Financing Agreement

(Electricity Sector Support Project)

between

BURKINA FASO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated October 8, 2013
FINANCING AGREEMENT

AGREEMENT dated October 8, 2013, entered into between BURKINA FASO ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to thirty three million four hundred thousand Special Drawing Rights (SDR 33,400,000) (variously, "Credit" and "Financing") to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%).

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

2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

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

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through DGE in accordance with the provisions of Article IV of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Events of Suspension consist of the following:

(a) SONABEL’s or FDE’s Governing Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of SONABEL or FDE, as the case may be, to perform any of its obligations under its respective Service Agreement;

(b) SONABEL or FDE has failed to perform any of its obligations under its respective Service Agreement; and

(c) as a result of events which have occurred after the date of the Financing Agreement, an extraordinary situation has arisen which shall make it improbable that SONABEL or FDE will be able to perform its obligations under its respective Service Agreement.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consist of the following, namely that one Service Agreement has been executed on behalf of the Recipient and SONABEL, and a second Service Agreement has been executed on behalf of the Recipient and FDE.

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

5.03. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.
ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is its minister at the time responsible for finance.

6.02. The Recipient’s Address is:

Minister of Economy and Finance
Ministère de l’Économie et des Finances
03 BP 7050
Ouagadougou 03
Burkina Faso


6.03. The Association’s Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable: INDEVAS  Telex: 248423 (MCI)  Facsimile: 1-202-477-6391

Washington, D.C.
AGREED at Washington DC, USA, as of the day and year first above written.

BURKINA FASO

By

Authorized Representative

Name: Lucien Noris Noel BEMANJEA
Title: Financier Economique Finances

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Mercy M. Tsemben
Title: Country Manager, Burkina Faso
SCHEDULE 1

Project Description

The objectives of the Project are to contribute to: (i) increasing access to electricity, (ii) improving the reliability of electricity supply; and (iii) improving efficient use of energy in targeted areas.

The Project consists of the following parts:

Part 1: Improving the reliability of energy supply

Construction of two (2) turnkey diesel power stations of at least 7.5 MW each convertible to heavy fuel oil to reinforce the capacity in two (2) regional growth poles, and provision of technical advisory services for construction supervision.

Part 2: Increasing electricity access in targeted areas

Grid expansion and installation of connections in about forty (40) communities through (a) existing and new 33kV transmission lines, and (b) the existing 34.5 kV Bobo-Dioulasso - Ouagadougou line.

Part 3: Improving efficient use of energy in targeted areas

(a) Strengthen the institutional, legal and regulatory framework to support demand-side management and energy efficiency initiatives, including public lighting.

(b) Support investment in energy efficient equipment.

(c) Support awareness campaigns through the provision of information, education, and communication to promote the rational and efficient use of electricity.

(d) Implement Lighting Africa activities including, inter alia: (i) provision of capacity training on off-grid lighting in rural electrification strategies; (ii) develop public service announcements and awareness campaigns to inform consumers of the benefits of solar lanterns and other good quality products; and (iii) deploy around twenty five thousand (25,000) lanterns in public schools focusing on those in off-grid communities.

Part 4: Institutional Strengthening and Capacity Development

(a) Strengthen the institutional capacity of the FDE, SONABEL, and DGE to support scaling up of energy service expansion.

(b) Strengthen the capacity of energy service providers including, inter alia, energy services cooperatives, local communities, NGOs, and private sector small- and medium-size enterprises.
(c) Undertake specific studies to improve the energy mix, more particularly in renewable energy in the medium term.

(d) Provision of institutional support to DGE, SONABEL and FDE.

(e) Provision of support to DGE for coordination of the Project.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall, within two (2) months of the Effective Date, establish, and thereafter maintain, throughout the period of implementation of the Project, a Steering Committee with representation from the Ministry of Energy, the Ministry of Finance and the Ministry of Environment to assume responsibility for overall Project supervision and coordination of Project implementation.

2. The Recipient shall maintain, throughout the period of implementation of the Project, a Project Coordination Unit (PCU) within DGE with qualified staff in adequate numbers and sufficient funds, facilities and resources, all satisfactory to the Association, to be responsible for the fiduciary aspects of the Project, including, without limitation, carrying out all financial management- and safeguards-related functions, as well as consolidating reports from SONABEL, FDE and DGE on the carrying out of their Respective Parts of the Project.

3. The Recipient shall cause SONABEL and FDE to carry out Parts 1 and 2 of the Project, respectively, and, to that end, the Recipient shall enter into a Service Agreement, under terms and conditions acceptable to the Association, with each of SONABEL and FDE, pursuant to which SONABEL shall assist in the implementation of Part 1 of the Project and FDE shall assist in the implementation of Part 2 of the Project.

4. The Recipient shall:
   
   (a) carry out, and cause SONABEL, FDE and DGE to carry out, the Project in accordance with the Project Implementation Manual; and
   
   (b) not assign, amend, abrogate, waive, or permit to be amended, suspended, abrogated, or waived, the Project Implementation Manual or any provision thereof without the prior written consent of the Association. In the event of any inconsistency between the provisions of this Agreement and those of the Project Implementation Manual, the provisions of this Agreement shall prevail.

5. The Recipient shall:

   (a) within two (2) months of the Effective Date, recruit and assign to the PCU one (1) financial management specialist, one (1) accountant, one (1) internal auditor and one (1) safeguards specialist whose qualifications, experience and terms of reference shall be satisfactory to the Association; and

   (b) within three (3) months of the Effective Date, appoint to the PCU a financial controller whose qualifications, experience and terms of reference shall be
satisfactory to the Association.

6. The Recipient undertakes, at all times, to maintain DGE adequately funded out of the Recipient’s own resources so as to ensure the effective implementation of Parts 4 (d) and 4 (e) of the Project and the achievement of the objectives thereof.

B. Service Agreements

1. The Recipient shall enter into a Service Agreement with each of SONABEL and FDE in accordance with terms and conditions acceptable to the Association, with each such agreement providing, inter alia, for the obligation of each of SONABEL and FDE to:

(a) carry out the technical aspects of its Respective Part of the Project with due diligence and efficiency and in accordance with appropriate management, financial, engineering and public utility practices and social and environmental standards acceptable to the Association, and take all measures necessary to ensure that activities shall be implemented in accordance with the Anti-Corruption Guidelines, the ESMF, RPF, ESMPs and RAPs;

(b) to procure the goods, works, non-consulting services and consultants’ services to be financed out of the proceeds of the Financing in accordance with the provisions of Section III of Schedule 2 to this Agreement, and utilize such goods, works, non-consulting services and consultants’ services exclusively in the carrying out of the Project;

(c) provide DGE with all documents related to procurement that SONABEL and/or has initiated, as well as payment requests, in a timely manner;

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

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

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

2. The Recipient shall exercise its rights under each Service Agreement 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 of the Service Agreements or any provision thereof.
C. **Anti-Corruption**

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

D. **Safeguards**

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

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

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

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

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

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

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

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

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

Section II. **Project Monitoring, Reporting and Evaluation**

A. **Project Reports**

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each Project Report shall
cover the period of one calendar semester, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants’ Services. All consultants’ services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods, Works and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified
in the Procurement Plan: (a) National Competitive Bidding subject to the following additional provisions: the Recipient shall use the Association’s standard bidding documents or other bidding documents which shall have been found acceptable to the Association prior to their use; (b) Shopping; and (c) Direct Contracting.

C. **Particular Methods of Procurement of Consultants’ Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. **Other Methods of Procurement of Consultants’ Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants’ services for those contracts which are specified in the Procurement Plan: (a) Selection under a Fixed Budget; (b) Least Cost Selection; (c) Selection based on Consultants’ Qualifications; (d) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; (e) Single-source Selection of consulting firms; and (f) 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.

**Section IV. Withdrawal of the Proceeds of the Financing**

A. **General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Credit 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 Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consultants’ services,</td>
<td>33,400,000</td>
<td>100%</td>
</tr>
<tr>
<td>Operating Costs and Training under Parts (1), (2), (3) and (4) (a), (b)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>and (c) of the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>33,400,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

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

2. The Closing Date is September 30, 2018.
### SCHEDULE 3

**Repayment Schedule**

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each April 1 and October 1:</td>
<td></td>
</tr>
<tr>
<td>commencing October 1, 2023 to and including April 1, 2033</td>
<td>1%</td>
</tr>
<tr>
<td>commencing October 1, 2033 to and including April 1, 2053</td>
<td>2%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.
APPENDIX

Section I. Definitions


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


4. “DGE” means the Recipient’s Energy Directorate (Direction Générale de l’Energie), established in the Ministry of Mines and Energy or any successor thereto.

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

6. “ESMF” means the Environmental and Social Management Framework, acceptable to the Association and disclosed in country on May 23, 2013 and at the Association’s InfoShop on May 24, 2013, which sets out the principles, rules, guidelines and procedures to assess the environmental and social impacts of the Project and contains measures and plans to reduce, mitigate and/or offset adverse impacts and enhance positive impacts, provisions for estimating and budgeting the costs of such measures, and information on the agency or agencies responsible for addressing project impacts.

7. “EMP” means an environmental management plan, acceptable to the Association, prepared in accordance with the ESMF, which sets out the environmental protection measures in respect of the Project, as well as administrative and monitoring arrangements to ensure the implementation of said plan, as said plan may be revised from time to time with the agreement of the Association.


11. “Lighting Africa” means a World Bank Group initiative whose objective is to provide access to electricity to Sub-Saharan Africans with no such access.


14. “Operating Costs” means the incremental operating expenses incurred on account of Project implementation, management and monitoring including rent for buildings, office, vehicles, office equipment, including their operation and maintenance costs; water and electricity utilities, telephone, office supplies, fuel, bank charges, additional staff costs, travel and supervision costs, per diem, lodging but excluding the salaries of officials and public servants of the Recipient’s civil service.


16. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated June 13, 2013 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

17. “Project Coordination Unit” and the acronym “PCU” mean the unit referred to in Section I.A.2 of Schedule 2 to this Agreement.

18. “Project Implementation Manual” means the manual, satisfactory to the Association, adopted by the Recipient on June 13, 2013 and referred to in Section I.A.4 of Schedule 2 to this Agreement.

19. “RAP” means a resettlement action plan, acceptable to the Association, prepared in accordance with the RPF, which sets out the principles and procedures governing the acquisition of land and other assets, and the resettlement, compensation and rehabilitation of Displaced Persons on account of the execution of the Project, as well as monitoring and reporting arrangements to ensure compliance with said plan, as the same may be revised from time to time with the prior agreement of the Association.
20. "Respective Part of the Project" means: (a) in respect of SONABEL, Part 1 of the Project; (b) in respect of FDE, Part 2 of the Project; and (c) in respect of DGE, Parts 3 and 4 of the Project.

21. "RPF" means the Resettlement Policy Framework, acceptable to the Association, disclosed in country on May 23, 2013 and at the Association's InfoShop on May 24, 2013, which sets forth the principles and procedures, governing measures and actions to be taken during the implementation of the Project for the provision of compensation, rehabilitation and resettlement assistance to Displaced Persons, as such framework may be amended from time to time with the prior agreement of the Association.

22. "Service Agreement" means either of the two agreements referred to in Section I.B of Schedule 2 to this Agreement.

23. "SONABEL" means la Société Nationale d'Electricité du Burkina, governed by its articles of incorporation (Statuts) approved by decree no. 2004-517/PRES/PM/MCE dated November 19, 2004 or any successor thereto.

24. "Steering Committee" means the committee referred to in Section I.A.1 of Schedule 2 to this Agreement.

25. "Training" means the training, within the territory of the Recipient and abroad, of persons involved in Project-supported activities, such term including seminars, workshops, and study tours, and costs associated with such activity include travel and subsistence costs for training participants, costs of securing the services of trainers, rental of training facilities, preparation and reproduction of training materials and other costs directly related to course preparation and implementation.