Financing Agreement

(Social Safety Net Project)

between

BURKINA FASO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 14, 2014
FINANCING AGREEMENT

AGREEMENT dated 29 June 2014, 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 an amount equivalent to thirty two million four hundred thousand Special Drawing Rights (SDR 32,400,000) (variously “Credit” and “Financing”), to assist in financing the project described in Schedule 1 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 March 1 and September 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 objective of the Project. To this end, the Recipient shall carry out the Project through the MASSN 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 prepared and submitted to the Association, a draft Project Implementation Manual including the administrative, procurement, financial management and accounting arrangements for the Project, in form and substance satisfactory to the Association.

(b) The Recipient has established a Project Steering Committee, with composition, functions, and resources satisfactory to the Association.

(c) The Recipient has established within the MASSN, a Project Implementing Unit, with adequate staff hired pursuant to terms and reference satisfactory to the Association (including a Project coordinator, a procurement specialist, a specialist in monitoring and evaluation, and a financial management specialist), and resources satisfactory to the Association.

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

4.03. 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 V — REPRESENTATIVE; ADDRESSES

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

5.02. 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: SEEGOUV
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)
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 Noël BENBANBA
Title: Minister of Economy and Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Henry N. TEMBON
Title: Country Manager for Burkina Faso
SCHEDULE 1

Project Description

The objective of the Project is to provide income support to poor households and to lay the foundations for a basic safety net system in Burkina Faso.

The Project consists of the following parts:

PART 1: Cash Transfers and Awareness Program for Poor Households

Carrying out activities to support poor households in regions with high prevalence of poverty and malnutrition through:

(a) the provision of Cash Transfers to Beneficiaries in order to contribute to household consumption and the costs associated with the transfer payments; and

(b) the delivery of accompanying measures to assist households in villages where the Cash Transfers are provided to improve household parenting and livelihood practices.

PART 2: Laying the Foundations for a Basic National Safety Net System

Carrying out activities to establish the foundations for a basic social safety net system through:

(a) the establishment of systems for the provision of Cash Transfers, including:

   (i) an effective targeting system for identifying Beneficiaries;

   (ii) a registry of Beneficiaries;

   (iii) a management information system;

   (iv) a secure and efficient payment system;

   (v) a monitoring and evaluation system;

   (vi) design of accompanying measures; and

   (vii) a grievance redress mechanism for addressing complaints;

(b) the enhancement of the targeting system and the registry of Beneficiaries in order to make them available to other programs in the country and serve as foundations for a national safety net system; and
(c) the strengthening of the capacity of the Recipient’s institutions involved in coordinating, implementing, and monitoring government safety net programs at the local, regional and central levels.

PART 3: Project Management

Supporting Project management and coordination activities, including providing support to the Project Implementing Unit, to ensure effective Project implementation.
SCHEDULE 2

Project Execution

Section I. Institutional and Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall:

   (a) maintain, at all times during the implementation of the Project, the Steering Committee referred to in Section 4.01 (b) of this Agreement, to be responsible for, inter alia: (i) overseeing the implementation of the Project; (ii) facilitating the prompt and efficient coordination of Project activities at the central, regional and local levels; and (iii) providing strategic advice, reviewing progress made towards achieving the Project’s objectives, and making recommendations for removal of any obstacles to the implementation of the Project;

   (b) ensure that the MASSN has at all times during the implementation of the Project staffing and resources satisfactory to the Association, for the purpose of ensuring prompt and efficient day-to-day implementation, coordination, and management of the Project, including procurement, financial management, monitoring and evaluation, in collaboration with key agencies; and

   (c) establish within the MASSN, and thereafter maintain throughout the period of Project implementation, a Project Implementing Unit referred to in Section 4.01 (c) of this Agreement, with terms of reference and resources acceptable to the Association, supported by qualified and experienced staff in adequate numbers, to be responsible for, inter alia: (i) day-to-day management and implementation of the Project; (ii) reports and assessments of Project activities; (iii) coordinating Project activities at the central, regional and local levels, including the activities of Project staff at the local level and payment agencies.

B. Implementation Arrangements

1. The Recipient shall:

   (a) adopt, not later than six (6) months after the Effective Date, a complete Project Implementation Manual, provided to the Association pursuant to Section 4.01 (a) of this Agreement, and shall carry out the Project in accordance with the provisions of such manual containing detailed arrangements and procedures for: (i) institutional coordination and day-to-day execution of the Project; (ii) Project budgeting, disbursement and financial management; (iii) procurement, including the role and mandate of
the tender committee; (iv) monitoring, evaluation, reporting and communication; (v) Project impact evaluation and studies; (vi) modalities for Cash Transfers, including targeting, registration and identification of beneficiaries, Cash Transfer procedures, accounting, documentation and information management; (vii) criteria for selecting, and terms of reference of, payment agencies; (viii) roles and responsibilities of key agencies at the central, regional and local levels; and (ix) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project; and

(b) not assign, amend, abrogate or waive the Project Implementation Manual or any provisions thereof if, in the opinion of the Association, such assignment, amendment, abrogation or waiver will materially and adversely affect the implementation of the Project. Any amendments to the said manual shall be made with the prior written approval of the Association. In case of any conflict between the provisions of the Project Implementation Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail.

2. The Recipient shall:

(a) prepare and furnish to the Association, not later than November 30 of each year during the implementation of the Project, an Annual Work Plan for the following year including a detailed timetable for the sequencing and implementation of Project activities and the types of expenditures required for such activities and a proposed financing plan for such expenditures;

(b) exchange views with the Association on each such proposed Annual Work Plan, and thereafter carry out, such program of activities for such following year as shall have been agreed between the Recipient and the Association;

(c) ensure that in preparing any Training proposed for inclusion in the Project under an Annual Work Plan, it shall include in the proposed Annual Work Plan: (i) the objective, content and location of the Training envisaged; (ii) the selection method of the institutions or individuals conducting such Training, and said institutions if already known; (iii) the expected duration and an estimate of the cost of said training or workshops; (iv) the selection method of the personnel who will attend the Training, and said personnel if already known; and (v) the expected outcome and impact of the Training; and

(d) not amend the Annual Work Plan without the Association’s prior written approval.
3. The Recipient shall:

(a) not later than three (3) years after Effectiveness, undertake, through an independently recruited entity acceptable to the Association, and in conjunction with all agencies involved in the Project as well as the Association’s Project team, a comprehensive mid-term review and evaluation of the Project to assess and exchange views on all matters relating to the progress of the Project, the Recipient’s performance of its obligations under this Agreement, and the performance of the various implementation bodies at the central, regional and local levels, having regard to the performance indicators referred to in Section II.A.1 of this Schedule 2; and

(b) following the mid-term review, promptly and diligently take any and all corrective measures necessary to remedy any shortcoming noted in the implementation of the Project, or to implement such other measures as may be required in furtherance of the Project’s objective.

4. The Recipient shall:

(a) within two (2) months of Effectiveness, appoint the following additional staff to the Project Implementing Unit, one (1) accountant, one (1) financial management assistant, and one (1) internal auditor all in accordance with the provisions of Section III.C of Schedule 2 to this Agreement;

(b) within three (3) months of Effectiveness, acquire and install within the Project Implementing Unit appropriate financial management and accounting software, in accordance with the provisions of Section III.A.1 and 2 of Schedule 2 to this Agreement;

(c) within four (4) months of Effectiveness provide financial management Training, including training on report-based disbursement procedures, to staff involved in financial management of the Project, under terms of reference acceptable to the Association; and

(d) within six (6) months of Effectiveness appoint an external auditor, in accordance with the provisions of Section III.C of Schedule 2 to this Agreement.

C. Cash Transfers

1. The Recipient shall ensure that:

(a) no Beneficiary shall be eligible to receive Cash Transfers unless the Recipient shall have determined, and the Payment Agency shall have verified, that the Beneficiary has met the following requirements, and such
further requirements as are elaborated in the Project Implementation Manual:

(i) the Beneficiary has been pre-selected on the basis of a targeting system consisting of: (A) a geographic targeting which has identified the regions and provinces where Cash Transfers will be provided; (B) a simplified proxy means test; (C) community validation of the final list of Beneficiaries within selected villages; and (D) categorical targeting including only households with children under the age of fifteen (15) years;

(ii) the Beneficiary has been duly registered under an open, transparent registration process and is enrolled in the registry of Beneficiaries; and

(iii) the Beneficiary has presented a valid identification card which shall be verified by the Payment Agency; and

(b) the selection, registration and identification of Beneficiaries are conducted in an open and transparent manner, all in accordance with the provisions of this Agreement and the Project Implementation Manual.

2. The Recipient shall, prior to the provision of Cash Transfers in any given region, select and retain in accordance with Section III of this Agreement, one or more Payment Agencies, with qualifications, experience, and terms of reference acceptable to the Association, to issue Cash Transfers to verified Beneficiaries.

3. The Recipient shall oversee the Cash Transfers in all selected regions as well as monitor and evaluate the activities of the Payment Agencies to ensure that payments are made in accordance with the terms, conditions and procedures contained in the Project Implementation Manual and in a manner consistent with the Project's objective.

D. Anti-Corruption

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

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 performance indicators acceptable to the Association, as elaborated in the Project Implementation Manual. 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 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 (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) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants’ Qualifications; (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**

**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) Cash Transfers under Part 1 (a) of the Project</td>
<td>22,700,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, consultants’ services, Training and Operating Costs under Parts 1 (b), 2 and 3 of the Project</td>
<td>9,700,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>32,400,000</td>
<td>100%</td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section,

   (a) no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR 160,000 equivalent may be made for payments made prior to this date but on or after March 5, 2014, for Eligible Expenditures under Category (2); and

   (b) under Category 1 for Cash Transfers unless and until the Recipient has prepared and adopted, in form and substance satisfactory to the Association, an operations manual for the implementation of Part A of the Project.

2. The Closing Date is August 31, 2019.
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 March 1 and September 1:</td>
<td></td>
</tr>
<tr>
<td>commencing September 1, 2024 to and including March 1, 2034</td>
<td>1%</td>
</tr>
<tr>
<td>commencing September 1, 2034 to and including March 1, 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

Section I. Definitions


2. “Annual Work Plan” means an annual operation plan which lists Project activities and related budget to be carried out year by year.

3. “Beneficiaries” means a household which has been declared eligible to receive Cash Transfers in accordance with Section I.C.1 of Schedule 2 to this Agreement and “Beneficiary” means any of the Beneficiaries.

4. “Cash Transfer” means the cash payment to be made to a Beneficiary referred to in Part 1(a) of Schedule 1 to this Agreement, and “Cash Transfers” mean, collectively, two or more such cash payments.

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


7. “DMP” means the Direction des Marchés Publics, the procurement department within MASSN or any successor thereto.


10. “Operating Costs” means reasonable cost of goods and non-consulting services required for the day-to-day implementation of the Project, incurred by the Recipient (which expenditures would not have been incurred absent the Project), including consumable materials and supplies, communications services (postage, telephone and internet), media and printing services, translation and interpretation services, office space rental and utilities, leasing and/or routine repair and maintenance of vehicles, equipment, facilities and office premises, fuel costs, bank and insurance charges required for the Project, Payment Agency Fees, administrative support staff, and Project staff travel, lodging and per diems, but excluding salaries (including
bonuses, fees and honoraria or equivalent payments) of officials of the Recipient’s civil service.

11. “Payment Agency” means a competitively selected financial institution, including, *inter alia*, banks, post office, credit union, microfinance institutions and mobile phone companies, and duly established and operating under the Recipient’s laws and regulations, for the purpose of making Cash Transfers to Beneficiaries and “Payment Agencies” means all such Payment Agencies.

12. “Payment Agency Fee” means the fee payable to the Payment Agencies in accordance with the Project Implementation Manual to provide Cash Transfers to Beneficiaries.


14. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated March 5, 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.

15. “Project Implementation Manual” means the manual referred to in Section I.B.1 of Schedule 2 to this Agreement to be approved by the Recipient.

16. “Project Implementing Unit” means the Project Implementing Unit (*Unité de Gestion*) referred to in Section I.A.1.(c) of Schedule 2 to this Agreement which will be responsible for the implementation of the Project.

17. “Training” means training, workshops, conferences, study tours, fellowships and scholarships conducted in the territory of the Recipient and abroad, including the reasonable and necessary incremental expenditures incurred on account of organizing or attending learning and knowledge dissemination events, including, fees for educational institutions; fees and allowances for resource persons; travel, board and lodging for resource persons and trainees; logistics and materials associated with conferences, seminars, workshops, study tours, fellowships and scholarships; and other training costs directly associated with the Project but excluding: (a) those provided through consulting services; and (b) salaries (including bonuses, fees and honoraria or equivalent payments) of officials of the Recipient’s civil service.