Financing Agreement

Additional Financing for the Urban Water Sector Project and Amendment to the Original Financing Agreement

between

BURKINA FASO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated February 2, 2015
FINANCING AGREEMENT

Agreement dated February 2, 2015, 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 the Urban Water 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 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 in an amount equivalent to fifty two million seven hundred thousand Special Drawing Rights (SDR52,700,000) ("Financing"), to assist in financing the project described in Schedule I to this Agreement ("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 Payment Dates are February 15 and August 15 in each year.

2.05. 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 cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article IV of the General Conditions and the Project Agreement.

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) The Project Implementing Entity’s Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.

(b) Either of the parties to the Performance Contract has failed to comply with its obligations thereunder, without necessary measures satisfactory to the Association having been taken to address the causes or implications of such non-compliance.

(c) The Performance Contract has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.

(d) A situation has arisen which shall make it improbable that the Program, or a significant part of it, can be implemented.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following, namely that the Subsidiary Agreement entered into between the Ministry of Finance of the Recipient and Project Implementing Entity 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 Additional Legal Matter consists of the following namely that the amendment to the Subsidiary Agreement has been duly authorized or ratified by the Recipient and the Project Implementing Entity and is legally binding upon the Recipient and the Project Implementing Entity in accordance with its terms.

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

5.04. 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 the Minister of the Recipient at the time responsible for finance.

6.02. The Recipient’s Address is:

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

Cable: SEEGEGOUV
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.

EURKINA FASO

[Signature]

Authorized Representative

Name: Jean Gustave Sawoni

Title: Minister of Economy and Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

[Signature]

Authorized Representative

Name: Percy T. Tefebou

Title: Country Manager for Burkina Faso
SCHEDULE 1

Project Description

The objective of the Project is to increase access to sustainable water and sanitation services in selected urban areas.

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

Part 1

1.2. Implementation and supervision of a water works program in Ouagadougou, consisting of:

(a) the supply and installation of water transmission mains;

(b) the expansion of the water storage capacity and construction of water pumping stations; and

(c) the expansion of the secondary and tertiary water distribution networks, including the installation of household connections and public standpipes, and supply of water connections kits.

Part 3

(c) Provision of support to develop technical studies on water supply and institutional development.
SCHEDULE 2
Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The provisions of Sections I.A.1(a)(ii), (b), (c), and 2, and I.B of Schedule 2 to the Original Financing Agreement, as amended, are incorporated herein 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, through its Ministry of Finance, enter into an amendment to the Subsidiary Agreement concluded between the Recipient and the Project Implementing Entity in accordance with the provisions of Section 5.01 of this Agreement.

3. The amendment to the Subsidiary Agreement referred to in paragraph 2. above shall include a provision confirming that the Recipient shall make the proceeds of the Financing available to the Project Implementing as a non-reimbursable grant.

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 cause the Project Implementing Entity to take all necessary measures to ensure that the Project shall be implemented in accordance with the ESMF and RPF and, where applicable, the ESIAs, the ESMPs and RAPs, if any.

2. Wherever required in terms of the ESMF or RPF, the Recipient shall, and shall cause the Project Implementing Entity, for the purposes of any activity under the Project, or any component or subcomponent thereof, and prior to implementation thereof, to proceed to have an ESIA, an ESMP and/or RAP, as the case may be,

   a) prepared in form and substance satisfactory to the Association,

   b) except as otherwise agreed with the Recipient and the Association, submitted to the Association for review and approval, and

   c) thereafter adopted, and locally disclosed,

all in accordance with the provisions of the ESMF and/or RPF, as the case may be.
3. Except as the Association shall otherwise agree in writing, the Project Implementing Entity shall ensure that none of the provisions of the ESMF and RPF, or ESIAs, ESMPs or RAPs, if any, shall be abrogated, amended, repealed, suspended or waived.

4. Without limitation upon its other reporting obligations under this Agreement, the Project Implementing Entity shall 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 and RPF, and ESIAs, ESMPs and RAPs, if any, giving details of:

(a) measures taken in furtherance of such ESMF and RPF, and ESIAs, ESMPs and RAPs, if any;

(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such ESMF and RPF, and ESIAs, ESMPs and RAPs, if any; and

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

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

2. Twenty-four (24) months after the Effective Date, or such later date as may be agreed upon by the Recipient and the Association, the Recipient shall, in conjunction with the Project Implementing Entity and the Association, carry out a mid-term review of the Project (the "Mid-term Review"), covering the progress achieved in the implementation of the Project. The Recipient shall, in conjunction with the Project Implementing Entity, prepare, under terms of reference satisfactory to the Association, and furnish to the Association three (3) months prior to the beginning of the Mid-term Review, or on such other date agreed upon with the Association in writing, a report integrating the results of the monitoring and evaluation activities performed pursuant to this Agreement, on the progress achieved in the carrying out of the Project during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective of the Project during the period following such date. Following the Mid-term Review, the Recipient shall act promptly and diligently in order to take, or cause to be taken, any corrective action deemed necessary by the Association to remedy any shortcoming noted in the carrying out of the Project in furtherance of the objectives of the Project.
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 semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Association.

3. 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. 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 the Procurement Guidelines, or 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 table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:
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 Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality Based Selection</td>
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<td>(b) Selection under a Fixed Budget</td>
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<td>(c) Least Cost Selection</td>
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<tr>
<td>(d) Selection based on Consultants’ Qualifications</td>
</tr>
<tr>
<td>(e) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines</td>
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<td>for the Selection of Individual Consultants</td>
</tr>
<tr>
<td>(f) Single-source Selection of consulting firms</td>
</tr>
<tr>
<td>(g) Single-source procedures for the Selection of Individual Consultants</td>
</tr>
</tbody>
</table>

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 Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, and consultants’ services for Parts 1.2 and 3(c). of the Project</td>
<td>52,700,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>52,700,000</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 December 31, 2018.
APPENDIX

Section I. Definitions


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


4. "Displaced Persons" means a person, a group of people or entities who, on account of the execution of the Project, has experienced direct economic and social impacts caused by:
   (a) the involuntary taking of land resulting in: (i) relocation or loss of shelter, (ii) loss of assets or access to asset, totally or partially; or (iii) loss of income or means of livelihood, whether or not such person must move to another location; or (b) the involuntary restriction to access to legally designated parks and other protected areas resulting in adverse impacts on the livelihood of such person, group of people or entities.

5. "Environmental and Social Impact Assessment" or "ESIA" means the Recipient’s document prepared in accordance with the Environmental and Social Management Framework with respect to a Project activity, in which the Recipient has: (i) identified and assessed the potential environmental and social impact of the proposed Project activity, (ii) evaluated alternatives, and (iii) designed appropriate mitigation, management and monitoring measures.

6. "Environmental and Social Management Framework" or "ESMF" mean the Recipient’s document entitled "Cadre de Gestion Environnementale et Sociale du Projet Sectoriel Eau en milieu Urbain (Rapport amendé)" dated January 30, 2009 and updated on June 4, 2014 detailing: (a) the measures to be taken during the implementation and operation of the Project to eliminate or offset adverse environmental and social impacts, or to reduce them to acceptable levels; and (b) the actions needed to implement these measures, including monitoring; and institution strengthening, as such Environmental and Social Management Framework may be amended from time to time with the prior written consent of the Association.

7. "Environmental and Social Management Plan" or "ESMP" means the Recipient’s document prepared in accordance with the Environmental and Social Management Framework with respect to a Project activity, that details: (i) the measures to be taken during the implementation and operation of the activity to eliminate or offset adverse environmental or social impacts, or to reduce them to acceptable levels; and (ii) the actions needed to implement these measures.


10. "Original Financing Agreement" means the financing agreement for a Urban Water Project between the Recipient and the Association, dated June 9, 2009 as amended to the date of this Agreement (Grant No H482-BF).

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


14. "Procurement Plan" means the Recipient's procurement plan for the Project, dated September 16, 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.


17. "Project Implementing Entity’s Legislation" means the Recipient’s Decree No. 85/387/CNR/PRES/EAU of July 22, 1985 creating the Project Implementing Entity, the Recipient’s Decree No. 94-391/PRES/MICM/EAU of November 2, 1994 transforming the Project Implementing Entity into a State owned Enterprise with a Board of Directors, and the Recipient’s Decree No. 2007-039/PRES/PM/MAHRH/ MFB/MCPEA of January 22, 2007 approving the amended Articles of Association of the Project Implementing Entity.

18. "Resettlement Action Plan" or "RAP" means the Recipient’s document prepared in accordance with the Resettlement Policy Framework with respect to a Project activity,
which, *inter alia*, (i) contains a census survey of Displaced Persons and valuation of assets; (ii) describes compensation and other resettlement assistance to be provided, consultation to be conducted with Displaced Persons about acceptable alternatives, institutional responsibilities for the implementation and procedures for grievance redress, and arrangements for monitoring and evaluation; and (iii) contains a timetable and budget for the implementation of such measures.

19. "Resettlement Policy Framework" or "RPF" mean the Recipient’s document entitled "*Cadre de Politique de Réinstallation des Populations du Projet Sectoriel Eau en milieu Urbain (Rapport amendé)*" dated January 2009 and updated on June 4, 2014, containing guidelines, procedures, timetables and other specifications for the provision of compensation, rehabilitation and resettlement assistance to Displaced Persons, as such Resettlement Policy Framework may be amended from time to time with the prior written consent of the Association.

20. “Subsidiary Agreement” means the agreement referred to in Section 1.A of Schedule 2 to this Agreement pursuant to which the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity.

21. “Training” means the training of persons involved in Project-supported activities, based on annual budgets approved by the Association, such term including seminars, workshops, conferences and study tours, and costs associated with such activity include travel and subsistence costs for Training participants, costs of securing the services of trainers, rental of Training facilities, preparation and reproduction of Training materials and other costs directly related to course preparation and implementation.

**Section II. Amendments to the Original Financing Agreement**

1. Part 1 of Schedule 1 of the Original Financing Agreement is amended by adding the numeral 1.1 before the existing paragraph.

2. Part 3 of Schedule 1 of the Original Financing Agreement is amended by (a) removing the word “and” after paragraph (a) and (b) inserting the word “and after paragraph (b).

3. Section 1.A.1(c) of Schedule 2 to the Original Financing Agreement is replaced by the following:

"(c) the obligation of the Project Implementing Entity to carry out the Training on the basis of annual programs and budgets, which shall have been approved by the Association, and which shall, *inter alia*, identify: (i) the training envisaged; (ii) the personnel to be trained; (iii) the selection method of the institution conducting such training; (iv) the institution conducting such training; (v) the justification for such training; (vi) the location and duration of the proposed training; and (vii) the estimate of the cost of such training; and
(d) a provision stipulating that, in case of conflict between any of the provisions contained in the Subsidiary Agreement or the Project Implementation Manual, on one hand, and those set forth in this Agreement and the Project Agreement, on the other hand, the provisions of this Agreement and the Project Agreement shall at all times prevail.

4. Section II.A.1 of Schedule 2 to the Original Financing Agreement is replaced by:

"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 the indicators set forth in the Project Implementation Manual. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report."

5. Section III of Schedule 2 to the Original financing Agreement is replaced by the following:

"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 the Procurement Guidelines, or 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 table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:

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<tr>
<td>(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.</td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
<tr>
<td>(c) Community Based Procurement</td>
</tr>
<tr>
<td>(d) Direct Contracting</td>
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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:

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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.

6. The Closing Date specified in Section IV.B.2 is modified to read December 31, 2018.

7. The Appendix to the Original Financing Agreement is amended by replacing the definitions of “Anti-Corruption Guidelines”, “Consultant Guidelines”, “Environmental and Social Management Framework”, “Procurement Guidelines”, and “Resettlement Policy Framework” by the following definitions:


“Environmental and Social Management Framework” and “ESMF” mean the Recipient’s document entitled “Cadre de Gestion Environnementale et Sociale du Projet Sectoriel Eau en milieu Urbain (Rapport amendé)” dated January 30, 2009 and updated on June 4, 2014, detailing: (a) the measures to be taken during the implementation and operation of the Project to eliminate or offset adverse environmental and social impacts, or to reduce them to acceptable levels; and (b) the actions needed to implement these measures, including monitoring and institution strengthening, as such Environmental and Social Management Framework may be amended from time to time with the prior written consent of the Association.


“Resettlement Policy Framework” or “RPF” mean the Recipient’s document entitled “Cadre de Politique de Réinstallation des Populations du Projet Sectoriel Eau en milieu Urbain (Rapport amendé)” dated January 2009 and updated on June 4, 2014, containing guidelines, procedures, timetables and other specifications for the provision of compensation, rehabilitation and resettlement assistance to Displaced Persons, as such Resettlement Policy Framework may be amended from time to time with the prior written consent of the Association.