Financing Agreement

(Additional Financing for Electricity Sector Support Project
and Amendment to the Original Financing Agreement)

between

BURKINA FASO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 15, 2014
FINANCING AGREEMENT

Agreement dated _________________ 2014, entered into between BURKINA FASO ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement).

This Agreement (i) sets out the terms and conditions related to the Additional Financing for Electricity Sector Support Project, and (ii) amends the Original Project.

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, in the Original Financing Agreement, 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 and a credit (collectively, "Financing") in the following amounts to assist in financing the project described in Schedule 1 to this Agreement ("Project"):

(a) an amount equivalent to seventeen million five hundred thousand Special Drawing Rights (SDR 17,500,000) ("Grant"); and

(b) an amount equivalent to five million two hundred thousand Special Drawing Rights (SDR 5,200,000) ("Credit").

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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%).

2.05. The Payment Dates are April 1 and October 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 — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through DGE 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 Events of Suspension consist of the following:

(a) FDE’s Governing Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of FDE, to perform any of its obligations under its Service Agreement;

(b) FDE has failed to perform any of its obligations under its Service Agreement; and

(c) as a result of events which have occurred after the date of the Financing Agreement, an extraordinary situation has arisen which shall make it improbable that FDE will be able to perform its obligations under its Service Agreement.
ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following, namely that the Service Agreement entered into between the Ministry of Finance of the Recipient and FDE has been amended, in accordance with terms and conditions satisfactory to the Association, to cover the execution of the additional activities to be carried out under the Project.

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

5.03. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

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

6.02. The Recipient’s Address is:

Minister of Economy and Finance  
Ministère de l'Économie et des Finances  
03 BP 7050  
Ouagadougou 03  
Burkina Faso

Cable: SEPEGOUV  
Telex: 5555  
Facsimile: 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: INDEVAS  
Telex: 248423 (MCI)  
Facsimile: 1-202-477-6391

Washington, D.C.
AGREED at Ouagadougou, Burkina Faso, as of the day and year first above written.

BURKINA FASO

By

Authorized Representative

Name: Lucien Marie Noir Bembamba
Title: Minister of Economy and Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Ousmane Diagana
Title: Country Director for Burkina
SCHEDULE 1

Project Description

The objectives of the Project are to contribute to: (i) increasing access to electricity, (ii) improving the reliability of electricity supply; and (iii) improving efficient use of energy in targeted areas.

The Project consists of the Original Project and the following additional parts:

(a) grid expansion and installation of connections in communities through:
   (i) existing and new 33kV transmission lines, and (ii) the existing 34.5 kV Bobo-Dioulasso - Ouagadougou line;

(b) installation of hybrid mini grids and solar home systems in remote and poor localities; and

(c) installation of multi-functional platforms to foster income generating activities in poor localities.

Provision of support to:

(a) SONABEL for, inter alia:
   (i) the development and implementation of a strategic plan to help SONABEL improve its operational and financial performance;
   (ii) the carrying out of a fuel consumption audit; and
   (iii) the acquisition and operationalization of customer management software;

(b) DGE for improving private participation in the energy sector.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The provisions of Sections I.A and I.B of Schedule 2 to the Original Financing Agreement are incorporated herein, except for all references to “SONABEL” and apply to this Agreement, mutatis mutandis, and the Recipient hereby undertakes to comply with the provisions thereof to the same extent as if such provisions had been set out in full in this Agreement.

2. The Recipient shall cause FDE to carry out Part 2.2 of the Project and, to that end, the Recipient, through its Ministry of Finance, shall enter into an amendment to the Service Agreement concluded between the Recipient and FDE in accordance with the provisions of Section 5.01 of this Agreement.

3. The Recipient shall use the criteria provided for under the Project Implementation Manual for the selection of poor localities where hybrid mini grids, solar home systems, and multi-functional platforms will be installed.

B. Anti-Corruption

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

C. Safeguards

1. The Recipient shall take, and cause FDE and DGE to take, all necessary measures to ensure that the Project shall be implemented in accordance with the ESMF, RPF, EMPs and RAPs.

2. Except as the Association shall otherwise agree in writing, the Recipient shall ensure, and cause to ensure, that none of the provisions of the ESMF, RPF, EMPs and RAPs shall be abrogated, amended, repealed, suspended or waived.

3. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall take, and cause to take, all measures necessary on its part to regularly collect, compile and submit to the Association, on a semi-annual basis, reports on the status of compliance with the ESMF, RPF, EMPs and RAPs giving details of:

   (a) measures taken in furtherance of such ESMF, RPF, EMPs and RAPs;
(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such ESMF, RPF, EMPs and RAPs; and

(c) remedial measures taken or required to be taken to address such conditions.

4. If any activity under the Project requires the adoption of an EMP and/or a RAP, the Recipient shall:

(a) prepare such EMP and/or RAP in accordance with the ESMF and/or RPF, as the case may be, furnish such EMP and/or RAP to the Association for review and approval and, following approval by the Association, adopt such EMP and/or RAP prior to commencing the carrying out of the activity in question; and

(b) maintain, and cause to be maintained, policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Association, the implementation of the ESMF, RPF, EMPs and RAPs and the achievement of their respective objectives.

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 indicators acceptable to the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

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 not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have and shall cause SONABEL and FDE to have its/their 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 (6) months after the end of such period.

Section III.  Procurement

A.  General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting 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 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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods, Works and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding subject to the following additional provisions: the Recipient shall use the Association’s standard bidding documents or other bidding documents which shall have been found acceptable to the Association prior to their use; (b) Shopping; and (c) 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 methods, other than Quality and Cost-based Selection, may be used for procurement of consultants’ services for those contracts which are specified in the Procurement Plan: (a) Selection under a Fixed Budget; (b) Least Cost Selection; (c) Selection based on Consultants’ Qualifications; (d) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; (e) Single-source Selection of consulting firms; and (f) Single-source procedures for the Selection of Individual Consultants.

D. **Review by the Association of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. 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 Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed Under the Grant (inclusive of Taxes)</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed Under the Credit (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services and consultants’ services for Parts 2.2 and 4.2 of the Project</td>
<td>17,500,000</td>
<td>77%</td>
<td>5,200,000</td>
<td>23%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>17,500,000</td>
<td></td>
<td>5,200,000</td>
<td></td>
</tr>
</tbody>
</table>

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 September 30, 2019.

Section V. **Other Undertakings**

1. The amount of the Grant allocated under Category (1) shall be disbursed before the amount of the Credit allocated under said Category.
**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 1 April and 1 October:</td>
<td>1%</td>
</tr>
<tr>
<td>commencing 1 October 2024 to and including 1 April 2034</td>
<td>1%</td>
</tr>
<tr>
<td>commencing 1 October 2034 to and including 1 April 2054</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

I. Definitions


2. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


4. "EMP" means an environmental management plan, acceptable to the Association, prepared in accordance with the updated ESMF referred to in paragraph 6 of this Appendix, which sets out the environmental protection measures in respect of the Project, as well as administrative and monitoring arrangements to ensure the implementation of said plan, as said plan may be revised from time to time with the agreement of the Association.

5. "ESMF" means the Environmental and Social Management Framework, acceptable to the Association, prepared under the Original Project, updated in March 2014 and disclosed in the territory of the Recipient on April 9, 2014 and in the Association's Info Shop on April 11, 2014.


7. "Original Financing Agreement" means the financing agreement for an Electricity Sector Support Project between the Recipient and the Association, dated October 8, 2013 (Credit No. 5291-BF).

8. "Original Project" means the Project described in the Original Financing Agreement.


10. "Procurement Plan" means the Recipient's procurement plan for the Project, dated 28 April 2014 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

12. "RAP" means a resettlement action plan, acceptable to the Association, prepared in accordance with the updated ESMF referred to in paragraph 5 of this Appendix, which sets out the principles and procedures governing the acquisition of land and other assets, and the resettlement, compensation and rehabilitation of Displaced Persons on account of the execution of the Project, as well as monitoring and reporting arrangements to ensure compliance with said plan, as the same may be revised from time to time with the prior agreement of the Association.

13. "RPF" means the Resettlement Policy Framework, acceptable to the Association, prepared under the Original Project, updated in March 2014 and disclosed in the territory of the Recipient on April 9, 2014 and in the Association’s Info Shop on April 11, 2014.

14. “Service Agreement” means the agreement entered into between the Ministry of Finance of the Recipient and FDE, dated February 2014, to be updated in accordance with the provisions of Section 5.01 of this Agreement.

II. Amendments to the Original Financing Agreement

1. Part 2 of Schedule 1 of the Original Financing Agreement is amended by adding the numeral 2.1 before the existing paragraph.

2. Part 4 of Schedule 1 of the Original Financing Agreement is amended to add the numeral 4.1 before paragraph (a).

3. Section I.B.1(c) of the Original Financing Agreement is replaced by the following:

“(c) provide DGE with all documents related to procurement that SONABEL and/or FDE has initiated, as well as payment requests, in a timely manner;”

4. Section II.B.3 of Schedule 2 to the Original Financing Agreement is replaced by the following:

“3. The Recipient shall have and shall cause SONABEL and FDE to have its/their 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 (6) months after the end of such period.”