, training, and short term assistance), in a manner satisfactory to the Association.

   (d) The Recipient has adopted a Project Implementation Manual in form and substance satisfactory to the Association.

4.02 The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
ARTICLE V – REPRESENTATIVE; ADDRESSES

5.01. The Recipient’s Representative is the Minister of the Recipient at the time responsible for finance.

5.02. The Recipient’s Address is:

Minister of Finance and Budget
Ministry of Finance and Budget
03 BP 7050
Ouagadougou 03
Burkina Faso

Cable: SEGEGOUV  Telex: 5555  Facsimile: (226) 50-31-27-15

5.03. The Association’s Address is:

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

Cable: INDEVAS  Telex: 248423 (MCI) or 1-202-477-6391  Facsimile: 64145 (MCI)
AGREED at Ouagadougou, Burkina Faso, as of the day and year first above written.

BURKINA FASO

By /s/ Jean-Baptiste Marie Pascal Compaoré

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Ellen Goldstein

Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to support the Recipient's strategy to increase the number and quality of students graduating from secondary school at reduced costs for parents, with increased equity of access by gender and by area (rural-urban).

The Project consists of the following parts:

Part A: Improve Access to Secondary Education through:

(1) Increasing access to lower secondary education in rural areas, including by supporting: (a) the construction and equipment of new lower secondary schools; (b) the provision of additional staff; and (c) the reduction for students attending lower secondary education from low income families of the share of school direct costs paid by households;

(2) Increasing access to high secondary education in rural areas, including by supporting: (a) the construction and equipment of new high secondary schools; and (b) the reduction for students attending upper secondary education from low income families of the share of school direct costs paid by households; and

(3) Increasing access to private secondary schools, including by: (a) strengthening the public private partnerships; and (b) supporting the construction and equipment of new private secondary schools.

Part B: Improve Quality of Post-Primary Education through support to:

(1) curriculum reforms and related studies;

(2) pre and in-service training programs, for teachers, pedagogic advisors and school inspectors;

(3) provision of pedagogical material;

(4) improvement of students’ and teachers’ awareness of preventive measures to fight HIV/AIDS;

(5) secondary school-based quality initiatives and evaluation of learning outcomes; and

(6) introduction of information and communications technologies to enhance quality of education, distance learning particularly in higher education.
Part C: Strengthen the capacity of the MESSRS through support to capacity building, including in the areas of:

(1) Education planning;

(2) Financial and personnel management; and

(3) Post primary education sub-sector coordination and policy dialogue.

Part D: Expand Vocational Education and Training (VET) through support to:

(1) the development of a national policy on vocational education and training; and

(2) the expansion of the subsystem, including based on: (a) pilot experiences conducted by non governmental organizations; (b) demand driven approach at both the secondary and higher technical and vocational levels; and (c) the development of an apprenticeship fund.
SCHEDULE 2

Project Execution

Section I. Institutional and other Arrangements

1. Institutional arrangement.

The Recipient shall maintain the following structures within the Recipient’s MESSRS with functions as set forth in paragraphs (a) through (d) and further detailed in the Project Implementation Manual, at all times during the implementation of the Project:

(a) The Secretary General of the MESSRS shall be responsible for the overall supervision and management of the Project and the coordination with representatives of other ministries of the Recipient, the Technical and Financial Partners, non governmental organizations and the civil society.

(b) A Technical Coordination Committee chaired by the Secretary General of the MESSRS and comprising the relevant central directorates and, if pertinent to the agenda of the meeting, the relevant regional directorates, shall meet on a monthly basis and provide Project oversight and overall policy guidance.

(c) An Interministerial Committee including representatives of the Recipient’s various ministries involved in the implementation of the Project, shall meet on a quarterly basis, to support the Technical Coordination Committee, foster sound sectoral policy dialogue, and provide strategic orientation.

(d) Under the supervision of the Secretary General of the MESSRS, the Directorate of Administration and Finances (Direction de l’Administration et des Finances) shall be responsible for the Project’s financial management, reporting, and auditing, and the Directorate of Studies and Planning (Direction des Etudes et de la Planification) shall be responsible for the collection and processing of data and for the monitoring and evaluation of the Project.

2. Implementation

(a) The Recipient shall implement the Project, or cause the Project to be implemented, in accordance with the Project Implementation Manual, and the Manual of Administrative, Financial and Accounting Procedures, and except as the Recipient and the Association shall otherwise agree, the Recipient shall not amend or waive any provision thereof, if in the opinion of the Association, such amendment or waiver may materially and adversely affect the implementation of the Project.
(b) Each year during the implementation of the Project, the Recipient shall develop a draft Annual Work Plan for the implementation of the Recipient’s policy on secondary education for the following calendar year, which shall be submitted to the Technical and Financial Partners for review and comments. If the Annual Work Plan is acceptable to the Association, the Association shall confirm in writing: (i) as the case may be, its approval of the Annual Work Plan; and (ii) the expenditures within the Annual Work Plan which can be financed by the Association (the “Annual Confirmation”). The modalities of the signing of the Annual Confirmation are further detailed in the Project Implementation Manual.

(c) The Recipient shall maintain adequate staff and tools for the efficient fiduciary management, monitoring and evaluation of the Project.

(d) The Recipient shall implement the Project in accordance with the Environment and Social Management Framework and the Resettlement Action Framework. Except as the Association shall agree in writing, the Recipient shall not amend, repeal, suspend, waive or otherwise fail to enforce the Environment and Social Management Framework and the Resettlement Action Framework.

Section II. Project Monitoring, Reporting, Evaluation

A. Project Reports.

1. (a) 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 sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than forty five days after the end of the period covered by such report.

(b) The performance indicators referred to above in sub-paragraph (a) consist of the following:
<table>
<thead>
<tr>
<th>Indicators</th>
<th>As of 2004</th>
<th>As of Closing</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Gross Admission Rate in first grade of lower Secondary Education</td>
<td>22%</td>
<td>40%</td>
</tr>
<tr>
<td>(ii) Survival Rate in the last grade of lower Secondary Education</td>
<td>45%</td>
<td>60%</td>
</tr>
<tr>
<td>(iii) Gross Enrollment Rate in Lower Secondary Education in the 18 provinces having the lowest gross enrolment rate (*)</td>
<td>8%</td>
<td>13%</td>
</tr>
<tr>
<td>(iv) Gross Enrollment Rate of girls in Lower Secondary Education</td>
<td>17%</td>
<td>28%</td>
</tr>
<tr>
<td>(v) Direct Cost of Public Lower Secondary Education (including tuitions, textbooks fees, parents association fees and school canteen) borne by households (per year per student) in the 18 provinces having the lowest gross enrolment rate (*)</td>
<td>30,000 CFA Francs</td>
<td>Below 10,000 CFA Francs</td>
</tr>
<tr>
<td>(vi) Share of MESSRS budget in the education budget</td>
<td>28%</td>
<td>40%</td>
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</table>

(*) The 18 provinces having the lowest gross enrolment rate are: Yagha, Ziro, Komandjoari, Oudalan, Loroum, Soum, Seno, Gnagna, Koulpelogo, Kossi, Namentenga, Banwa, Tapoa, Zondoma, Sourou, Noubiel, Tuy, and Kenedougou.

2. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than September 30, 2010.


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 as part of the Project Report, interim
un-audited financial reports for the Project covering the semester, 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 through international competition 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 Schedule. All other goods and works for the Project to be financed out of the proceeds of the Financing through national competition shall be procured in accordance with the National Procurement Law.

2. Consultants’ Services. All consultants’ services required for the Project and to be financed out of the proceeds of the Financing through international competition 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 Schedule. All other consultants’ services for the Project to be financed out of the proceeds of the Financing through national competition shall be procured in accordance with the National Procurement Law.

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, or are defined in the Appendix, 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:

<table>
<thead>
<tr>
<th>Procurement Methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding on the basis of National Procurement Law</td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
<tr>
<td>(c) Direct Contracting</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Procurement Methods</th>
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<tbody>
<tr>
<td>(a) Least Cost Selection</td>
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<tr>
<td>(b) Selection based on the Consultant’s Qualifications</td>
</tr>
<tr>
<td>(c) Single Source Selection</td>
</tr>
<tr>
<td>(d) Direct Contracting</td>
</tr>
<tr>
<td>(e) Other methods included in the National Procurement Law</td>
</tr>
</tbody>
</table>

D. **Review by the Bank 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 works estimated to cost the equivalent of $500,000 or more; (b) the first contract for school construction procured by each region; (c) each contract for goods estimated to cost the equivalent of $250,000 or more; (d) the first contract for school furniture procured by each region; (e) all contracts for goods and works procured on the basis of Direct Contracting; (f) each contract for consultants’ services provided by a firm estimated to cost the equivalent of $100,000 or more; (g) each contract for consultants’ services provided by an individual estimated to cost the equivalent of $50,000 or more; and (h) all contracts for consultants’ services procured on the basis of Single Source Selection. 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 and of this Section and such additional instructions as the Association shall specify by notice to the Recipient, to finance 100% of Eligible Expenditures all taxes included financed under Sub-programs for the implementation of the Project.

B. Withdrawal Conditions; Withdrawal Period.

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Agreement.

2. The Closing Date is March 31, 2010.
Section V.  Other Covenants

(a) The Recipient shall appoint a team of inspectors and pedagogical advisors in number satisfactory to the Association in each new Regional Directorate for Secondary Education (a DR/MESSRS) established and constructed under the Project, no later than 6 months after the date of construction of such DR/MESSRS.

(b) By September 30, 2006, the Recipient shall organize, and all relevant staff of the MESSRS’ Directorate of Administration and Finances (Direction de l’Administration et des Finances) and MESSRS’ Directorate of Surveys and Planning (Direction des Etudes et de la Planification) shall participate in, a training program on financial management.
SCHEDULE 3

Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each May 1\textsuperscript{st} and November 1\textsuperscript{st}:</td>
<td></td>
</tr>
<tr>
<td>commencing November 1\textsuperscript{st}, 2016 to and including May 1\textsuperscript{st}, 2026</td>
<td>1%</td>
</tr>
<tr>
<td>commencing November 1\textsuperscript{st}, 2026 to and including May 1\textsuperscript{st}, 2046</td>
<td>2%</td>
</tr>
</tbody>
</table>

*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. “Annual Work Plan” means the Recipient’s annual work plan for the implementation of the Recipient’s policy on secondary education, to be financed by the Recipient, the Association, other Donors, and other sources of financing, in each case in form and substance satisfactory to the Donors, including the Association, and duly approved by the appropriate authorities in accordance with the Recipient’s laws and regulations.

2. “BCEAO” means Banque Centrale des Etats de l’Afrique de l’Ouest, the central bank for the Recipient and other members of the West African Monetary Union.

3. “CFA Franc” means Franc de la Communauté Financière Africaine, the lawful currency of the Recipient and other members of the African Financial Community.

4. “Co-financier” means the Kingdom of Netherlands.

5. “Co-financing” means an amount of twenty million Euros to be provided by the Co-financier to assist in financing the Project.

6. “Co-financing Agreement” means the agreement(s) entered or about to be entered into between the Recipient and the Co-financier providing for the Co-financing.


8. “Designated Account” is defined in the Disbursement Letter from the Association to the Recipient dated the date of this Agreement.


11. “Manual of Financial, Administrative and Accounting Procedures” means the Recipient’s manual containing financial, administrative and accounting procedures applicable to the implementation of the Project, as such manual may be amended from time to time in agreement with the Association, and such term includes any schedule to the Manual of Financial and Administrative Procedures.

13. “National Procurement Law” means collectively: (i) decree no. 2003-263/PRES/PM/MFB dated May 27, 2003 on procurement; (ii) arrêté no. 2003-0281/MFB/CAB dated July 15, 2003 on administrative documents to be provided by bidders; (iii) arrêté no. 2003-0282/MFB/CAB dated July 15, 2003 on the tender documents; and (iv) arrêté no. 2003-0283/MFB/CAB dated July 15, 2003 on the operation of the award commission, arbitration commission and reception commission; as such decree and arrêtés may be completed or amended from time to time by the Recipient, subject to the written agreement of the Association.

14. “Project Implementation Manual” means the guidelines and procedures satisfactory to the Association to be used for the purpose of implementing the Project, in the administrative, financial management, procurement, monitoring and evaluation areas, and other provisions related to the institutional organization, including the terms and conditions of the participation of the Donors, for the approval of the Annual Work Plans, the Annual Confirmation, and their monitoring and evaluation activities, as such guidelines and procedures may be amended from time to time in agreement with the Association, and such term includes any schedule to the Project Implementation Manual.


16. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 26, 2006 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.


18. “Sub-program” means a set of eligible activities in the areas set out in Schedule 1 to this Agreement, which are included in an Annual Work Plan for the implementation of the Project and with respect to which an Annual Confirmation has been signed by the Association.

19. “Technical and Financial Partners” means, collectively, the donors participating in the financing of the Recipient’s policy on higher education.