

February 7, 2000

H.E. Tertius Zongo
Minister of Economy and Finance
Ministry of Economy and Finance
Ouagadougou, Burkina Faso

*Re: Second National Agricultural Services Project
(Credit No. 2974-BUR)
Amendment to the Development Credit Agreement
(90-Day Advance Accounts)*

Excellency:

We refer to the Development Credit Agreement (the "Agreement") between Burkina Faso and the International Development Association (the "Association"), dated December 15, 1997, as amended, and to your letter dated October 6, 1999, requesting changes pertaining to the addition of seven 90-day advance accounts benefiting the agricultural research component executed by INERA, and eleven 90-day advance accounts benefiting the agricultural extension component executed by the Ministry of Agriculture.

We are pleased to inform you that the Association accedes to your request and agrees, accordingly, to amend the Agreement as follows (with changes indicated in bold):

1. A new definition is added at the end of Section 1.01, as follows:

(w) **"90-Day Advance Account" means the 90-day advance accounts referred to in Section 2.02. (b) of this Agreement.**

2. Section 2.02 (b) is deleted and replaced by the following:

"The Borrower may:

(i) for the purposes of Parts B, C, D and E of the Project, open and maintain in CFAF: (A) a special deposit account (Special Account A for MAGRI and MRA); and (B) **90-Day Advance Accounts in eleven regional directorates (Est, Comoé, Sud-Ouest, Moulhoun, Centre Nord, Centre Sud, Centre, Nord, Hauts Bassins, Sahel, and Centre Ouest);**

(ii) for the purposes of Parts A.1 and A.3 of the Project, open and maintain in CFAF: (A) a special deposit account (Special Account B for INERA); and (B) **90-Day Advance Accounts in seven regional centres (Kamboinsé, Sara, Dori, Di, Fada, Bobo-Dioulasso and Niangoloko);** and

(iii) for the purposes of Part A.2 of the Project open and maintain in CFAF a special

deposit account (Special Account C for IRSAT);

all said accounts in a commercial bank, on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure and attachment. Deposits into, and payments out of, each respective Special Account **and each respective 90-Day Advance Account** shall be made in accordance with the provisions of Schedule 5 to this Agreement.”

3. Section 4.01. (b) (i) is amended to read as follows:

“(i) have the records and accounts referred to in paragraph (a) of this Section, including those for the Special Accounts, the Sub-Account **and the 90-Day Advance Accounts**, for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association”

4. Schedule 5 is amended to read as in the Annex to this amendment letter.

All other provisions of the Development Credit Agreement except as amended herein, shall remain in full force and effect.

Please indicate your agreement with the foregoing amendment by signing and dating the confirmation form on the attached copy of this letter and returning it to us, while keeping the original for your records.

This amendment will become effective as of the date of countersignature of this letter.

/s/ Hasan Tuluy
Hasan Tuluy
Country Director for Burkina Faso
Africa Region

CONFIRMED:

BURKINA FASO

By: /s/ Tertius Zongo
Authorized Representative

Date: March 9, 2000

Mr. Bassary Touré, Executive Director for Burkina Faso

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

- (a) the term "eligible Categories" means:
- (i) in the case of Special Account A for MAGRI and MRA, Categories (1) (a) and (b); (2) (a) and (b); 4 (a) and (b); and 5 (a) and (b) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;
 - (ii) in the case of the Sub-Account opened under Special Account A for MAGRI and MRA, Category (3) set forth in said table;
 - (iii) in the case of Special Account B for INERA, Categories (1) (c); (2) (c); (4) (c); and (5) (c) set forth in said table; and
 - (iv) in the case of Special Account C for IRSAT, Categories (1) (d); (2) (d); (4) (d); and (5) (d) set forth in said table.

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and amounts paid, or to be paid, in respect of Grants and to be financed out of the proceeds of the Credit allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount to be withdrawn from the Credit Account and deposited into the Special Accounts pursuant to paragraph 3 (a) of this Schedule, equivalent, in the case of Special Account A for MAGRI and MRA, to CFAF 700 million; in the case of Special Account B for INERA, to CFAF 400 million; and in the case of Special Account C for IRSAT, to CFAF 100 million; provided, however, that unless the Association shall otherwise agree, the Authorized Allocation for Special Account C for IRSAT shall be limited to an amount equivalent to CFAF 50 million until the aggregate amount of withdrawals from the Credit Account plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions for Part A.2 of the Project shall be equal to or exceed the equivalent of CFAF 500 million.

2. Payments out of the respective Special Accounts shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Association has received evidence satisfactory to it that the respective Special

Accounts have been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the respective Special Accounts shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Association a request or requests for deposit into the respective Special Accounts of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the respective Special Accounts such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the respective Special Accounts, the Borrower shall furnish to the Association requests for deposits into the respective Special Accounts at such intervals as the Association shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the respective Special Accounts such amounts as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the respective Special Accounts for eligible expenditures. All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the respective Special Accounts, the Sub-Account **and the 90-Day Advance Accounts**, the Borrower shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Association shall not be required to make further deposits into any Special Account:

(a) if, at any time, the Association shall have determined that all further withdrawals should be made by the Borrower directly from the Credit Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) if the Borrower shall have failed to furnish to the Association, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Association pursuant to said Section in respect of the audit of the records and accounts for the Special Accounts and the Sub-Account **or any of the 90-Day Advance**

Accounts;

(c) if, at any time, the Association shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Credit Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Credit allocated to the eligible Categories for the respective Special Accounts, minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Parts of the Project related to that Special Account, shall equal the equivalent of twice the amount of the Authorized Allocation for that Special Account. Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories for that Special Account shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the respective Special Accounts or the Sub-Account **and any of the 90-Day Advance Accounts** as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of any Special Account or the Sub-Account **and any of the 90-Day Advance Accounts**: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the respective Special Accounts (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into any Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association shall have determined at any time that any amount outstanding in any Special Account or the Sub-Account **and any of the 90-Day Advance Accounts** will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

(c) The Borrower may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in the Special Accounts or the Sub-Account **and any of the 90-Day Advance Accounts**.

(d) Refunds to the Association made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

7. (a) **The Borrower shall withdraw: (i) from Special Account A for MAGRI and MRA and deposit into each 90-Day Advance Account sufficient funds to facilitate**

implementation of Parts B, C, D and E of the Project by the regional directorates of MAGRI; and (ii) from Special Account B for INERA and deposit into each 90-Day Advance Account sufficient funds to facilitate implementation of Parts A.1 and A.3 of the project by the research centers of INERA, provided that the Borrower shall at no time cause the amount held in any 90-Day Advance Account to exceed the equivalent of US\$30,000 each.

(b) Payments out of 90-Day Advance Accounts shall only be made for eligible expenditures in respect of Categories (1) to (5) set forth in the table in paragraph 1 of Schedule 1 to this Agreement.

(c) Any withdrawal from any 90-Day Advance Account must be justified to the Borrower by the same documentation and other evidence regarding eligible expenditures provided for under paragraph 3 of this Schedule.

(d) If the Association or the Borrower shall have determined at any time that any amount outstanding on any 90-Day Advance Account will not be required to cover further payments for eligible expenditures, the relevant implementing agency shall, promptly upon notice from the Association or the Borrower, refund to the relevant Special Account such outstanding amount.

Cleared with and cc: Pascale Dubois (LEGAF); Renée Desclaux (LOAAF)

Cc: Messrs/Mmes: Manga Kuoh, Nebié (AFMBF), Collion, Chire, Prevoo (AFTR3)
Perrot, Tuluy (AFC15), Agueh (AFTS2); Chausse (AFTRC)

