Financing Agreement

(Emergency Recurrent Cost Financing Project)

between

BURKINA FASO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
AGREEMENT dated as of the Signature Date 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) apply to and form 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 a grant, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to seventy-two million four hundred thousand Special Drawing Rights (SDR 72,400,000) ("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 III of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.

2.04. The Payment Dates are March 15 and September 15 in each year.

2.05. 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 in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.
ARTICLE IV — EFFECTIVENESS; TERMINATION

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

(a) The preparation and adoption by the Recipient of Labor Management Procedures, in form and substance acceptable to the Association, and in accordance with ESS2.

(b) The preparation and adoption by the Recipient of a revised Stakeholder Engagement Plan, in form and substance acceptable to the Association, and in accordance with ESS10.

4.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

4.03. For purposes of Section 10.05 (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 Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient’s Representative is its Minister responsible for Economy, Finance and Development.

5.02. For purposes of Section 11.01 of the General Conditions:

(a) the Recipient’s address is:

Ministry of Economy, Finance and Development
03 BP 7050
Ouagadougou 03
Burkina Faso; and

(b) the Recipient’s Electronic Address is:

Facsimile: 226-25-31-27-15
E-mail: cab_mef@yahoo.fr

5.03. For purposes of Section 11.01 of the General Conditions:

(a) The Association’s address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and
(b) the Association’s Electronic Address is:

Telex: 248423 (MCI)
Facsimile: 1-202-477-6391

AGREED as of the Signature Date.

BURKINA FASO

By

Authorized Representative

Name: Hadjigatao Amine Coulibaly
Title: Minister of Economy, Finance and Development
Date: December 3, 2018

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Cheick F. Kanté
Title: Country Manager, Par
Date: December 3, 2018
SCHEDULE 1

Project Description

The objective of the Project is to support the Recipient in enhancing food security readiness and delivery of core services in health and education in the Crises Affected Regions.

The Project consists of the following parts:

Part 1. Payment of Recurrent Costs

Support the Recipient in paying non-procurable operating costs of the Recipient’s ministries in charge of education and health including through transfers (excluding the security forces and police) civil service salaries, electricity, telecommunication, insurance, water, transport and mission expenses as well as office supplies and equipment required for addressing the current health, education and food supply crises in the Crises Affected Regions, and as set forth in a list pre-approved by the Association (“Recurrent Costs”), through:

Part 1.1. Paying Recurrent Costs in the education sector

Paying Recurrent Costs in the education sector of the Recipient’s ministry in charge of education at the central, deconcentrated and decentralized levels, in order to maintain the capacity of the civil servants and teachers in the education sector in the Crises Affected Regions to undertake their day to day duties, and to cover the organization for catch-up exams of displaced children.

Part 1.2. Paying Recurrent Costs in the health sector

Paying Recurrent Costs in the health sector of the Recipient’s ministry in charge of health, at the central, deconcentrated, and decentralized levels and financing activities linked to free health services for the most vulnerable population, to maintain the capacity of the health sector civil servants to operate in the Crises Affected Regions.

Part 2. Support the replenishment of the National Food Security Stock

Replenish the millet, maize, and sorghum cereals stock of SONAGESS for the North, Sahel, Centre, and East regions of the Recipient and install food silos of the strategic stock and other food stockage materials in the Crises Affected Regions.

Part 3. Targeted Technical Assistance for enhanced deployment of state resources

Provision of financing for conducting surveys, data collection, field-work and analyses of issues related to the deployment of public resources across the territory of the Recipient,
including human resources; prepare the groundwork for future reforms; and support the establishment of an iterative beneficiary monitoring system in order to undertake cost-efficient, rapid and regular surveys and data collection of service delivery and state resource, including of civil servants, deployment.

Provision of technical assistance to SONAGESS to improve its capacity to verify the use of its strategic food stock and its targeting of beneficiaries of the strategic food stock.

Part 4. Project Management

Support the Recipient’s day to day implementation activities by financing the operating costs, including salaries, consultant fees and audits required for the Project.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Project Review Committee

The Recipient shall maintain, throughout the implementation of the Project, the Project Review Committee of the Economic Governance and Citizen Engagement Project, chaired by the secretary general of MINEFID, with a composition, mandate, terms of reference and resources acceptable to the Association, to be responsible for: (a) providing strategic and addressing policy-related issues, (b) approving the Annual Work Plans and Budgets; (c) reviewing and approving the publication of annual progress reports and audited financial statements of the Project (“Project Review Committee”). The Project Review Committee shall meet every semester.

2. Project Coordination Unit

(a) The Recipient shall maintain, throughout the implementation of the Project, the Project Coordination Unit of the Economic Governance and Citizen Engagement Project within MINEFID, with a composition, mandate, terms of reference, and resources acceptable to the Association, to be responsible for, inter alia: overall Project coordination and implementation, including the preparation of Annual Work Plans and Budgets, procurement, financial management and monitoring and evaluation (“Project Coordination Unit” “PCU”).

(b) The Recipient shall ensure the PCU: (i) recruits an accountant; (ii) contracts ASCE-LC to conduct ex-post verifications on Project expenditures; (iii) updates its computerized accounting system, no later than one (1) month after the Effective Date; and (iv) recruits an independent external auditor, no later than four (4) months after the Effective Date.

B. Project Implementation Manual

1. No later than one (1) month after the Effective Date, the Recipient shall prepare, in accordance with terms of reference acceptable to the Association, a Project Implementation Manual, containing detailed arrangements and procedures for: (a) institutional coordination and day-to-day execution of the Project; (b) Project budgeting, disbursement and financial management; (c) procurement, including the list of pre-approved operating costs; (d) monitoring, evaluation, reporting and communication; and (e) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.
2. The Recipient shall afford the Association a reasonable opportunity to review such manual, and shall thereafter adopt such manual as shall have been approved by the Association ("Project Implementation Manual" or "PIM").

3. The Recipient shall carry out the Project in accordance with the PIM and shall not amend, abrogate, waive, or permit to be amended, abrogated, or waived, the aforementioned, or any provision thereof, without the prior written agreement of the Association.

4. In the event of any conflict between the provisions of the PIM and those of this Agreement, the provisions of this Agreement shall prevail.

C. Annual Work Plans and Budgets

1. The Recipient shall: (i) for the first year of Project implementation, no later than two (2) weeks after the Effective Date, prepare and furnish to the Association, an annual work plan and budget ("Annual Work Plan and Budget") containing all activities proposed to be included in the Project and a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts and sources of financing; and (ii) for subsequent years of Project implementation, not later than November 30 of each year of Project implementation, prepare and furnish to the Association, Annual Work Plan and Budget, containing all activities proposed to be included in the Project and a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts and sources of financing.

2. The Recipient shall afford the Association a reasonable opportunity to exchange views with the Recipient on such proposed Annual Work Plan and Budget and thereafter ensure that the Project is implemented in accordance with such Annual Work Plan and Budget as shall have been approved by the Association.

D. SONAGESS Agreement

1. For purposes of the implementation of Part 2 of the Project, the Recipient shall enter into an agreement with SONAGESS ("SONAGESS Agreement"), on terms and conditions satisfactory to the Association to ensure SONAGESS will carry out the activities of its mandate in the Crises Affected Regions, in such a manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing.

2. Except as the Recipient and the Association may otherwise agree in writing, the Recipient or SONAGESS shall not abrogate, amend, suspend, terminate, waive or otherwise fail to enforce the SONAGESS Agreement or any provision thereof.
3. In case of any conflict between the terms of the SONAGESS Agreement and those of this Agreement, the terms of this Agreement shall prevail.

E. Environmental and Social Standards

1. The Recipient shall, and shall cause any Project employees, agents, and service providers (including but not limited to the World Food Programme) to ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner and timeframe acceptable to the Association.

2. Without limitation upon paragraph 1 above, the Recipient shall, and shall cause the Project employees, agents, and service providers (including but not limited to the World Food Programme) to ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner and timeframe acceptable to the Association. To this end, the Recipient shall, and shall cause the World Food Programme to ensure that:

   (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and as further specified in the ESCP;

   (b) Adequate funds are available to cover the costs of implementing the ESCP;

   (c) policies, procedures and qualified staff are maintained to enable it to implement the ESCP, as further specified in the ESCP; and

   (d) the ESCP or any provision thereof is not amended, abrogated or waived, except as the Association shall otherwise agree in writing and provided that the Recipient has, following such agreed amendment or revision, thereafter promptly disclosed the revised ESCP.

   In case of any inconsistencies between the ESCP or any provision thereof and the provisions of this Agreement, the provisions of this Agreement shall prevail.

3. The Recipient shall, and shall cause the Project employees, agents, and service providers (including but not limited to the World Food Programme), at all times throughout the period of Project implementation:

   (a) take all measures necessary on its part to collect, compile, and furnish to the Association through Project Reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the ESCP and the management tools and instruments referred to therein, all such reports in form and substance acceptable to the Association, setting out, among other things: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the
implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions;

(b) promptly notify the Association of any incident or accident related to or having an impact on the Project, including but not limited to any Project-related allegation of gender-based violence or alleged violation of Project-related labor and working conditions set forth in the Labor Management Procedures, which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, including, in accordance with the ESCP, the instruments referenced therein and the Environmental and Social Standards.

4. The Recipient shall maintain, throughout Project implementation, and publicize the availability of a grievance redress mechanism, in form and substance satisfactory to the Association, to hear and determine fairly and in good faith all complaints raised in relation to the Project and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Association.

5. Without limitation to the excluded expenditures provision set forth in the PIM and/or the ESCP, the following activities shall not be eligible to be included in or funded under the Project:

(a) activities involving the payment of salaries of any private or public security forces; and

(b) activities involving child or forced labor, in accordance with ESS2 and the Labor Management Procedures.

6. The Recipient shall ensure that all technical assistance under the Project shall only be undertaken pursuant to terms of reference reviewed and found satisfactory by the Association such terms of reference to ensure that the technical assistance takes into account, and calls for application of the Association’s Environmental and Social Standards and the Recipient’s own laws relating to the environment and social aspects.

Section II. Project Monitoring, Reporting and Evaluation

The Recipient shall furnish to the Association each Project Report not later than one month after the end of each calendar semester, covering the calendar semester.
Section III. Withdrawal of the Proceeds of the Financing

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Operating Costs; non-consulting services and consultants’ services for Part 1 of Project</td>
<td>53,550,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, Operating Costs; non-consulting services and consultants’ services for Part 2 of the Project</td>
<td>15,200,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, Operating Costs, Training, non-consulting services and consultants’ services for Part 3 of the Project</td>
<td>2,900,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Goods, Operating Costs; non-consulting services and consultants’ services for Part 4 of the Project</td>
<td>750,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>72,400,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

For purposes of this table:

1. “Operating Costs” means the reasonable and incremental expenses incurred by the PCU, the Recipient’s ministries in charge of education and health decentralized public health and education entities on account of Project implementation, based on periodic budgets acceptable to the Association, for salaries of the Recipient’s
civil service, utilities including water and electricity, insurance, telecommunication including internet and phone communication, communication, office rent, fuel, transport and mission-related expenses, vehicles, including cars, motorcycles and ambulances, small office equipment (tables, chairs, shelves, office closets, computers, photocopiers, printers etc.), office supplies and consumables (paper, pads, writing material, etc.), medical supplies including gloves, cotton, oxygen bottles, bands, but not drugs, reproduction and copying, transportation of exam-related material and personnel, correction of exams related expenses, consulting services of examiners, correctors and related expenses including transport, accommodation and restauration, support for information systems, translation costs, bank charges, and travel, transportation, *per diem* and accommodation costs (other than for training), and other reasonable expenditures directly associated with implementation of Project activities and as set forth in a list pre-approved by the Association.

2. “Training” means Project related study tours, training courses, seminars, workshops and other training activities, not included under goods or service providers' contracts, including costs of training materials, space and equipment rental, local travel, *per diem* costs of trainees and trainers' fees, and interpretation and translation services.

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:

   (a) for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed 28,940,000 SDR may be made for payments made prior to this date but on or after January 1, 2018, for Eligible Expenditures under Category (1); and

   (b) under Category 2, unless and until the Recipient has entered into the SONAGESS Agreement, satisfactory to the Association, as referred to in Section D of Schedule 2 to this Agreement.

2. The Closing Date is December 31, 2021.
APPENDIX

Definitions

1. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, 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 and as of July 1, 2016.

2. “ASCE-LC” means Autorité Supérieure de Contrôle d’Etat et de Lutte contre la Corruption, the Recipient’s superior authority of state control and fight against corruption.

3. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.

4. “Crises Affected Regions” means the regions North, Sahel, Centre, and East of the Recipient.

5. “Environmental and Social Commitment Plan” or “ESCP” means the Recipient’s environmental and social commitment plan, acceptable to the Association, dated November 7, 2018, which sets out a summary of the material measures and actions to address the potential environmental and social risks and impacts of the Project, including the timing of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any instruments to be prepared thereunder; as the ESCP may be revised from time to time, with prior written agreement of the Association, and such term includes any annexes or schedules to such plan.


8. “Labor Management Procedures” means the document to be prepared by the Recipient, in form and substance satisfactory to the Association, and in accordance with the Recipient’s national law and Environmental and Social Standard 2, setting out inter alia the overview of the labor use in the Project and the pertinent national labor legislation, an assessment of potential Project-related labor risks, the types of Project workers and their terms and conditions of employment, the age of employment, the details of the Project-dedicated grievance mechanism to be provided to direct workers and contracted workers, and occupational health and safety requirements for Project workers.

9. “MINEFID” means Ministère de l’Économie, des Finances et du Développement, the Recipient’s ministry in charge of economy, finance and development.

10. “National Food Security Stock” means the cereals of millet, maize and sorghum, procured for and under the supervision of SONAGESS.

11. “Procurement Regulations” means, for purposes of paragraph 87 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated July 2016, revised November 2017 and August 2018.

12. “Recurrent Costs” means those recurrent operating costs referred to and further defined in Part 1 of Schedule 1 to this Agreement.

13. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to the date of the Financing Agreement” in the General Conditions.

14. “SONAGESS” means Société Nationale de Gestion du Stock de Sécurité Alimentaire, the Recipient’s national stock management company established and organized as a state owned entreprise, pursuant to DECRET N° 2008-602/PRES/PM/MAHRH/MFB/MCP EA portant adoption des statuts révisés de la Société nationale de gestion du stock de sécurité alimentaire.

15. “Stakeholder Engagement Plan” means the document to be prepared by the Recipient, and consulted with Project stakeholders, in form and substance satisfactory to the Association, and in accordance with Environmental and Social Standard 10, setting out inter alia the different Project stakeholders (including but not limited to interested parties, affected parties and beneficiary communities with a particular emphasis on vulnerable and disadvantaged) and the timing and methods of engagement with stakeholders throughout the Project, including prior disclosure timelines and means of disclosure.
16. "Technical Assistance" means the transfer or adaptation of ideas, knowledge, practices, technologies, or skills.

17. "World Food Programme" means the food assistance branch of the United Nations, addressing hunger and promoting food security.