Financing Agreement

(Youth Employment and Skills Development Project)

between

BURKINA FASO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 18, 2013
FINANCING AGREEMENT

AGREEMENT dated July 18, 2013, 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-three million four hundred thousand Special Drawing Rights (SDR 33,400,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 February 15 and August 15 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 MYVTE 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 — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension consists of the following, namely that a Management Contract or a Service Agreement under Section I.B.2 of Schedule 2 to this Agreement has been amended, suspended, abrogated, repealed or waived in whole or in part so as to affect materially and adversely the ability of the Recipient to perform any of its obligations under this Agreement.

4.02. The Additional Event of Acceleration consists of the following, namely that any event specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

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

(a) the Recipient has established the Steering Committee referred to in Section I.A.1 of Schedule 2 to this Agreement; and

(b) the Recipient has established and staffed the Project Coordination Unit referred to in Sections I.A.2 and I.A.3 of Schedule 2 to this Agreement.

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

5.03. 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 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’Économie et des Finances
03 BP 7050
Ouagadougou 03
Burkina Faso

Cable: SEEGOUV
Telex: 5555
Facsimile: 226-50-31-27-15

6.03. 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 Bemba Mba
Title: Minister of Economy and Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Nancy H. Tembon
Title: Country Manager for Burkina Faso
SCHEDULE 1

Project Description

The objective of the Project is to increase access to temporary employment and skills development opportunities for out-of-school youth.

The Project consists of the following parts:

Part 1: Labor Intensive Public Works

Carrying out a LIPW program to provide employment to young men and women between the ages of sixteen (16) and thirty-five (35) in the urban communes of Ouagadougou, Bobo-Dioulasso, Ouahigouya, and Manga; and in rural communes in the provinces of Yatenga and Zoundweogo including, inter alia:

(a) sensitization and communications campaigns;

(b) rural investments;

(c) enhancing employability of the LIPW participants at the conclusion of LIPW program through the provision of inter alia: (i) Training in basic skills development; (ii) a voluntary savings program; (iii) a job counseling and search mechanism to assist LIPW participants in seeking more permanent employment or employment enhancing opportunities at the conclusion of the LIPW program; and

(d) program coordination and provision of technical advisory services and goods.

Part 2: Skills development

A. Development of initial vocational training through a dual approach for economic sectors with strong growth, and employment creation potential, and establishment of a demand-driven training system through, inter alia:

(a) the provision of support to two (2) training centers, including:

(i) the preparation of studies on the institutional design of the centers to define, inter alia, the needs of: (A) the employers in the construction and tourism/hotel management sectors, and (B) said centers, in terms of equipment, teachers/trainers and managers;

(ii) the provision of equipment for said centers;

(iii) the development of a Training curriculum; and

(iv) the provision of Training to the trainers.
(b) the establishment of an on-demand Training system and provision of Training including, \textit{inter alia}: the development of a pilot demand-oriented Training mechanism and provision of Training focused on the needs of various economic sectors.

B. Implementation of an apprenticeship program to provide dual training opportunities, in sectors with skills deficits, to young men and women with very little or no basic education, and provision of good employment opportunities for youth, including, \textit{inter alia}, technical advisory services and goods.

C. Development of entrepreneurship Training, provision of follow-up support to entrepreneurs and coaching to young men and women through the provision of technical advisory services and goods.

\textbf{Part 3: Institutional Capacity Strengthening and Project Management}

Strengthening the capacity of:

(a) selected private and public sector institutions to engage in an informed policy dialogue on skills and employment and improve the knowledge base on employment and youth in Burkina Faso; and

(b) the Project Coordination Unit to ensure effective Project implementation, including effective Project monitoring and evaluation.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. In order to ensure the proper oversight of the Project and coordination among the Recipient's ministries and agencies responsible for the Project, the Recipient shall establish, and thereafter maintain, throughout the period of Project implementation, with membership, functions and resources satisfactory to the Association, a Steering Committee chaired by the Secretary General of the Ministry of Youth, Professional Training and Employment or his designate, and representation from the public and private sector, stakeholders, districts, and municipalities; and whose role shall consist of, *inter alia*: providing overall policy and strategic guidance to the Project Coordination Unit, review and approve the annual budgeted action plans, ensure that agreed performance targets and timelines for proposed activities under the different components are met and ensure effective Project implementation by proactively addressing critical issues that could hinder implementation.

2. The Recipient shall establish and thereafter maintain throughout the period of implementation of the Project, within MYVTE, a Project Coordination Unit 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*: (a) coordinating and monitoring the day-to-day implementation of the Project; (b) acting as technical secretariat to the Steering Committee; (c) managing all fiduciary, monitoring and evaluation aspects of the Project, preparing annual budgeted action plans, and preparing consolidated technical and financial reports; and (d) supporting institutional capacity strengthening activities.

3. Without limitation upon the foregoing, the Recipient shall recruit, in accordance with the provisions of Section III of this Schedule 2, assign to the PCU, and thereafter ensure that the Project Coordination Unit is at all times staffed with, staff, whose qualifications, experience and terms of reference shall be satisfactory to the Association, including, *inter alia*, the following: (a) a Project coordinator; (b) procurement specialists; (c) financial management specialists; (d) internal auditor; (e) monitoring and evaluation specialists; (f) a part-time social and environmental expert; and (g) additional administrative support.

4. The Recipient shall within three (3) months of the Effective Date finalize and adopt a Project Implementation Manual satisfactory to the Association to be applied in the implementation of the Project, giving, *inter alia*, details of: (i) implementation arrangements including the criteria for the transparent recruitment/selection of youth for employment under suitable fix-term contracts under LIPW; (ii) procurement procedures as set forth in Section III of this Schedule and standard procurement documentation; (iii) reporting requirements, financial management procedures and
audit procedures as set forth in Section II.B of this Schedule; (iv) the Project’s monitoring and evaluation arrangements including project performance indicators; and (v) the ESMF and RPF.

5. The Recipient shall:
   (a) at all times carry out the Project in accordance with the Project Implementation Manual; and
   (b) not assign, amend, suspend, abrogate, waive or permit to be assigned, amended, suspended, abrogated, or waived, the Project Implementation Manual or any provisions thereof without the prior written agreement of the Association; and in the event of any inconsistency between the provisions of this Agreement and those of the manual of procedures, the provisions of this Agreement shall prevail.

B. Management Contracts and Service Agreements

1. In order to ensure effective implementation of the Project, the Recipient, through MYVTE, shall enter into arrangements, acceptable to the Association, pursuant to which MIT and communes shall assist in the implementation of Part 1 of the Project, CCI-BF shall assist in the implementation of Part 2.A of the Project, ANPE shall assist in the implementation of Part 2.B of the Project and the Maison de l’Entreprise du Burkina Faso shall assist in the implementation of Part 2.C of the Project.

2. In order to achieve the objectives of Parts 1 and 2 of the Project, MYVTE, through the PCU, shall, no later than three months of the Effective Date, enter into: (a) a Management Contract with each of CCI-BF, ANPE and the Maison de l’Entreprise du Burkina Faso; (b) a Service Agreement with MIT; and (c) shall cause MIT to enter into a Service Agreement with each of the communes referred to under Part 1 of the Project.

3. The Recipient, through MYVTE, shall ensure that the Management Contracts and Service Agreements shall be entered into by the parties thereto under terms and conditions approved by the Association, which shall include, inter alia, that CCI-BF, ANPE, the Maison de l’Entreprise du Burkina Faso, the MIT and each of the communes shall undertake to:
   (a) carry out their respective Parts of the Project with due diligence and efficiency and in accordance with appropriate management and financial, practices and social and environmental standards acceptable to the Association, and take all measures necessary to ensure that activities shall be implemented in accordance with the Anti-Corruption Guidelines, ESMF and RPF;
(b) to procure the goods, works and consultants’ services to be financed out of the proceeds of the Financing in accordance with the provisions of Section III of Schedule 2 to this Agreement, and utilize such goods, works and consultants’ services exclusively in the carrying out of the Project;

(c) provide to the PCU all documents related to procurement it has initiated and requests for payment in a timely manner;

(d) enable the Recipient and the Association to inspect such goods, sites and works under the Project, the operation thereof, and any relevant records and documents;

(e) retain all records (contracts, orders, invoices, bills, receipts and other documents) evidencing expenditures under Part I of the Project until the later of: (i) one (1) year after the Recipient and the Association have received the audited financial statements covering the period during which the last withdrawal from the Financing Account was made; and (ii) two (2) years after the Closing Date; and

(f) enable the Recipient and the Association’s representatives to examine such records.

4. The Recipient shall exercise its rights under the Management Contracts and Service Agreements in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive a Management Contract or a Service Agreement or any of its provisions.

C. Anti-Corruption

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

D. Safeguards

1. The Recipient shall take, and cause to take, all necessary measures to ensure that the Project shall be implemented in accordance with the ESMF, RPF, ESMPs and RAPs.

2. Except as the Association shall otherwise agree in writing, the Recipient shall ensure, and cause to ensure, that none of the provisions of the ESMF, RPF, ESMPs and RAPs shall be abrogated, amended, repealed, suspended or waived.

3. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall take, and cause to take all measures necessary on its part to regularly collect, compile and submit to the Association, on a semi-annual basis, reports on
the status of compliance with the ESMF RPF, ESMP and RAPs if any, giving details of:

(a) measures taken in furtherance of such ESMF, RPF, ESMP and RAPs;

(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such ESMF, RPF, ESMP and RAPs; and

(c) remedial measures taken or required to be taken to address such conditions.

4. If any activity under the Project requires the adoption of an EMP and/or a RAP, the Recipient shall:

(a) prepare such EMP and/or RAP in accordance with the ESMF and/or RPF, as the case may be, furnish such EMP and/or RAP to the Association for review and approval and, following approval by the Association, adopt such EMP and/or RAP prior to commencing the carrying out of the activity in question; and

(b) maintain, and cause to be maintained, policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Association, the implementation of the ESMF, RPF, EMPs and RAPs, if any, and the achievement of their respective objectives.

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 indicators acceptable to the Association. 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, commencing
with the fiscal year in which the first withdrawal was made under the Preparation
Advance for the Project. The audited Financial Statements for each such period shall
be furnished to the Association not later than six 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.

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, subject to the Association’s prior written approval.
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, subject to the Association’s prior written approval; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants, subject to the Association’s prior written approval.

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**

A. **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 Credit 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 Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consultants' services,</td>
<td>33,400,000</td>
<td>100%</td>
</tr>
<tr>
<td>Incremental Operating Costs and Training for the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>33,400,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.

2. The Closing Date is December 15, 2018.
## 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 15 February and 15 August:</td>
<td></td>
</tr>
<tr>
<td>commencing 15 August 2023 to and including 15 February 2033</td>
<td>1%</td>
</tr>
<tr>
<td>commencing 15 August 2033 to and including 15 February 2053</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


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

4. “CCI-BF” means the Chamber of Commerce and Industry of Burkina Faso (Chambre de Commerce et d’Industrie du Burkina Faso) or any successor thereto.


6. “Displaced Persons” means persons who, on account of the involuntary taking of land and other assets as part of the execution of the Project resulting in a direct economic and social adverse impact, whether or not said Displaced Persons must physically relocate, had or would have their: (i) standard of living adversely affected; (ii) right, title, interest in any house, land (including premises, agricultural and grazing land) or any other physical asset acquired or possessed, temporarily or permanently, adversely affected; (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business, occupation, work or place of residence or habitat adversely affected; and “Displaced Person” means any of the Displaced Persons.

7. “ESMF” means the Environmental and Social Management Framework, acceptable to the Association, disclosed in country and the Association’s Infoshop on April 9, 2013, which sets out the principles, rules, guidelines and procedures to assess the environmental and social impacts of the Project and contains measures and plans to reduce, mitigate and/or offset adverse impacts and enhance positive impacts, provisions for estimating and budgeting the costs of such measures, and information on the agency or agencies responsible for addressing project impacts, and includes the Resettlement Policy Framework as such Environmental and Social Safeguard Framework may be amended from time to time with the prior agreement of the Association.
8. “EMP” means an environmental management plan, acceptable to the Association, prepared in accordance with the ESMF, which said plan sets out the environmental protection measures in respect of the Project, as well as administrative and monitoring arrangements to ensure the implementation of said plan, as said plan may be revised from time to time with the agreement of the Association.


10. “Incremental Operating Costs” means reasonable expenditures directly related to the Project, incurred by the Recipient (which expenditures would not have been incurred absent the Project) including expenditures for Project staff travel, lodging and per diem, consumable materials, office supplies, insurance costs, communications services (including postage handling, telephone and internet costs), publication services, document duplication/printing, translation services, office space rental and utilities, maintenance of office and office equipment and operation, but excluding salaries, fees and honoraria of members of the Recipient’s civil service.

11. “LIPW” means labor intensive public works.


13. “Management Contract” means a contract to be entered into between MYTVE and CCI-BF, ANPE or the Maison de l’Entreprise du Burkina Faso, under terms and conditions acceptable to the Association, whose objective shall be to assist the Recipient in the implementation of Part 2 of the Project.

14. “MIT” means the Recipient’s Ministry of Infrastructure and Transport (Ministère des Infrastructures, du Désenclavement et des Transports) or any successor thereto.

15. “MYVTE” means the Recipient’s Ministry of Youth, Vocational Training and Employment (Ministère de la Jeunesse de la Formation Professionnelle et de l’Emploi) or any successor thereto.


17. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 18, 2013 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.
18. "Project Coordination Unit" and the acronym "PCU" mean the Project Coordination Unit (Unité de Coordination du Projet) referred to in Section 1.A.2. of Schedule 2 to this Agreement.

19. Project Implementation Manual" means the manual referred to in Section 1.A.5. of Schedule 2 to this Agreement.

20. "RAP" means a resettlement action plan, acceptable to the Association, prepared in accordance with the RPF, which sets out the principles and procedures governing the acquisition of land and other assets, and the resettlement, compensation and rehabilitation of Displaced Persons on account of the execution of the Project, as well as monitoring and reporting arrangements to ensure compliance with said plan, as the same may be revised from time to time with the prior agreement of the Association.

21. "RPF" means the Resettlement Policy Framework, acceptable to the Association, which forms part of the ESMF, disclosed in country and in the Association’s Infoshop on April 9, 2013, which sets forth the principles and procedures, satisfactory to the Association, governing measures and actions to be taken during the implementation of the Project for the provision of compensation, rehabilitation and resettlement assistance to Displaced Persons, as such framework may be amended from time to time with the prior agreement of the Association.

22. "Secretary General of Youth, Professional Training, and Employment" means the Recipient’s Secretary General responsible for MYVTE or any successor thereto.

23. "Service Agreement" means an agreement to be entered into by MYTVE and MIT and the communes, under terms and conditions acceptable to the Association, whose objective shall be to assist the Recipient in the implementation of Part 1 of the Project.

24. “Steering Committee” means the committee (Comité de Pilotage) referred to in Section 1.A.1.of Schedule 2 to this Agreement.

25. “Training” means the reasonable costs associated with training and workshop participation under the Project, within the territory of the Recipient and abroad, including, inter alia, travel, lodging and subsistence costs for training participants, rental of training facilities, and preparation and reproduction of training materials.