H. E. Lucien Marie Noel Bemba
Minister of Finance
Ministry of Finance
Ouagadougou
Burkina Faso

Re: SCF - FIP Grant No. TF013831
Burkina Faso: FIP Project Preparation Grant

Excellency:

In response to the request for financial assistance made on behalf of Burkina Faso ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank"), acting as Implementing Entity for the Forest Investment Program ("FIP") under the Strategic Climate Fund ("SCF"), proposes to extend to the Recipient a grant in an amount not to exceed one million five hundred thousand United States Dollars (U.S.$1,500,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex to assist in the financing of the preparation of project described in the Annex ("Project"). The objective of the Activities is to facilitate the preparation and the early start of a proposed Decentralized Forest and Woodland Management Project under the Forest Investment Plan—Burkina Faso Investment Plan for which the Recipient has requested the World Bank’s financial assistance.

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds. Accordingly, in the event that any Donor cancels or fails to pay any contributions under the trust fund to the World Bank for any reason, or that as a result of currency exchange variations the amount of funds available in the trust fund is insufficient for the purposes of the Grant, the Recipient shall bear the risk of such funding shortfall and the World Bank shall not have any liability whatsoever to the Recipient or to any third parties in respect of any expenditures or liabilities incurred by the Recipient or any third parties in connection with this Agreement which exceed the amount of funds made available to the World Bank by the Donors for the purposes of the Grant.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.
Please confirm the Recipient's agreement to the foregoing by having an authorized
official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to
the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement
shall become effective as of the date of the countersignature; provided, however, that the offer
of this Agreement shall be deemed withdrawn if the World Bank has not received the
countersigned copy of this Agreement within 90 days after the date of signature of this
Agreement by the World Bank, unless the World Bank shall have established a later date for
such purpose.

Very truly yours,

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

[Signature]

Madani M. Tall
Country Director for Burkina Faso
Africa Region

AGREED:

BURKINA FASO

[Signature]

Lucien Marie Noé BENGBABA

Title: Ministre de l'Economie et des Finances

Date: 19 NOV 2013

Enclosures:

1. Standard Conditions for Grants Made by the World Bank Out of Various Funds,
   dated February 15, 2012

2. Disbursement Letter of the same date as this Agreement, together with World Bank
   Disbursement Guidelines for Projects, dated May 1, 2006
Article I

Standards Conditions; Definitions


1.02. Definitions. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement and the following terms have the following meanings:

(a) "Ministry of Environment and Sustainable Development" and the acronym "MEDD" mean the Recipient's ministry responsible of environment (Ministère de l'Environnement et du Développement Durable).

(b) "CONEDD" means the National Council for Environment and Sustainable Development (Conférence Nationale pour l'Environnement et le Développement Durable) that gather civil society, private sector and government representative and hold meetings every three (3) years as define in the Decree No. 2002-542/PRES/PM/MI/JCV dated on November 27th, 2002 or any successor thereto.

(c) "SP-CONEED" means the Permanent Secretariat of the CONEDD (Secrétariat Permanent – Conférence nationale pour l'Environnement et le Développement Durable) and more generally the office with the MEDD in charge of Climate Change related issues.

(d) "FIP Coordinator Unit" means the unit within the MEDD which was established by a ministerial "Arrêté" No. 2013-109/MEDD/CAB dated on July 05, 2013 or any successor thereto.

(e) "REDD" means reducing emissions from deforestation and forest degradation, a mechanism that uses market/financial incentives to reduce the emission of greenhouse gases from deforestation and forest degradation in a measurable and verifiable way.

(f) "REDD+" expands the scope of REDD beyond deforestation and degradation to include forest restoration, rehabilitation, sustainable management and reforestation.

(g) "Operating Costs" means the reasonable costs, as shall have been approved by the World Bank, for the incremental expenses incurred on account of Project preparation and coordination, consisting of vehicle operation and maintenance, communication and insurance costs, banking charges, rental expenses, office (and office equipment) maintenance, utilities, document duplication/printing, consumables, travel cost and per diem for Project staff for travel linked to the preparation and coordination of the Project, and salaries of contractual staff for
the Project (but excluding consultants’ services and salaries of officials of the Recipient’s civil service).

(h) “R-PP” means the Readiness Preparation Package, a document that details the action plan for Burkina Faso to become eligible for a potential future REDD+ mechanism; a revised version of this document has been submitted officially by the government to the Forest Carbon Partnership Facility (FCPF) in July 2013.

(i) “Training” means the reasonable costs, as shall have been approved by the World Bank, for incremental expenses incurred on account of Project preparation and coordination consisting of: local training and workshops conducted under the Project (but excluding study tours), including tuition, travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities; preparation and reproduction of training and workshop materials, and other costs directly related to training course and workshop preparation and implementation (but excluding goods and consultants’ services).

Article II
Project Execution

2.01. Description of the Activities. The Grant will help identify areas for investment that match the investment criteria of the Forest Investment Program maximizing climate change mitigation potential in Burkina Faso. The Activities for which the Grant is provided consist of the following parts:

(a) Preparation of component 1 of the Project: (i) put in place the REDD+ coordination framework as defined in the R-PP, as define in the R-PP and (ii) define the methodology for the consultation process;

(b) Preparation of component 2 of the Project: (i) put in place the technical team for the local development planning activities (one land planning expert and 8 local facilitators);

(c) Preparation of component 3 of the Project: (i) put in place the fiduciary team for the FIP Coordination Unit (one (1) financial management specialist, one (1) procurement specialist and one (1) accountant), (ii) define the safeguard framework for the local development investments, (iii) and conduct a socio-economic study to assess the livelihood in the thirty-two (32) communes; and

(d) carry out other activities related to the preparation of the Project, such as missions and workshops.

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the Ministry of Environment and Sustainable Development in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”); and (c) this Article II.
2.02. **Institutional and Other Arrangements.** Without limitation upon the provision of paragraph 2.02, the Recipient shall:

(a) maintain at all times during implementation of the Project, a FIP coordinator;

(b) within six (6) months after the signature of this Agreement establish and maintain, throughout the period of implementation of the Project a FIP Coordination Unit that shall include a financial management specialist, a procurement specialist and an accountants and the mandate, terms of reference and composition of said team shall be satisfactory to the World Bank; and

(c) between the date of signature of this agreement and the date of hiring of the financial management specialist, the procurement specialist and the accountant referred to in paragraph (b) above, maintain within the FIP Coordination Unit interim financial management and procurement arrangements (i.e. dedicated MEDD officers from the financial and administrative direction (DAF) and procurement general direction (DGMP)) satisfactory to the World Bank.

2.04. **Project Monitoring, Reporting and Evaluation.** (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date. In order to assist the Recipient in preparing the Completion Report, the Recipient shall employ consultants in accordance with the provisions of Section 2.07 of this Agreement.

2.05. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than 45 days after the end of each calendar quarter, covering the quarter, in a format and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the entire period during which withdrawals from the Grant Account were made. The audited Financial Statements shall be furnished to the World Bank not later than six months after the end of such period.
2.07. **Procurement**

(a) **General.** All goods, non-consulting services and consultants’ services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Procurement Guidelines”), in the case of goods and non-consulting services;

(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

(b) **Definitions.** The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank 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.

(c) **Particular Methods of Procurement of Goods and Non-consulting Services**

(i) Except as otherwise provided in sub-paragraph (ii) below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (A) National Competitive Bidding, subject to the use of the World Bank SBDs until the World Bank will have assessed the Recipient’s national new procurement system and found it acceptable; (B) Shopping; and (C) Direct Contracting.

(d) **Particular Methods of Procurement of Consultants’ Services**

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Selection under a Fixed Budget; (B) Least Cost Selection; (C) Selection based on Consultants’ Qualifications; (D) Single-source Selection of consulting firms; (E) Selection of Individual Consultants; and (F) Single-source procedures for the Selection of Individual Consultants.
(e) **Review by the World Bank of Procurement Decisions.** The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank. All Terms of References will be subject to the Bank prior review regardless the contract cost estimate.

**Article III**

**Withdrawal of Grant Proceeds**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may 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 World Bank and made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant 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 USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, consultants’ services, Operating Costs and Training under the Project</td>
<td>1,500,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>1,500,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

3.02. **Withdrawal Condition:** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient, except that withdrawals up to an aggregate amount not to exceed US$ 150,000 equivalent may be made for payments made prior to this date but on or after June 1, 2013, for Eligible Expenditures under Category (1).

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is September 30, 2015.
Article IV
Recipient’s Representative; Addresses

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its minister at the time responsible for finance.

4.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance
*Ministère de l’Économie et des Finances*
03 BP 7050
Ouagadougou 03
Burkina Faso


4.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable: INTBAFRAD  Telex: 248423 (MCI) or 64145 (MCI)  Facsimile: 1-202-477-6391