Financing Agreement

(Additional Financing for the Agricultural Productivity
and Food Security Project)

between

BURKINA FASO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July, 2014
FINANCING AGREEMENT

AGREEMENT dated July 1, 2014, entered into between BURKINA FASO ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement).

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, in the Original Financing Agreement 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 twenty three million two hundred thousand Special Drawing Rights (SDR 23,200,000) ("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 IV of Schedule 2 to this Agreement. 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.

2.03. The Payment Dates are April 1 and October 1 in each year.

2.04. The Payment Currency is Euro.
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the Ministry of Agriculture 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 Condition of Effectiveness consists of the following, namely that the Co-financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.

4.02. The Effectiveness Deadline is the date one hundred and twenty (120) 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 the Minister of the Recipient at the time responsible for finance.

5.02. The Recipient's Address is:

Minister of Economy and Finance
Ministry of Economy and Finance
03 BP 7050
Ouagadougou 03
Burkina Faso

Cable: SESEGOUV          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) or 1-202-477-6391
Washington, D.C.       Facsimile: 64145 (MCI)
AGREED at Ouagadougou, Burkina Faso, as of the day and year first above written.

BURKINA FASO

By

Authorized Representative

Name: Lucien Marie Nsef Bembamba
Title: Minister of Economy and Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Mercy Miyang Tebbon
Title: Country Manager for Burkina Faso
SCHEDULE 1

Project Description

The objective of the Project is to improve the capacity of poor producers to increase food production and to ensure improved availability of food products in rural markets.

The Project consists of the following parts:

Part 1: Improvement in Food Production

(a) Provision of Matching Grants for the financing of the acquisition or development of crop production and irrigation infrastructure and dissemination of agricultural technological packages: (i) for the improvements of food crop production and sustainable soil management, livestock and livestock products, sheep-fattening, fish farming and the promotion of agriculture and livestock integration; and (ii) for the valorization of non-timber forestry products in areas adjacent to protected areas.

(b) Development of community assets in support of food production and marketing as planned and organized by Village Development Councils, including, without limitation, community works for lowland development and sustainable soil and water management techniques.

Part 2: Improvement of the Availability of Food Products

(a) Provision of Matching Grants for the dissemination of improved post-harvest technologies, the development of food processing technologies including solar drying units for women groups, and the strengthening of small scale improved cereal and milk-processing units.

(b) Development of market functions, including infrastructure and assistance for the development of village level warrantage in surplus areas, the restructuring of cereal banks into marketing cooperatives in deficit zones, the strengthening of market information systems and the creation of one-shop centers in Regional Chambers of Agriculture.
Part 3: Institutional Development and Capacity Building

(a) Building capacities of public and private sectors for the extension and provision of advisory services to producers and the provision of main core control public services involved in the implementation for the Project.

(b) Strengthening input supply delivery systems including through: (i) dissemination and implementation of the Recipient's laws on inputs, such as seeds, fertilizers and veterinary medical products; (ii) strengthening and expansion of the use of improved seeds; strengthening and expansion of input supply networks; and piloting the use of information and communication technology for better targeting of Project beneficiaries, including e-voucher and e-extension technologies to distribute inputs to beneficiaries; and improving monitoring and evaluation.

(c) Strengthening capacity of professional organizations in the agricultural sector including irrigation committees, water users committees, and Regional Chambers of Agriculture.

(d) Management, monitoring and evaluation of Project activities.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The provisions of Sections I.A, I.B, I.C and I.F of Schedule 2 to the Original Financing Agreement, as amended, are incorporated herein and apply to this Agreement, mutatis mutandis, and the Recipient hereby undertakes to comply with the provisions thereof to the same extent as if such provisions had been set out in full in this Agreement.

2. The Recipient shall within four (4) months of the Effective date strengthen the Project Coordination Unit through the addition of: (a) one (1) civil engineer (specialist of irrigation development); (b) one (1) livestock development specialist; (c) one (1) specialist in charge of marketing infrastructure and the warehouse receipt system ("warrantage"); (d) one (1) fisheries/aquaculture expert; (e) one (1) monitoring and evaluation specialist; (f) one (1) environmental and social expert; and (g) one (1) procurement specialist.

B. Anti-Corruption

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

C. Safeguards

1. The Recipient shall ensure and cause to ensure that, throughout the implementation of the Project, the Project and the Sub-projects shall be implemented in accordance with the guidelines, procedures, timetables and other specifications set forth in the Environmental and Social Management Framework, the Resettlement Policy Framework, and the Pest Management Plan. In particular, the Recipient shall ensure that:

(a) for each Sub-project of a category for which the Environmental and Social Management Framework provides that an Environmental and Social Management Plan should be prepared, such Environmental and Social Management Plan, in form and substance satisfactory to the Association, is effectively prepared and locally disclosed, before the implementation of the Sub-project, in accordance with the provisions of the Environmental and Social Management Framework, and the relevant Sub-project is implemented in accordance with its Environmental and Social Management Plan; and
(b) for each Sub-project of a category for which the Resettlement Policy Framework provides that a Resettlement Action Plan should be prepared, such Resettlement Action Plan, in form and substance satisfactory to the Association, is effectively prepared and locally disclosed, before the implementation of the Sub-project, in accordance with the provisions of the Resettlement Policy Framework, and the relevant Sub-project is implemented in accordance with its Resettlement Action Plan.

2. The Recipient shall not amend, suspend or waive the Environment and Social Management Framework, the Resettlement Policy Framework, the Pest Management Plan, any Environmental Management Plan and any Resettlement Action Plan, or any provision thereof unless the Association has provided its prior approval thereof in writing, and the Recipient has complied with the same consultation and disclosure requirements as applicable to the original adoption of the said instruments.

3. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall regularly collect, compile and submit to the Association, on a semi-annual basis, (or such other frequency as may be agreed with the Association) consolidated reports on the status of compliance with the Environment and Social Management Framework, the Resettlement Policy Framework, and the Pest Management Plan and each of the Environmental and Social Management Plan and Resettlement Action Plan, giving details of: (a) measures taken in furtherance of the said instruments; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the said measures; and (c) remedial measures taken or required to be taken to address such conditions.

4. In the event of any conflict between the provisions of the Environment and Social Management Framework, the Resettlement Policy Framework, the Pest Management Plan, and any of the Environmental and Social Management Plan and Resettlement Action Plan and the provisions of this Agreement, those of this Agreement shall prevail.

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 agreed with the Association. Each Project Report shall cover the period of one (1) 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.
2. Thirty (30) months after the Effective Date, or such later date as may be agreed upon by the Recipient and the Association, the Recipient shall, in conjunction with the Association, carry out a mid-term review of the Project (the "Mid-term Review"), covering the progress achieved in the implementation of the Project. The Recipient shall prepare, under terms of reference satisfactory to the Association, and furnish to the Association not less than three (3) months prior to the beginning of the Mid-term Review, or on such later date agreed upon with the Association in writing, a report integrating the results of the monitoring and evaluation activities performed pursuant to this Agreement, on the progress achieved in the carrying out of the Project during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective of the Project during the period following such date. Following the Mid-term Review, the Recipient shall act promptly and diligently in order to take, or cause to be taken, any corrective action deemed necessary by the Association to remedy any shortcoming noted in the carrying out of the Project in furtherance of the objectives of the Project.

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 semester, 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 (1) 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 (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 the Procurement Guidelines, or 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 table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(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</td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
<tr>
<td>(c) Direct Contracting</td>
</tr>
<tr>
<td>(d) Community participation in procurement</td>
</tr>
</tbody>
</table>

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 table specifies methods of procurement, other than Quality and Cost-based Selection,
which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality Based Selection</td>
</tr>
<tr>
<td>(b) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(c) Least Cost Selection</td>
</tr>
<tr>
<td>(d) Selection based on Consultants’ Qualifications</td>
</tr>
<tr>
<td>(e) Single-source Selection of consulting firms</td>
</tr>
<tr>
<td>(f) Selection of Individual Consultants</td>
</tr>
</tbody>
</table>

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 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 Grant 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 and Training for Parts 1(b), 2(b) and 3 of the Project</td>
<td>10,700,000</td>
<td>37%</td>
</tr>
<tr>
<td>(2) Matching Grants</td>
<td>9,800,000</td>
<td>64% of amounts disbursed</td>
</tr>
<tr>
<td>(3) Operating Costs</td>
<td>2,700,000</td>
<td>89%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>23,200,000</strong></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 June 30, 2018.
APPENDIX

Section I. Definitions

The definitions in the Appendix to the Original Financing Agreement, as amended, are incorporated herein and apply to this Agreement.


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

3. "Co-financier" means, the International Development Association acting as Trustee and as a Supervising Entity of the Global Agriculture and Food Security Program, referred to in paragraph 10 of the Appendix to the General Conditions.

4. "Co-financing" means an amount of thirty seven million and one hundred thousand United States Dollars (US$ 37,100,000), to be provided by the Co-financier through the Global Agricultural and Food Security Program to assist in financing of the Project.

5. "Co-financing Agreement" means the Global Agriculture and Food Security Program Grant Agreement to be entered into between the Recipient and the Association acting as Trustee and as trustee and supervising entity of the Co-financing.


7. "Environmental and Social Management Framework" means the Recipient's document entitled "Etude d'Impact Environnemental et Social du Projet d'Amélioration de la Productivité et de la Sécurité Alimentaire au Burkina", dated January 2009, and updated on April 8, 2014, detailing: (a) the measures to be taken during the implementation and operation of the Project to eliminate or offset adverse environmental and social impacts, or to reduce them to acceptable levels, and (b) the actions needed to implement these measures, including monitoring and institution strengthening, as such Environmental and Social Management Framework may be amended from time to time with the prior written consent of the Association.


10. "Original Project" means the Project described in Schedule 1 to the Original Financing Agreement, as amended.

11. "Pest Management Plan" means the Recipient's document entitled "Projet d'Amélioration de la Productivité et de la Sécurité Alimentaire (PAPSA) – Plan de Gestion des Pestes et des Pesticides" dated March 2009, and updated on April 8, 2014, describing the actions and policies required or appropriate to promote and support the safe, effective and environmentally-sound pest management under the Project, as such Pest Management Plan may be amended from time to time with the prior written consent of the Association.


13. "Procurement Plan" means the Recipient's procurement plan for the Project, dated May 19, 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.

14. "Project Coordination Unit" means the Recipient National Project Coordination Unit (Coordination Nationale du Projet) referred to in Section I.A.2 of Schedule 2 to this Agreement.”

15. "Resettlement Policy Framework" means the Recipient's document entitled "Projet d'Amélioration de la Productivité et de la Sécurité Alimentaire (PAPSA) – Cadre de Politique de Réinstallation des Populations (CPRP)" dated March 2009, and updated on April 8, 2014, containing guidelines, procedures, timetables and other specifications for the provision of compensation, rehabilitation and resettlement assistance to Displaced Persons, as such Resettlement Policy Framework may be amended from time to time with the prior written consent of the Association.