Financing Agreement

(First Growth and Competitiveness Grant)

between

BURKINA FASO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 25, 2012
FINANCING AGREEMENT

Agreement dated July 25, 2012, entered into between BURKINA FASO ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Association has decided to provide this financing on the basis, inter alia, of (a) the actions which the Recipient has already taken under the Program and which are described in Section I of Schedule 1 to this Agreement, and (b) the Recipient’s maintenance of an adequate macroeconomic policy framework. The Recipient and the Association therefore 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-eight million one hundred thousand Special Drawing Rights (SDR 58,100,000) ("Financing").

2.02. The Recipient may withdraw the proceeds of the Financing in support of the Program in accordance with Section II of Schedule 1 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 April 1 and October 1 in each year.

2.05. The Payment Currency is the Euro.

ARTICLE III — PROGRAM

3.01. The Recipient declares its commitment to the Program and its implementation. To this end:

(a) the Recipient and the Association shall from time to time, at the request of either party, exchange views on the Recipient’s macroeconomic policy framework and the progress achieved in carrying out the Program;
prior to each such exchange of views, the Recipient shall furnish to the Association for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Association shall reasonably request; and

without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Recipient shall promptly inform the Association of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01 The Additional Event of Suspension consists of the following, namely, that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01 The Additional Condition of Effectiveness consists of the following, namely that the Association is satisfied with the progress achieved by the Recipient in carrying out the Program and with the adequacy of the Recipient’s macroeconomic policy framework.

5.02 The Effectiveness Deadline is the date one hundred twenty (120) days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

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

6.02 The Recipient’s Address is:

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


6.03 The Association’s Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address: Telex: Facsimile: -2-
AGREED at Ouagadougou, Burkina Faso, as of the day and year first above written.

BURKINA FASO

By

Authorized Representative

Name: Lucien Marie Ngal Bamba
Title: Minister of Economy and Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Bégio Sébastien Bado
Title: Acting Country Manager
SCHEDULE 1
Program Actions; Availability of Financing Proceeds

Section I. Actions Taken Under the Program. The actions taken by the Recipient under the Program include the following actions carried out in a manner satisfactory to the Association:

A. Private Sector Growth and Employment

1. Application, for the Cotton Seasons 2011-2012 and 2012-2013, of a producer price formula, based on international cotton prices, designed to ensure that cotton farmers are paid an appropriate price; and capitalization of the Cotton Price Stabilization Fund in an amount of at least seven billion CFA Francs (CFAF 7,000,000,000).

2. Continued involvement of the private sector in the fertilizer distribution process, by the issuance of invitations to private suppliers to bid on at least 6,900 metric tons of fertilizer to be purchased by the Recipient for distribution to rice and maize producers.

B. Governance and Public Resource Management

1. Adoption by the Recipient of a mechanism of monthly reporting of consolidated data on mining revenues, designed to ensure better coordination between the Recipient's ministry responsible for finance and its ministry responsible for mining, so as to improve collection of public revenues generated by mining activities in the country; and issuance of said data for the last quarter of FY 2011.

2. Submission to Parliament of a law designed to establish a suitable regulatory and legal framework for the promotion of mediation as an alternative dispute resolution mechanism.

3. Publication of statistics covering the period FY 2010 and FY 2011 on the activities of the Recipient's courts of first instance (tribunaux de grande instance), including average time required for a final disposition, rate of case disposition, annual budget allocation, and percentage of judgments rendered in writing.

4. Devolution, on a pilot basis, of budget and expenditure management to the Recipient’s line ministries, through the establishment and operationalization of budget oversight and verification units in the Recipient's ministries responsible, respectively, for agriculture, health, infrastructure, secondary and higher education, and justice.

5. Approval by the Recipient’s high judicial council (Conseil Supérieur de la Magistrature) of the nomination of qualified and experienced members to the Recipient’s court of accounts (Cour des Comptes) so as to enable the full staffing of said court.

C. Increased Resilience; Reduced Vulnerability

1. Adoption of a regulatory framework for the organization of municipalities (l'organigramme type des communes) designed to further the predictability of intergovernmental transfers and afford enhanced capacity of local governments.
2. Adoption of a national strategy for the period FY 2012 through FY 2016, designed to promote the economically and financially sound development of microfinance throughout the Recipient's territory, targeted to groups underserved by financial intermediaries.

3. Adoption of an action plan to strengthen and rationalize the Recipient's institutional arrangements for food security so as to ensure adequate food reserves and an efficient and effective response in the event of food shortages.

Section II. Availability of Financing Proceeds

A. General. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient.

B. Allocation of Financing Amounts. The Financing is allocated in a single withdrawal tranche, from which the Recipient may make withdrawals of the Financing. The allocation of the amounts of the Financing to this end is set out in the table below:

<table>
<thead>
<tr>
<th>Allocations</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Withdrawal Tranche</td>
<td>58,100,000</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>58,100,000</td>
</tr>
</tbody>
</table>

C. Withdrawal Tranche Release Conditions.

No withdrawal shall be made of the Single Withdrawal Tranche unless the Association is satisfied (a) with the Program being carried out by the Recipient, and (b) with the adequacy of the Recipient's macroeconomic policy framework.

D. Deposits of Financing Amounts. Except as the Association may otherwise agree:

1. all withdrawals from the Financing Account shall be deposited by the Association into an account designated by the Recipient and acceptable to the Association; and

2. the Recipient shall ensure that upon each deposit of an amount of the Financing into this account, an equivalent amount is accounted for in the Recipient's budget management system, in a manner acceptable to the Association.

E. Excluded Expenditures. The Recipient undertakes that the proceeds of the Financing shall not be used to finance Excluded Expenditures. If the Association determines at any time that an amount of the Financing was used to make a payment for an Excluded Expenditure, the Recipient shall, promptly upon notice from the Association, refund an amount equal to the amount of such payment to the Association. Amounts refunded to the Association upon such request shall be cancelled.

F. Closing Date. The Closing Date is December 31, 2012.
APPENDIX
Definitions;
Modifications to the General Conditions

Section I. Definitions

1. "CFA Franc" and "CFAF" each means the official currency of the Recipient, known as "Franc de la Communauté Financière Africaine", which is issued by the Central Bank of West African States (Banque Centrale des Etats de l'Afrique de l'Ouest).

2. "Cotton Price Stabilization Fund" means the fund, known as "Fonds de Lissage", referred to in the amended inter-professional agreement, known as "Accord Interprofessionnel Amendé bis au 11 avril 2012 régissant le fonctionnement de la Filière Coton au Burkina", dated April 11, 2012, between the professional association of the cotton companies, known as "Association Professionnelle des Sociétés Cotonnières du Burkina (APROCOB)" and the national union of cotton producers, known as "Union Nationale des Producteurs de Coton du Burkina (UNPCB)".

3. "Cotton Season" means the period commencing approximately May in each calendar year and ending approximately April in the following calendar year.

4. "Excluded Expenditure" means any expenditure:

   (a) for goods or services supplied under a contract which any national or international financing institution or agency other than the Association or the Bank has financed or agreed to finance, or which the Association or the Bank has financed or agreed to finance under another credit, grant or loan;

   (b) for goods included in the following groups or sub-groups of the Standard International Trade Classification, Revision 3 (SITC, Rev.3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev.3 (1986) (the SITC), or any successor groups or subgroups under future revisions to the SITC, as designated by the Association by notice to the Recipient:
<table>
<thead>
<tr>
<th>Group</th>
<th>Sub-group</th>
<th>Description of Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>112</td>
<td></td>
<td>Alcoholic beverages</td>
</tr>
<tr>
<td>121</td>
<td></td>
<td>Tobacco, un-manufactured, tobacco refuse</td>
</tr>
<tr>
<td>122</td>
<td></td>
<td>Tobacco, manufactured (whether or not containing tobacco substitutes)</td>
</tr>
<tr>
<td>525</td>
<td></td>
<td>Radioactive and associated materials</td>
</tr>
<tr>
<td>667</td>
<td></td>
<td>Pearls, precious and semiprecious stones, unworked or worked</td>
</tr>
<tr>
<td>718</td>
<td>718.7</td>
<td>Nuclear reactors, and parts thereof; fuel elements (cartridges), non-irradiated, for nuclear reactors</td>
</tr>
<tr>
<td>728</td>
<td>728.43</td>
<td>Tobacco processing machinery</td>
</tr>
<tr>
<td>897</td>
<td>897.3</td>
<td>Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths’ or silversmiths’ wares (including set gems)</td>
</tr>
<tr>
<td>971</td>
<td></td>
<td>Gold, non-monetary (excluding gold ores and concentrates)</td>
</tr>
</tbody>
</table>

(c) for goods intended for a military or paramilitary purpose or for luxury consumption;

(d) for environmentally hazardous goods, the manufacture, use or import of which is prohibited under the laws of the Recipient or international agreements to which the Recipient is a party;

(e) on account of any payment prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and

(f) with respect to which the Association determines that corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Recipient or other recipient of the Financing proceeds, without the Recipient (or other such recipient) having taken timely and appropriate action satisfactory to the Association to address such practices when they occur.

5. “FY” means the calendar year, which is the Recipient’s fiscal year.

6. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010, with the modifications set forth in Section II of this Appendix.
7. "Program" means the program of actions, objectives and policies designed to promote
growth and achieve sustainable reductions in poverty and set forth or referred to in the letter,
dated May 14, 2012, from the Recipient to the Association declaring the Recipient’s
commitment to the execution of the Program, and requesting assistance from the Association
in support of the Program during its execution.

8. "Single Withdrawal Tranche" means the amount of the Financing allocated to the category
entitled "Single Withdrawal Tranche" in the table set forth in Part B of Section II of
Schedule 1 to this Agreement.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. The last sentence of paragraph (a) of Section 2.03 (relating to Applications for Withdrawal)
is deleted in its entirety.

2. Sections 2.04 (Designated Accounts) and 2.05 (Eligible Expenditures) are deleted in their
entirety, and the remaining Sections in Article II are renumbered accordingly.

3. Sections 4.01 (Project Execution Generally), and 4.09 (Financial Management; Financial
Statements; Audits) are deleted in their entirety, and the remaining Sections in Article IV are
renumbered accordingly.

4. Paragraph (a) of Section 4.05 (renumbered as such pursuant to paragraph 3 above and
relating to Use of Goods, Works and Services) is deleted in its entirety.

5. Paragraph (c) of Section 4.06 (renumbered as such pursuant to paragraph 3 above) is
modified to read as follows:

"Section 4.06. Plans; Documents; Records

... (c) The Recipient shall retain all records (contracts, orders, invoices,
bills, receipts and other documents) evidencing expenditures under the Financing
until two years after the Closing Date. The Recipient shall enable the Association’s
representatives to examine such records."

6. Section 4.07 (renumbered as such pursuant to paragraph 3 above) is modified to read as
follows:

"Section 4.07. Program Monitoring and Evaluation

... (c) The Recipient shall prepare, or cause to be prepared, and furnish to
the Association not later than six months after the Closing Date, a report of such
scope and in such detail as the Association shall reasonably request, on the
execution of the Program, the performance by the Recipient and the Association of
their respective obligations under the Legal Agreements and the accomplishment of
the purposes of the Financing."
7. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:

(a) The definition of the term "Eligible Expenditure" is modified to read as follows:

"'Eligible Expenditure' means any use to which the Financing is put in support of the Program, other than to finance expenditures excluded pursuant to the Financing Agreement."

(b) The term "Financial Statements" and its definition as set forth in the Appendix are deleted in their entirety.

(c) The term "Project" is modified to read "Program" and its definition is modified to read as follows:

"'Program' means the program referred to in the Financing Agreement in support of which the Financing is made." All references to "Project" throughout these General Conditions are deemed to be references to "Program".