

CONFORMED COPY

CREDIT NUMBER 4195-BUR

Financing Agreement

(Agricultural Diversification and Market Development Project)

between

BURKINA FASO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 22, 2006

CREDIT NUMBER 4195-BUR

FINANCING AGREEMENT

AGREEMENT dated June 22, 2006, 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 the Financing 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 forty six millions Special Drawing Rights (SDR 46,000,000) (the “Credit”) to assist in financing the project described in Schedule 1 to this Agreement (the “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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 May 15 and November 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 the 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 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 Conditions of Effectiveness consist of the following:
 - (a) The Recipient has recruited the following staff for the Project Coordination Unit, on the basis of terms of reference, and with qualification and experience satisfactory to the Association:
 - (i) a National Project Coordinator;
 - (ii) a Financial Management Specialist;
 - (iii) a Monitoring and Evaluation Specialist; and
 - (iv) a Procurement Specialist.
 - (b) The Recipient has adopted the Project Implementation Manual in form and substance satisfactory to the Association.
 - (c) The Recipient has established a computerized information system for the financial management of the Project (including software customization, adoption of the Project Manual of Financial, Accounting and Administrative Procedures in form and substance satisfactory to the Association, training and short term assistance) in the Project Coordination Unit, in a manner satisfactory to the Association.
 - (d) The Recipient has recruited an external auditor on the basis of terms of reference, and with experience and qualification satisfactory to the Association.
 - (e) The Recipient has opened the Designated Account.

- (f) The Recipient has prepared annual work plans for 2006 and 2007, in form and substance satisfactory to the Association.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE V – REPRESENTATIVE; ADDRESSES

- 5.01. The Recipient's Representative is the Minister of the Recipient at the time responsible for finance.
- 5.02. The Recipient's Address is:

Minister of Finance and Budget

Ministry of Finance and Budget
03 BP 7050
Ouagadougou 03
Burkina Faso

Cable:	Telex:	Facsimile:
SEGEGOUV	5555	(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:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI) or 64145 (MCI)	1-202-477-6391

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

BURKINA FASO

By /s/ Jean-Baptiste Marie Pascal Compaoré

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Ellen Goldstein

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to increase the competitiveness of selected agricultural sub-sectors that target national, sub-regional and international markets, thereby contributing to shared agricultural growth on the Recipient's territory.

The Project consists of the following parts:

Part 1: Improvement of agro-sylvo pastoral supply chains performance, through:

- 1.1 capacity building for professional organizations and agricultural trade associations, including through: (i) diagnostics in order to identify constraints that limit performance and profitability; (ii) the elaboration of strategic development plans and annual operation plans; (iii) the set up of monitoring and evaluation systems; and (iv) the development of new tools for the management and financing of specific supply chains; and
- 1.2 supply chain development, through investments for the implementation of their annual operation plans, including by providing matching grants.

Part 2: Development of infrastructures, including in partnership with the private sector, through rehabilitation or construction works, in the following areas:

- 2.1 Irrigation; and
- 2.2 Marketing.

Part 3: Strengthen the business environment, through:

- 3.1 Improvement of regulatory, legal and financial framework, including supporting the policy dialogue among the stakeholders;
- 3.2 Support to capacity building for public and private service providers; and
- 3.3 Strengthening Project management, coordination, monitoring and evaluation, through supporting the establishment and operation of the Project Coordination Unit.

SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

1. **Project Coordination and Management.** The Recipient shall maintain the following structure within the Recipient's Ministry of Agriculture, Water resources and Fisheries (*Ministère de l'Agriculture, de l'Hydraulique et des Ressources Halieutiques*) (the "MAWRF") with functions as set forth in paragraphs (a) and (b), at all times during the implementation of the Project:
 - (a) The Recipient shall establish a Steering Committee, to be responsible for the overall orientation and oversight of the implementation of the Project, and Regional Steering Committees, to ensure the participation of private stakeholders and local authorities in the implementation of the Project, each with composition and terms of reference acceptable to the Association.
 - (b) The Recipient shall establish a Project Coordination Unit with composition and terms of reference acceptable to the Association, to be responsible for the implementation, coordination, monitoring and evaluation of the Project.

2. **Project Manuals.**

The Recipient shall carry out the Project in accordance with the provisions of the Project Implementation Manual and the Project Manual of Administrative, Accounting and Financial Procedures, and shall not, unless the Association shall otherwise agree, amend or waive any provision thereof which in the opinion of the Association may adversely and materially affect the implementation of the Project.

3. **Environmental and Social Safeguards.**
 - (a) The Recipient shall implement the Project in accordance with the guidelines, procedures, timetables and other specifications set forth in the Environment and Social Management Plan, the Pest Management Plan and the Resettlement Policy Framework.
 - (b) Except as the Association shall agree in writing, the Recipient shall not abrogate, amend, repeal, suspend, waive or otherwise fail to enforce the Environment and Social Management Plan, the Pest management Plan and the Resettlement Policy Framework which in the opinion of the

Association, may adversely and materially affect the implementation of the Project.

4. Matching Grants for Subprojects.

The Recipient shall establish Regional Micro-Project Selection Committees, with composition and terms of reference satisfactory to the Association, to be responsible for the approval of Subprojects to be financed under the Project in accordance with guidelines, procedures and eligibility criteria acceptable to the Association and set forth in the Project Implementation Manual.

Section II. Project Monitoring, Reporting, Evaluation

A. Project Reports.

1. (a) 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 the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than one month after the end of the period covered by such report.
- (b) The performance and progress indicators include the following, as shall be further described (*inter alia*, with base line and target values) and completed in the Project Implementation Manual:
 - (i) Increase in the Recipient's agricultural exports in the Targeted Supply Chains (excluding cotton) on international and sub-regional markets; and
 - (ii) Increase in income from Targeted Supply Chains for producers who benefited from the Project.
2. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than September 30, 2013.

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 days after the end of each calendar semester, interim un-audited 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 fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal under the Project Preparation Advance was made. 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 and Works.** All goods and works 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 Schedule.
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 Schedule.
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 and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

Procurement Method
(a) National Competitive Bidding on the basis of the National Procurement Law
(b) Shopping
(c) Direct Contracting
(d) Community Based Investments
(e) Selection Based on Quality

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) Least Cost Selection
(b) Selection Based on Consultants' Qualifications
(c) Single Source Selection
(d) Selection of Individual Consultants

D. Review by the Association of Procurement Decisions

1. Except as the Association shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by

the Association: (a) each contract for works estimated to cost the equivalent of \$250,000 or more procured on the basis of International Competitive Bidding; (b) each contract for goods estimated to cost the equivalent of \$200,000 or more procured on the basis of International Competitive Bidding; (c) the first contract for goods procured on the basis of National Competitive Bidding and the first contract for works procured on the basis of National Competitive Bidding; (d) all contracts for goods and works procured on the basis of Direct Contracting; (e) each contract for consultants' services provided by a firm estimated to cost the equivalent of \$100,000 or more; (f) each contract for consultants' services provided by an individual estimated to cost the equivalent of \$50,000 or more; and (g) all contracts for consultants' services procured on the basis of Single Source Selection. 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 this Section and such additional instructions as the Bank may specify by notice to the Recipient, 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 Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed
(1) Works	16,000,000	100% of eligible expenditures taxes included
(2) Vehicles, Equipment and Goods	850,000	100% of eligible expenditures taxes included
(3) Matching Grants	10,000,000	100% of amounts disbursed
(4) Consultants' Services	6,250,000	100% of eligible expenditures taxes included
(5) Training	5,550,000	100% of eligible expenditures taxes included
(6) Operating Costs	2,800,000	100% of eligible expenditures taxes included
(7) Refund of Project Preparation Advance	1,300,000	Amount payable pursuant to Section 2.07 of the General Conditions
(8) Unallocated	3,250,000	
TOTAL AMOUNT	46,000,000	

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 March 31, 2013.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each May 15 and November 15:	
commencing November 15, 2016 to and including May 15, 2026	1%
commencing November 15, 2026 to and including May 15, 2046	2%

*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

Definitions

1. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
2. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004.
3. “Designated Account” is defined in the Disbursement Letter from the Association to the Recipient dated the date of this Agreement.
4. “Environmental and Social Management Plan” means the Recipient’s report entitled *Etude d’Impact Environnemental et Social* and dated January 2006.
5. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005.
6. “Operating Costs” means the incremental expenses incurred on account of implementation of the Project, audits, management and monitoring, including office supplies, administrative support, communication and utility services, travel and supervision costs but excluding salaries of officials of the Recipient’s civil service.
7. “Pest Management Plan” means the Recipient’s report entitled *Plan de Gestion des Pestes et des Pesticides* and dated January 2006.
8. “Procurement Guidelines” means the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004.
9. “Procurement Plan” means the Recipient’s procurement plan for the Project dated April 25, 2006 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.
10. “Project Implementation Manual” means the Recipient’s guidelines and procedures satisfactory to the Association to be used for the purpose of implementing the Project, including in the areas of administrative, financial management, procurement, monitoring and evaluation, coordination, support eligibility, social and environment, and other provisions related to the institutional organization, as such guidelines and procedures may be amended from time to time in agreement with the Association, and such term includes any schedule to the Project Implementation Manual.

11. “Project Manual of Financial, Accounting and Administrative Procedures” means the Recipient’s manual satisfactory to the Association, containing financial, administrative and accounting procedures applicable to the Project, as such manual may be amended from time to time in agreement with the Association, and such term includes any schedule to the Project Manual of Financial and Administrative Procedures.
12. “Project Preparation Advance” means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to a first letter agreement signed on behalf of the Association on June 7, 2005 and on behalf of the Recipient on July 15, 2005, and a second letter agreement signed in behalf of the Association and the Recipient on March 2, 2006.
13. “Resettlement Action Framework” means the Recipient’s report entitled *Plan Cadre de Recasement/Réinstallation* and dated January 2006.
14. “Targeted Supply Chains” means mango, onions, cattle/meat, poultry, cotton, and any other supply chain selected by agreement between the Recipient and the Association.