

Public Disclosure Authorized

CONFORMED

GRANT NUMBER H727-BF

Financing Agreement

(Bagré Growth Pole Project)

between

BURKINA FASO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 4, 2011

GRANT NUMBER H727-BF

FINANCING AGREEMENT

AGREEMENT dated July 4, 2011, 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 grant in an amount equivalent to seventy-one million Special Drawing Rights (SDR (\$71,000,000) (“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.
- 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 May 1 and November 1 in each year.
- 2.05. The Payment Currency is the Euro.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall cause: (a) Bagré Development Authority (“BDA”) to carry out its Respective Part of the Project; and (b) Burkina Faso Business Association (“BFBA”) to carry out its Respective Part of the Project; all in accordance with the provisions of Article IV of the General Conditions and the Project Agreements.
- 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 Events of Suspension consist of the following:
- (a) Either of the Project Implementing Entities’ Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity concerned to perform any of its obligations under its Project Agreement.
 - (b) Any of the parties to a Subsidiary Agreement, the Safeguard Implementation Agreement or the Bagré Dam Management Agreement has failed to perform any of its obligations under said agreement.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The Recipient has adopted the Project Implementation Manual in accordance with the provisions of Section I.A.2 of Schedule 2 to this Agreement.
 - (b) The Subsidiary Agreements have been executed on behalf of the parties thereto, in accordance with the provisions of Section I.B of Schedule 2 to this Agreement, and the Safeguard Implementation Agreement has been executed on behalf of the parties thereto, in accordance with the provisions of Section I.E of Schedule 2 to this Agreement.

- (c) The Bagré Dam Management Agreement has been executed on behalf of the parties thereto in accordance with the provisions of Section I.F of Schedule 2 to this Agreement.
 - (d) BDA has established and staffed the PMT in accordance with the provisions of Section I.A.1 of the Schedule to the BDA Project Agreement.
 - (e) BFBA has recruited a procurement specialist in accordance with the provisions of Section I.A.2 of the Schedule to the BFBA Project Agreement.
- 5.02. The Additional Legal Matters consist of the following, namely that the Subsidiary Agreements, the Safeguard Implementation Agreement and the Bagré Dam Management Agreement have been duly authorized or ratified by all parties to said agreements, and are legally binding upon said parties in accordance with their respective terms.
- 5.03. The Effectiveness Deadline is the date one hundred twenty (120) days after the date of this Agreement.
- 5.04. 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 responsible at the time 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:	Telex:	Facsimile:
SEGEGOUV	5555	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:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI)	1-202-477-6391

AGREED at Ouagadougou, Burkina Faso, as of the day and year first above written.

BURKINA FASO

By //s// Lucien Marie-Noel Bembamba

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By //s// Galina Sotirova

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to contribute to increased economic activity in the Project Area, resulting in an increase in private investment, employment generation and agricultural production.

The Project consists of the following parts:

Part A: Improved Institutional Capacity

(1) ***Restructured BDA.***

Strengthening and restructuring of the Bagré Development Authority (“BDA”) in order to establish an effective and efficient authority for the development and management of the Project Area, through:

- (a) carrying out of a study to design an optimal institutional structure for BDA, including staffing and business plans for BDA;
- (b) carrying out of an inventory of government assets in the Project Area and development of a strategy for the transfer of ownership, and management of such assets to BDA;
- (c) preparation of a legislative framework and related model forms of public-private partnership agreements to be used by BDA, all as necessary for the effective implementation of its mandate;
- (d) establishment and operationalization of a Project management team for BDA;
- (e) strengthening of BDA’s business planning capacity through the provision of technical assistance;
- (f) development of a system designed to monitor and evaluate the investments in the Project Area;
- (g) development and implementation of an effective communications and consultation strategy for BDA’s operations; and
- (h) provision of equipment, furniture, vehicles and Training required for the above.

(2) ***Improved Investment Climate.***

- (a) Carrying out of a program to improve the capacity of BDA to ensure the efficient and effective: (i) spatial planning, design and oversight of the construction of infrastructure in the Project Area; (ii) investment promotion in the Project Area; (iii) operation and maintenance of the Project Area infrastructure (including irrigation systems, roads and utilities); and (iv) delivery of irrigation water and other critical services to investors in the Project Area; all through the engagement of one or more private operators.
- (b) Carrying out of a program to enhance the capacity of the Burkina Faso Business Association (“BFBA”) to provide business development services and facilitate private investment in the Project Area, through: (i) the simplification and streamlining of procedures for registration of enterprises and delivery of building permits as well as of business services and training; and (ii) the installation of a network designed to improve BFBA’s information technology platform, and its processes for business registration and licensing.
- (c) Development and introduction of an environmentally and socially sound framework to facilitate the availability of serviced land in the Project Area for development, such framework to reflect the principles set forth in the Resettlement Policy Framework and to include: (i) suitable mechanisms for clarification of existing land tenure; (ii) criteria and procedures for land consolidation, allocation, establishment of land use and ownership rights; and (iii) an appropriate dispute resolution mechanism; and provision of training in the application of said framework, including processing of disputes and reporting thereon (“Land Framework”).
- (d) Development, in a participatory manner with local communities, of: (i) a zone development plan (“Zone Development Plan”) (“*schema directeur*”), including: (A) a land allocation map (based, inter alia, on cadastral and soil quality surveys); and (B) pre-feasibility and feasibility studies and designs for irrigation schemes, roads and electricity facilities; and (ii) a promotion plan for development of the Project Area, to attract investors and facilitate linkages between private entrepreneurs, small holders and local communities.
- (e) Carrying out, on the basis of the Land Framework and Zone Development Plan, of a program of: (i) land demarcation, registration and delivery of land use rights documents; (ii) allocation of land to persons currently occupying land in the Project Area and transfer to said persons of ownership titles to the land so allocated; and (iii) leasing of

land to private entrepreneurs; all designed to improve land security for customary land users, small holders and investors in the Project Area.

- (f) Development and introduction of transparent and cost effective procedures to inform investors of land available in the Project Area and facilitate their acquisition of land use rights to such land, including through the establishment of an electronic registry and computerized search systems.
- (g) Preparation, on the basis of the Zone Development Plan, of: (i) site-specific (A) Environmental Assessments and Environmental Management Plans in accordance with the ESMF and (B) Resettlement Action Plans, if required, in accordance with the RPF; and (ii) an integrated natural resources management program designed to promote long term local development while protecting the natural resources of the Project Area, said program to include actions to: (A) protect coastline and afforest the area upstream of the Bagré Dam; (B) protect and develop sustainable wildlife populations in selected ecosystems; and (C) develop the capacity of local communities and private operators to promote sustainable management of the protected areas.
- (h) Development and delivery of vocational training programs to address the needs of producers in the Project Area, in particular in the areas of agriculture, forestry, and animal herding; and provision of equipment, materials and supplies required for the purpose.
- (i) Carrying out of a program to develop public private partnerships in the Project Area, in particular for hotel management, production of animal feed and fish farming facilities, as well as for other commercially viable activities, all through the provision of technical advisory services for the Recipient and inhabitants of the Project Area.
- (j) Carrying out and dissemination by the Presidential Investment Council and Investment Promotion Agency of diagnostic studies to address investment challenges in the Project Area, and organization and carrying out by said council and said agency of meetings with investors to review the results of such studies, and provision of goods required for the purpose.
- (k) Carrying out of studies by, and provision of technical advisory services to, the National Steering Committee, designed to inform policy decisions regarding the creation of special economic zones and development of niche markets and products and business clusters in the Recipient's territory, and organization and carrying out of meetings on the results of such studies; all in order to facilitate a coherent and coordinated

development of the Recipient's growth poles through private investments.

Part B: Infrastructure

Development of the following agricultural infrastructure in the Project Area, based on the Zone Development Plan, Land Framework and Safeguard Documents:

- (1) ***Development of irrigation infrastructure*** through the:
 - (a) design, construction and equipping of: (i) primary canals for the development of up to 15,000 hectares; (ii) secondary canals within this area for at least 3,000 hectares of gravity fed land on both sides of the Nakambé river downstream from the Bagré Dam; and (iii) at least 3,000 hectares of new lowland irrigation schemes within this area for small holding farmers; and
 - (b) provision of basic technology packages (seeds, oxen, carts and training) to such farmers, and provision of training required for the purpose.
- (2) ***Development of livestock infrastructure*** through the:
 - (a) provision of basic equipment (including wells, pumps, reservoirs, and troughs) for livestock watering;
 - (b) introduction of a livestock management system, including tracking equipment; and
 - (c) construction and equipping of a veterinary facility, slaughterhouse, vaccination yard and livestock yard.
- (3) ***Development of fisheries infrastructure*** through the construction of a refrigerated warehouse and provision of cryogenic quick freezing equipment for fish conservation and processing.
- (4) ***Development of supporting infrastructure***, consisting of the:
 - (a) rehabilitation and construction of complementary road infrastructure to commercial areas or distribution points;
 - (b) construction of an industrial park, a market and a business center for critical services;
 - (c) construction, extension or upgrading of social infrastructure, such as schools, and health care facilities; and

(d) preparation of urban zoning plans.

(5) ***Extension and expansion of the electricity and water supply networks*** in the Project Area, to bring these networks closer to users in the irrigation sites, villages and industrial and commercial areas within the Project Area.

Part C: Services

(1) ***Matching Grants.*** Financing, through the provision by BFBA of Matching Grants, of specific development projects (“Sub-projects”) consisting of technical advisory and business development services and Training:

- (a) to facilitate the establishment of enterprises providing critical services in the Project Area; and
- (b) to improve the productive capacity and competitiveness of enterprises, small-holders and their associations, operating in the Project Area, as well as their linkages with larger businesses through out-grower schemes in such areas as development of business plans, marketing and product design.

(2) ***Matching Grants Management.***

Management by BFBA of the Matching Grants made under Part C(1) of the Project, including: (a) provision of technical services to Beneficiaries in the preparation of Sub-projects; and (b) supervision and monitoring and evaluation of Sub-projects.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. National Steering Committee.

- (a) The Recipient shall maintain, throughout the Project period, the National Steering Committee, with attributions, composition and resources satisfactory to the Association, to provide strategic directions and policy guidance for the Project and to resolve inter-ministerial and other policy issues that may arise under the Project.
- (b) Further to the provisions of paragraph (a) of this Section I.A.1, the National Steering Committee shall:
 - (i) be chaired by the Recipient's prime minister and comprised, *inter alia*, of the ministers of the Recipient involved in the Project, a representative of BFBA and of BDA and representatives of professional associations in the Recipient's territory; and shall meet at least once every calendar semester; and
 - (ii) be supported by a technical secretariat within MOEF, comprised of qualified and experienced staff in adequate numbers.
- (c) Notwithstanding the provisions of paragraph (a) of this Section I.A.1, the Recipient shall ensure that each Project Implementing Entity, through its organs, assumes responsibility for the day to day management of its Respective Part of the Project, in accordance with its respective Project Agreement.

2. Project Implementation Manual.

- (a) The Recipient shall prepare, in accordance with terms of reference acceptable to the Association and furnish to the Association, a proposed implementation manual for the Project containing detailed: (i) administrative; (ii) procurement; (iii) financial and accounting; and (iv) monitoring and evaluation procedures and arrangements for the Project; said manual to include, *inter alia*, an elaboration of the eligibility criteria and terms and conditions, and procedures for preparation, approval and monitoring and evaluation, of Matching Grants; and elaboration of the procedures for developing and implementing Safeguard Documents.

- (b) The Recipient shall: (i) furnish such manual to the Association for review and approval; (ii) afford the Association a reasonable opportunity to exchange views with the Recipient on said manual; and (iii) thereafter ensure that the Project Implementing Entities adopt such Project implementation manual as shall have been approved by the Association (“Project Implementation Manual”).
- (c) The Recipient shall ensure that the Project is carried out in accordance with the Project Implementation Manual, and shall not amend or waive any of its provisions without the prior written agreement of the Association.
- (d) Notwithstanding the foregoing, in the event of any inconsistency between the provisions of the Project Implementation Manual and those of the Financing Agreement or Project Agreements, the provisions of the Financing Agreement and Project Agreements shall prevail.

3. Part A (1) of the Project: BDA restructuring

In order to ensure the timely and appropriate restructuring of BDA under Part A(1) of the Project, the Recipient shall, on the basis of the results of the study included in Part A(1)(a) of the Project:

- (a) develop under terms of reference satisfactory to the Association and furnish to the Association a proposed new structure for BDA including a business plan for BDA, exchange views with the Association on such proposed structure and plan; and
- (b) thereafter, but not later than December 31, 2011, adopt said new structure and ensure the adoption of said business plan, taking into account the views of the Association on the matter.

B. Subsidiary Agreements

- 1. To facilitate the carrying out of each Project Implementing Entity’s Respective Part of the Project, the Recipient shall:
 - (a) make the proceeds of the Financing allocated from time to time to Category (1) available to BDA under a subsidiary agreement between the Recipient and BDA, on a non reimbursable grant basis under terms and conditions approved by the Association; and
 - (b) make the proceeds of the Financing allocated from time to time to Category (2) available to BFBA under a subsidiary agreement between the Recipient and BFBA, on a non-reimbursable grant basis under terms and conditions approved by the Association.

2. The Recipient shall exercise its rights and comply with its obligations under the Subsidiary 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 either Subsidiary 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. Semi-annual Work Programs; Counterpart Funds Account

1. The Recipient shall, not later than May 31 and November 30 in each calendar year, prepare (based on the proposed semi-annual programs prepared by BDA pursuant to Section I.C of the Schedule to the BDA Project Agreement and by BFBA pursuant to Section I.D of the Schedule to the BFBA Project Agreement) and furnish to the Association, a program of activities proposed for inclusion in the Project during the following calendar semester, including: (a) a detailed timetable for the sequencing and implementation of these activities; (b) the types of expenditures required for such activities and a proposed financing plan (including counterpart funds to be provided by the Recipient) for such expenditures; and (c) each Safeguard Document required for such activities pursuant to Section I.E of this Schedule and the measures proposed to be carried out under such Safeguard Document.
2. The Recipient shall exchange views with the Association on each such proposed semi-annual work program, and shall thereafter, (a) provide the required financing for, and (b) ensure that the Project Implementing Entities carry out, such program of activities for such following semester as shall have been agreed between the Recipient and the Association (“Semi-annual Work Program”).
3. Only those activities which are included in a Semi-annual Work Program shall be included in the Project.
4. The Recipient shall ensure that in preparing any training or workshops proposed for inclusion in the Project under a Semi-annual Work Program it shall include in the proposed Semi-annual Work Program: (a) the objective and content of the training or workshop envisaged; (b) the selection method of the institutions or individuals conducting such training or workshop, and said institutions if already known; (c) the expected duration and an estimate of the cost of said training or workshops; and (d) the selection method of the personnel who will attend the training or the workshop, and said personnel if already known.
5. The Recipient shall:

- (a) prior to the Association's approval of the first Semi-annual Work Program, open and thereafter at all times throughout the Project period, maintain in a financial institution and on terms and conditions acceptable to the Association, an account into which the Recipient shall deposit all counterpart funds required for the Project (including compensation under the RAPs) ("Counterpart Funds Account");
- (b) without limitation upon the provisions of Section 4.03 of the General Conditions, deposit into the Counterpart Funds Account prior to the commencement of each calendar semester, the amount of counterpart funding agreed with the Association to be provided pursuant to the Semi-annual Work Program for such semester; and
- (c) ensure that all amounts deposited in the Counterpart Funds Account shall be used exclusively to pay for expenditures included in the Semi-annual Work Program (including compensation under and in accordance with the RAPs and RPF).

E. Safeguards

- 1. **General.** The Recipient shall ensure that the Project is carried out in accordance with the Safeguard Frameworks and all Safeguard Documents.
- 2. **Safeguards Documents.** To that end, the Recipient shall take, or ensure that the Project Implementing Entities and NBEA shall take, the following measures:
 - (a) If any activities included in a proposed Semi-annual Work Program would, pursuant to the ESMF, require the carrying out of an EA, no such activities shall be implemented unless and until:
 - (i) an EA for such activities has been: (A) prepared, in accordance with the ESMF and furnished to the Association as part of the Semi-annual Work Program; (B) disclosed locally as required by the ESMF; and (C) approved by the Association and publicly disclosed; and
 - (ii) if said EA would require the preparation of an EMP, such EMP has been: (A) prepared in accordance with such EA and furnished for the Association as part of the Semi-annual Work Program; (B) disclosed locally as required by the ESMF; and (C) approved by the Association and publicly disclosed.

- (b) If any activities included in a proposed Semi-annual Work Program would, pursuant to the RPF, require the carrying out of a RAP, no such activities shall be implemented unless and until:
 - (i) a RAP for such activities has been: (A) prepared in accordance with the requirements of the RPF and furnished to the Association as part of the proposed Semi-annual Work Program and providing, *inter alia*, for the transfer of ownership title of suitable land to the Project-affected Persons; (B) disclosed as required by the RPF; and (C) approved by the Association; and
 - (ii) (A) all measures required to be taken under said RAP prior to the initiation of said activities have been taken; (B) a report, in form and substance satisfactory to the Association, on the status of compliance with the requirements of said RAP has been prepared and furnished to the Association; and (C) the Association has confirmed that said activities may be commenced.

- 3. ***Safeguard Implementation Agreement.*** To ensure proper coordination and oversight of the implementation of the Safeguard Frameworks and Safeguard Documents, the Recipient shall, under an agreement to be concluded among the Recipient through NBEA and each Project Implementing Entity (“Safeguard Implementation Agreement”), ensure that:
 - (a) NBEA shall initially determine the specific Safeguard Documents required to be prepared for a given Project activity;
 - (b) the Project Implementing Entity responsible for such activity shall thereafter: (i) prepare the Safeguard Documents for such activity, assisted by consultants selected in accordance with the provisions of Section III of this Schedule, and whose terms of reference, qualifications, experience and terms and conditions of employment shall be satisfactory to the Association; (ii) furnish the Safeguard Documents to NBEA for review; and (iii) thereafter, furnish the Safeguard Documents, revised to reflect the comments of NBEA, to the Association for review and approval; and
 - (c) NBEA shall, in accordance with guidelines acceptable to the Association: (i) monitor and evaluate the implementation by the Project Implementing Entity responsible for such activity, of the actions required under the Safeguards Frameworks and Safeguards Documents for such activity; and (ii) prepare and furnish to the Project Implementing Entities and to the Recipient for incorporation by the Recipient in each Project

Report, quarterly reports on the results of such monitoring and evaluation activities.

4. ***Land Rights Review.*** The Recipient shall, not later than December 31, 2012:
 - (a) carry out, under terms of reference acceptable to the Association, and furnish to the Association, a study to: (i) identify all persons displaced or adversely affected by the construction of the Bagré Dam or of irrigation schemes prior to the Project; (ii) confirm the implementation of compensation (including land) provided to such persons as a result of such displacement or adverse effects; (iii) determine whether such persons have any outstanding grievances; and (iv) recommend measures to resolve any such grievances and to ensure the adequacy of the current land tenure arrangements of such persons, including transferring full ownership to them of such land or suitable equivalent alternative land, together with a time-bound action plan for the implementation of such measures;
 - (b) afford the Association a reasonable opportunity to exchanges views with the Recipient on said study and its recommendations; and
 - (c) thereafter, implement such measures, in accordance with such action plan, taking into account the comments of the Association thereon.

F. Dam Safety

1. In order to ensure the proper management and safety of Bagré Dam and of the operations and maintenance of the power station associated with said dam, the Recipient:
 - (a) not later than September 30, 2012, shall in accordance with terms of reference satisfactory to the Association, and on the basis of the Bagré Dam Inspection Report: (i) carry out a study of risks of inundation and related potential uncontrolled release of water from the Bagré Dam; (ii) prepare an updated operation and maintenance plan and emergency preparedness plan for the Bagré Dam based on the results of said study; (iii) furnish said study and plans to the Association for its review; (iv) adopt and implement said plans, taking into account the views of the Association on the matter (“Bagré Dam Operation and Maintenance and Emergency Preparedness Plans”); (v) establish an emergency committee with mandate, composition and resources acceptable to the Association, to be responsible for implementation of said plans (“Bagré Dam Committee”); and (vi) carry out an on-site training program for the members of said committee and NEC staff on the implementation of the

Bagré Dam Operation and Maintenance and Emergency Preparedness Plans; and

- (b) under an agreement to be concluded between the Recipient and NEC (“Bagré Dam Management Agreement”), shall ensure that NEC shall carry out a safety inspection of the Bagré Dam: (i) at intervals of not less than once every two years during the implementation of the Project, by independent experts whose terms of reference, qualifications, and experience shall be satisfactory to the Association; and (ii) thereafter, at intervals of not less than once every two years, by duly qualified and experienced independent experts who have not been involved with the design, construction, or operation of the Bagré Dam.
2. To assist the Recipient in carrying out the study in paragraph 1(a) of this Section I.F, the Recipient shall engage independent dam specialists, whose terms of reference, qualifications, experience and terms of reference shall be satisfactory to the Association.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

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 quarter, and shall be furnished to the Association not later than one month 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 one month 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 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:

<u>Procurement Method</u>
(a) National Competitive Bidding subject to the following additional procedure, namely that the Recipient shall use standard bidding documents acceptable to the Association
(b) Shopping
(c) Direct Contracting
(d) Community Participation in accordance with procedures set forth in the Project Implementation Manual or the Procurement Plan

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.

Procurement Method
(a) Quality Based Selection (QBS)
(b) Fixed Budget (FBS)
(c) Least Cost Selection (LCS)
(d) Single Source Selection (SSS)
(e) Consultant's Qualifications (CQ)
(f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants (IC)
(g) Single-source procedures for the Selection of Individual Consultants.

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.**E. Procurement Audits**

The Recipient shall ensure that all procurement activities undertaken under the Project are audited annually by auditors whose terms of reference, qualifications and experience shall be satisfactory to the Association and who shall be engaged in accordance with the provisions of Section III of this Schedule. Each such audit shall cover the period of one fiscal year of the Recipient and shall be furnished to the Association not later than six (6) months after the end of such fiscal year.

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:

Category	Amount of the Grant Allocated (expressed in SDR)]	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, services, Training and Operating Costs for Part A (excluding Part A (2) (b)), and Part B (excluding Parts B (4) (c) and (d)) of the Project	61,100,000	80% for Operating Costs; and 100% for all other expenditures
(2) (a) Goods, services, Training and Operating Costs for Part A (2) (b) and Part C(2) of the Project	1,000,000	100%
(b) Services for Sub-projects financed out of the proceeds of Matching Grants under Part C(1) of the Project	6,800,000	100% of amounts paid under the Matching Grant for expenditures required for the Sub-project concerned
(3) Refund of Preparation Advance	1,100,000	Amount payable pursuant to Section 2.07 of the General Conditions
(4) Unallocated	1,000,000	
TOTAL AMOUNT	71,000,000	

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 September 30, 2017.

APPENDIX

Section I. Definitions

1. “Anti-Corruption Guidelines” means 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.
2. “Bagré Dam” means the reservoir located in the Project Area and its structures, including its associated hydroelectric plant.
3. “Bagré Dam Committee” means the committee to be established and maintained by NEC in accordance with the provisions of Section I.F of Schedule 2 to this Agreement.
4. “Bagré Dam Inspection Report” means the Recipient’s reports entitled “*Inspection du Barrage*”, dated February 24, 2011 and “*Analyse des Rapports des Crues 2009 et 2010*”, dated March 8, 2011.
5. “Bagré Dam Management Agreement” means the agreement to be entered into between the Recipient and NEC in accordance with the provisions of Section I.F of Schedule 2 to this Agreement.
6. “Bagré Dam Operation and Maintenance and Emergency Preparedness Plans” mean the operation and maintenance plan and emergency preparedness plan, both for Bagré Dam, and to be prepared, adopted and implemented by the Recipient in accordance with the provisions of Section I.F of Schedule 2 to this Agreement.
7. “Bagré Development Authority” and “BDA” means the public enterprise known as “*Maitrise d’Ouvrage de Bagré (MOB)*”, established by the Recipient as an administrative public enterprise (*établissement public à caractère administratif*) pursuant to the BDA Legislation and operating under the laws of the Recipient; as said enterprise shall be restructured pursuant to the provisions of Section I.A.3 of Schedule 2 to this Agreement.
8. “BDA Legislation” means the Recipient’s Decree (*kiti*) No. 86-240/CNR/PRES/Eau, dated June 25, 1986, and Decree No. 2000-446/PRES/PM/MEE dated September 26, 2000 approving BDA’s Statutes (including the Statutes attached thereto); as said decrees may be amended from time to time thereafter.
9. “BDA Project Agreement” means the agreement between the Association and BDA relating to the implementation of BDA’s Respective Part of the Project, as such agreement may be amended from time to time, and includes the General

Conditions as applied to the BDA Project Agreement and all appendices, schedules and agreements supplemental to the BDA Project Agreement.

10. “BDA’s Respective Part of the Project” means Parts A (excluding Part A(2)(b)) and B of the Project.
11. “BDA Subsidiary Agreement” means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to BDA.
12. “Beneficiary” means a natural person or legal entity to which BFBA has extended a Matching Grant under a Matching Grant Agreement for a Sub-project.
13. “BFBA Legislation” means Recipient’s Law No. 10/92/ADP dated December 15, 1992 and Decree No. 2010-180/PRES/PM/MATD/MEF dated April 19, 2010, and BFBA’s Statutes and Regulations, both adopted September 17, 2009, as the same may be amended from time to time.
14. “BFBA Project Agreement” means the agreement between the Association and BFBA relating to the implementation of BFBA’s Respective Part of the Project, as such agreement may be amended from time to time, and includes the General Conditions as applied to the BFBA Project Agreement and all appendices, schedules and agreements supplemental to the BFBA Project Agreement.
15. “BFBA’s Respective Part of the Project” means Parts A(2)(b) and C of the Project.
16. “BFBA Subsidiary Agreement” means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to BFBA.
17. “Burkina Faso Business Association” and “BFBA” means the legal entity known as “*Maison de l’Entreprise du Burkina Faso (“MEBF”)*”, established pursuant to the BFBA Legislation, and operating under the laws of the Recipient.
18. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
19. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers”, dated January 2011.
20. “Counterpart Funds Account” means the account to be opened and maintained by the Recipient in accordance with the provisions of Section I.D.5 of Schedule 2 to this Agreement.

21. “Environmental and Social Management Framework” and “ESMF” means the Recipient’s environmental and social management framework for the Project, set forth in the document entitled “*Projet Pole de Croissance de Bagre (PPCB) - Plan Cadre de Gestion Environnementale et Sociale (PDGES) - Rapport Final*”, and dated February 2011.
22. “Environmental Assessment” and “EA” each means each environmental assessment for the Project to be carried out in accordance with the ESMF and pursuant to provisions of Section I.E.2 of Schedule 2 to this Agreement.
23. “Environmental Management Plan” and “EMP” each means each environmental management plan for the Project to be carried out in accordance with the ESMF and pursuant to provisions of Section I.E.2 of Schedule 2 to this Agreement
24. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010.
25. “Investment Promotion Agency” means the agency established by the Recipient pursuant to its decree No. 2009-429/PRES/PM/MCPEA/MEF dated June 18, 2009, and any successor thereto.
26. “Land Framework” means the framework to be developed under Part A.2(c) of the Project.
27. “Matching Grant” means a grant made or to be made by BFBA out of the proceeds of the Financing to a Beneficiary for a Sub-project.
28. “Matching Grant Agreement” means an agreement between BFBA and a Beneficiary providing for a Matching Grant.
29. “Ministry of Economy and Finance” and “MOEF” each means the Recipient’s ministry at the time responsible for finance.
30. “National Bureau of Environmental Assessments” and “NBEA” each means the Recipient’s agency known as “*Bureau National des Evaluations Environnementales et des Déchets Spéciaux (BUNED)*”, established pursuant to the Recipient’s decree No. 2008-022/PRES/PM/MECV, entitled “*Décret portant organisation du ministère de l’Environnement et du Cadre de Vie*”, and dated December 22, 2008, and the Recipient’s regulation No. 2010-029/MECV/SG/BUNED entitled “*Arrêté portant organisation et fonctionnement du BUNED*” and dated March 15, 2010, and operating under the laws of the Recipient; and any successor thereto.
31. “National Electricity Company” and “NEC” each means the enterprise known as “*Société National Burkinabé de l’Electricité (SNBEC)*”, established pursuant to

the Recipient's decree No. 76-344/PRES/MTP/T/URB, dated September 15, 1976, and operating under the laws of the Recipient, and any successor thereto.

32. "National Steering Committee" means the committee established by the Recipient's Council of Ministers pursuant to its decree No. 2011-003/PRES/PM/MEF, dated January 14, 2011, as said decree may be revised from time to time.
33. "Operating Costs" means the incremental expenses incurred on account of Project implementation, consisting of reasonable expenditures for office supplies, vehicle operation and maintenance, communication and insurance costs, banking charges, rental expenses, office and office equipment maintenance, utilities, document duplication/printing, consumables, travel cost and *per diem* for Project staff for travel linked to the implementation of the Project, and salaries of contractual staff for the Project (but excluding salaries of officials of the Recipient's civil service).
34. "Pest Management Plan" and "PMP" means the Recipient's pest management plan for the Project, set forth in the document entitled "*Projet Pole de Croissance de Bagre (PPCB) - Plan de Lutte Anti Parasitaire et de Gestion Des Pesticides - Rapport Final*" and dated January 2011.
35. "Preparation Advance" means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on August 24, 2010 and on behalf of the Recipient on September 6, 2010 (Preparation Advance No. Q740).
36. "Presidential Investment Council" means the council known as "*Conseil Présidentiel Pour l'Investissement*" established by the Recipient pursuant to its decree No. 2007-739/PRES, dated November 19, 2007, and any successor thereto.
37. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers", dated January 2011.
38. "Procurement Plan" means the Recipient's procurement plan for the Project, dated May 13, 2011 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
39. "Project-affected Person" means a person who, on account of the execution of the Project had or would have his or her: (a) standard of living adversely affected; or (b) right or interest in any house, land or other fixed or movable asset acquired or possessed, temporarily or permanently; or (c) access to productive

assets adversely affected, temporarily or permanently; or (d) business, occupation, work or place of residence or habitat adversely affected.

40. “Project Agreement” means either (a) the BDA Project Agreement or (b) the BFBA Project Agreement, as the context requires; and “Project Agreements” means, collectively, both said agreements.
41. “Project Area” means the 57,800 hectare area of irrigable land located downstream of the Bagré Dam within the Recipient’s territory along the Nakanbé River, and including the Bagré Dam, and which is part of a larger area that has been declared a “public use zone” (“*zone d’utilité publique*”) by the Recipient pursuant to its decree No. 98-476/PRES/PM/MEE, dated December 2, 1998.
42. “Project Implementation Manual” means the manual for the Project to be prepared and adopted in accordance with the provisions of Section I.A.2 of Schedule 2 to this Agreement.
43. “Project Implementing Entity” means either (a) BDA or (b) BFBA, as the context requires; and “Project Implementing Entities” means, collectively, BDA and BFBA.
44. “Project Implementing Entity’s Legislation” means (a) in respect of BDA, the BDA Legislation; and (b) in respect of BFBA, the BFBA Legislation; and “Project Implementing Entities’ Legislation” means, collectively the BDA Legislation and the BFBA Legislation.
45. “Project Management Team” and “PMT” each means the Project management team to be established and maintained by BDA pursuant to Section I.A.1 of the BDA Project Agreement.
46. “Resettlement Action Plan” and “RAP” each means each resettlement action plan for the Project to be prepared and implemented in accordance with the RPF and pursuant to provisions of Section I.E.2 of Schedule 2 to this Agreement.
47. “Resettlement Policy Framework” and “RPF” means the Recipient’s resettlement planning framework for the Project, set forth in the document entitled “*Projet Pole de Croissance de Bagre (PPCB) - Cadre de Politique de Reinstallation des Populations - Rapport Final*” and dated May 2011.
48. “Respective Part of the Project” means: (a) for BDA, Parts A (excluding Part A(2)(b)) and B of the Project; and (b) for BFBA, Parts A(2)(b) and C of the Project.
49. “Safeguard Documents” means all EAs, EMPs, and RAPs to be developed under the Project.

50. “Safeguard Frameworks” means the ESMF, PMP and RPF.
51. “Safeguard Implementation Agreement” means the agreement to be concluded among the Recipient acting through NBEA and the Project Implementing Entities in accordance with the provisions of Section I.E. of Schedule 2 to this Agreement.
52. “Semi-annual Work Program” means each Semi-annual Work Program prepared in accordance with the provisions of Section I.D of Schedule 2 to this Agreement and approved by the Association in accordance with said provisions.
53. “Subsidiary Agreement” means either (a) the BDA Subsidiary Agreement or (b) BFBA Subsidiary Agreement as the context requires; and “Subsidiary Agreements” means, collectively both said agreements.
54. “Sub-project” means a specific development project under Part C of the Project to be carried out by a Beneficiary utilizing the proceeds of a Matching Grant.
55. “Training” means the reasonable costs associated with training and workshop participation under the Project, consisting of travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to course or workshop preparation and implementation.
56. “Zone Development Plan” means the zone development plan to be developed under Part A.2 (d) of the Project.