H. E. Lassané Kaboré
Minister of Economy, Finance and Development
Ministry of Economy, Finance and Development
03 B.P. 7008
Ouagadougou 03, Burkina Faso

Re: Burkina Faso: Supplemental Advance Agreement for the Preparation of the Proposed Sustainable Mineral Development Support Project
Project Preparation Advance No. V3140

Excellency:

In response to the request for financial assistance made on behalf of Burkina Faso (“Recipient”), I am pleased to inform you that the International Development Association (“World Bank”) proposes to extend to the Recipient a supplemental advance out of the World Bank’s Project Preparation Facility in an amount not to exceed one million three hundred thousand Dollars ($1,300,000) (“Advance” or “Supplemental Advance”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in financing the activities described in the Annex (“Activities”). A previous advance of one million three hundred thousand Dollars ($1,300,000) was granted to the Recipient on January 31, 2019, bringing the total amount of the financial support extended by the Bank for the preparation of the proposed project to two million six hundred thousand Dollars ($2,600,000). The objective of the Activities is to facilitate the preparation of a proposed project designed to expand governance in the management of the mineral sector and enhance its economic integration with the rest of the economy (“Project”), for the carrying out of which the Recipient has requested the World Bank’s financial assistance.

The Recipient represents, by confirming its agreement below, that: (a) it understands that the provision of the Supplemental Advance does not constitute or imply any commitment on the part of IBRD or IDA to assist in financing the Project; and (b) it is authorized to enter into this Agreement and to carry out the Activities, repay the Supplemental Advance and perform its other obligations under this Agreement, all in accordance with the provisions of this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this
Agreement shall be deemed withdrawn if the World Bank has not received this countersigned copy within ninety (90) days after the date of signature of this Agreement by the World Bank, unless the World Bank has established a later date for such purpose.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Soukeyna Kane
Country Director for Burkina Faso
Africa Region

AGREED:
BURKINA FASO

By

Authorized Representative

Name: Lassane Kabore
Title: Minister, Economy, Finances and Development
Date: 31 MARS 2020

Enclosures:

(1) "Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility", dated July 31, 2010; and

(2) Disbursement Letter for the Advance of the same date as this Agreement, together with "Disbursement Guidelines for Investment Project Financing", dated February 2017.
Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The “Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility”, dated July 31, 2010 (“Standard Conditions”), constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement, and the following additional terms shall have the following meanings:

(a) “Implementation Unit” means the unit established pursuant to the IDA financed Mineral Development Support project between the Recipient and the Association (Grant H693-BF), dated August 9, 2011.

(b) “IT” means information technology.

(c) “Operating Costs” means the reasonable incremental operating expenses incurred by the Recipient on account of the implementation of the Activities, management and monitoring including on account of operation and maintenance costs of office and office equipment; office supplies, additional staff costs, vehicles, travel and supervision costs, *per diem*, but excluding the salaries and indemnities of officials and public servants of the Recipient’s civil service.

(d) “SESA” means the Recipient’s strategic environmental and social assessment.

(e) “Training” means the reasonable costs associated with training, study tours and workshop participation under the Activities, 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.

Article II
Execution of the Activities

2.01. **Description of the Activities.** The Activities for which the Supplemental Advance is provided consist of the following parts:

(A) Provision of technical assistance and analytical works for the preparation of, *inter alia*: (a) a study on economic integration opportunities for mining in the Recipient’s territory; (b) the development of: (i) a strategy for servicing, controlling and monitoring artisanal and small mining, and piloting income generating activities for women; (ii) a master plan for the computerization of the Recipient’s ministry responsible for mines; (iii) a local content policy; and (iv) a procurement strategy; and (c) an administrative and financial procedures manual for the proposed Project.

(B) Provision of IT equipment, software and logistics for Project preparation.
(C) Provision of training to the personnel of the Recipient’s ministries in charge of finance, mines and environment on World Bank’s fiduciary processes and procedures.

(D) Carrying out of study tours and various workshops including for validation of the assessments and Project launch.

(E) Provision of operational costs for the purposes of Project preparation.

(F) Provision of technical, financial and legal advisory services for the assessment of mineral deposits held by the Recipient.

(G) Policy design of the Recipient’s disposal of mineral assets.

(H) Revision of the Project’s SESA.

2.02. **Execution of the Activities Generally.** The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall carry out the Activities through its ministry responsible for mines and quarries in collaboration with an Implementation Unit in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article II; and (c) 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 and as of July 1, 2016.

2.03. **Institutional and Other Arrangements.** Without limitation upon the provisions of Section 2.02 above:

(a) The Recipient shall maintain, throughout the Refinancing Date, its ministry responsible for mines and quarries in charge of the institutional arrangements for the implementation of the Activities, including overall supervision.

(b) The Recipient shall, through its minister responsible for mines and quarries, maintain, throughout the Refinancing Date, the Implementation Unit with structure, functions and responsibilities acceptable to the World Bank and with competent staff in adequate numbers, with qualifications and experience satisfactory to the World Bank, including a coordinator, a financial management specialist and a procurement specialist, to be in charge of the overall implementation of the Activities, including financial management and procurement.

(c) The Recipient shall, through its minister responsible for mines and quarries, maintain a review committee, under terms of reference satisfactory to the World Bank and comprising representatives of its ministry responsible for finance and chaired by the Recipient’s deputy minister of mines, to be in charge of the technical oversight of the implementation of the Activities.

2.04. **Monitoring, Reporting and Evaluation of the Activities.** The Recipient shall monitor and evaluate the progress of the Activities in accordance with the provisions of Section 2.08 of the Standard Conditions.

2.05. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.09 of the Standard Conditions.
(b) The Recipient shall ensure that interim un-audited financial reports for the Activities are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Sections 2.09 (b) of the Standard Conditions.

   (i) If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, the Recipient shall have the Financial Statements included in the first audit of financial statements required under the Refinancing Agreement.

   (ii) If, by the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, such audit of the Financial Statements shall cover the period of the Advance, commencing with the fiscal year in which the first withdrawal under the Advance was made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six (6) months after the end of the Recipient’s fiscal year in which the Refinancing Date occurs.

   (iii) Notwithstanding the provisions of paragraphs (i) and (ii) of this Section, the World Bank may request an audit of the Financial Statements prior to the Refinancing Date, covering such period as is indicated in its request. The audited Financial Statements for such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

2.06. **Procurement**

All goods, non-consulting services and consulting services required for the Activities and to be financed out of the proceeds of the Supplemental Advance shall be procured in accordance with the requirements set forth or referred to in the “World Bank Procurement Regulations for IPF Borrowers” dated July 2016, revised November 2017 and August 2018 (“Procurement Regulations”) and the provisions of the Recipient’s procurement plan for the Activities dated November 27, 2019 (“Procurement Plan”) provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.

**Article III**

**Withdrawal of the Advance**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Supplemental Advance in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “Disbursement Guidelines for Investment Project Financing” dated February 2017, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies each category of Eligible Expenditures that may be financed out of the proceeds of the Supplemental Advance (“Category”), the amount of the Supplemental Advance allocated 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 Advance Allocated (expressed in Dollars)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services, consulting services, Operating Costs and Training under the Activities</td>
<td>1,300,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>1,300,000</td>
<td></td>
</tr>
</tbody>
</table>

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made:

   (a) for payments made prior to the date of countersignature of this Agreement by the Recipient; or
   
   (b) under Category 1 for Parts A, B, C, D and E of the Activities unless and until the amount allocated under Category 1 of PPA No. V251 has been fully exhausted.

3.03. **Refinancing Date.** The Refinancing Date is June 30, 2021.

**Article IV**

**Terms of the Advance**

4.01. **Service Charge.** The Recipient shall pay a service charge on the Withdrawn Advance Balance at the rate of three-fourths of one percent \((3/4 \times 1\%)\) per annum. The service charge shall accrue from the respective dates on which amounts of the Advance are withdrawn and shall be paid in arrears in accordance with the provisions of Section 4.02 of this Agreement. Service charges shall be computed on the basis of a 360-day year of twelve 30-day months.

4.02. **Repayment.** The Withdrawn Advance Balance shall be repaid by the Recipient to the World Bank (together with any service charges accrued thereon) in accordance with the provisions of Article IV of the Standard Conditions and the following provisions:

   (a) **Refinancing under the Refinancing Agreement:** If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, then the full amount of the Withdrawn Advance Balance shall be repaid to the World Bank (together with any service charges accrued on the Advance to the date of repayment) as soon as the Refinancing Agreement becomes effective, by means of a withdrawal by the World Bank of an amount of the Refinancing Proceeds equivalent to the Withdrawn Advance Balance plus such service charges, in accordance with the provisions of the Refinancing Agreement.

   (b) **Repayment in the absence of a Refinancing Agreement:** If, on or before the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, or if, by such date, it has been so executed but terminates without becoming effective, then:
if the amount of the Withdrawn Advance Balance does not exceed $50,000, it shall be repaid by the Recipient to the World Bank (together with service charges accrued on the Withdrawn Advance Balance to the date of repayment) on such date as the World Bank shall specify in a notice to the Recipient, which shall in no event be earlier than 60 days following the date of dispatch of such notice; and

(ii) if the amount of the Withdrawn Advance Balance exceeds $50,000, it (together with service charges accrued on the Withdrawn Advance Balance to the Notice Date) (the “Aggregate Balance”) shall be paid by the Recipient to the World Bank in ten approximately equal semiannual installments, in the amounts and on the dates (“Payment Dates”) which the World Bank shall specify in a notice to the Recipient. In no event shall the first Payment Date be set earlier than 60 days following the date (“Notice Date”) of dispatch of such notice. The Recipient shall pay a service charge on the Aggregate Balance at the rate of three-fourths of one percent (3/4 of 1%) per annum, payable in arrears on each Payment Date. The service charge shall be computed on the basis of a 360-day year of twelve 30-day months.

Article V
Recipient's Representative; Addresses

5.01. Recipient’s Representative. The Recipient’s Representative referred to in Section 9.02 of the Standard Conditions is its minister responsible for finance.

5.02. Recipient’s Address. The Recipient’s Address referred to in Section 9.01 of the Standard Conditions is:

Ministry for Economy, Finance and Development
395 Avenue du 11 Decembre
01 B.P. 7008
Ouagadougou 01 Burkina Faso

email: info@dcep.gov.bf

5.03. World Bank’s Address. The World Bank’s Address referred to in Section 9.01 of the Standard Conditions is:

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

Telex: Facsimile:
248423 (MCI) or (1)-202-477-6391
64145 (MCI)