Financing Agreement

(Second Fiscal Management, Sustainable Growth and Health Service Delivery Development Policy Financing)

between

BURKINA FASO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between BURKINA FASO ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Association has decided to provide this financing on the basis, inter alia, of: (i) the actions which the Recipient has already taken under the Program and which are described in Section I of Schedule I to this Agreement; and (ii) the Recipient's maintenance of an adequate macroeconomic policy framework. The Recipient and the Association therefore hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form 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 a grant and a credit, which are deemed as Concessional Financing for purposes of the General Conditions (collectively, "Financing") in the following amounts:

(a) an amount equivalent to fifty-four million three hundred thousand Special Drawing Rights (SDR 54,300,000) ("Grant"); and

(b) the amount of sixty-seven million six hundred thousand Euros (EUR 67,600,000) ("Credit").

2.02. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.

2.03. The Service Charge is the greater of: (a) the sum of three-fourths of one percent (3/4 of 1%) per annum plus the Basis Adjustment to the Service Charge; and (b) three-fourths of one percent (3/4 of 1%) per annum; on the Withdrawn Credit Balance.

2.04. The Payment Dates are May 15 and November 15 in each year.
1.05. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 2 to this Agreement.

2.06. The Payment Currency is Euro.

2.07. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Recipient shall promptly furnish to the Association such information relating to the provisions of this Article II as the Association may, from time-to-time, reasonably request.

**ARTICLE III — PROGRAM**

3.01. The Recipient declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:

(a) the Recipient and the Association shall from time-to-time, at the request of either party, exchange views on the Recipient’s macroeconomic policy framework and the progress achieved in carrying out the Program;

(b) prior to each such exchange of views, the Recipient shall furnish to the Association for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Association shall reasonably request; and

(c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Recipient shall promptly inform the Association of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program, including any action specified in Section 1 of Schedule 1 to this Agreement.

**ARTICLE IV — REMEDIES OF THE ASSOCIATION**

4.01. The Additional Event of Suspension consists of the following, namely, that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

**ARTICLE V — EFFECTIVENESS; TERMINATION**

5.01. The Additional Condition of Effectiveness consists of the following, namely, that the Association is satisfied with the progress achieved by the Recipient in carrying out the Program and with the adequacy of the Recipient’s macroeconomic policy framework.

5.02. The Effectiveness Deadline is the date ninety days (90) days after the Signature Date.
5.03. For purposes of Section 10.05(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 Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is its minister in charge of economy and finance.

6.02. For purposes of Section 11.01 of the General Conditions:

(a) the Recipient's address is:

Ministry of Economy, Finance and Development
03 BP 7050
OUAGADOUGOU 03
Burkina Faso; and

(b) the Recipient's Electronic Address is:

Telex: Facsimile:
5555 (+226) 25-31-27-15

6.03. For purposes of Section 11.01 of the General Conditions:

(a) the Association's address is:

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

(b) the Association’s Electronic Address is:

Telex: Facsimile:
248423 (MCI) (+1) 202-477-6391
AGREED as of the Signature Date.

BURKINA FASO

By

Authorized Representative

Name: Lassane Kabore
Title: Ministry of Economy, Finance and Development
Date: June 08, 2020

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Maimouna Aboubacar Fam
Title: Country Manager for Burkina Faso
Date: June 08, 2020
SCHEDULE 1

Program Actions; Availability of Financing Proceeds

Section I. Actions Taken Under the Program

The actions taken by the Recipient under the Program include the following:

1. To improve tax administration and reduce transaction costs, the Recipient has made e-payment of all taxes for large firms, and e-filing for medium-sized enterprises mandatory through the adoption of budget Law No. 51 of 2019, amending Tax Code No 58/2017, dated December 20, 2017, and published in the Special Official Gazette No. 20 dated December 24, 2019.

2. To broaden the property tax base, the Recipient’s Ministry of Economy, Finance and Development has strengthened the regulatory and institutional framework of the cadaster to increase the collection of property taxes through the adoption by the Recipient’s Ministry of Economy, Finance and Development of Arrêté No. 2020-0136, dated March 12, 2020, establishing a modality to determine the value of land and housing property in Ouagadougou.

3. To improve public investment management, the Recipient has improved the assessment of risks, including climate change risk and other risks for the selection, preparation and implementation of public investment projects, including public private partnerships, through: (i) the adoption in budget law No. 51 of 2019 of an analysis of risks related to identified priority projects; and (ii) the adoption by the Ministry of Economy, Finance and Development of Arrêté No. 2019/000289, dated July 12, 2019, establishing a national committee to validate investment projects’ appraisal documents.

4. To improve the management and control of the public wage bill, the Recipient has: (i) improved the transparency and rationalized the motivation of the Ministry of Economy, Finance, and Development staff’s bonuses through the adoption by the Recipient’s Council of Ministers of Decree N° 2019-0345/PRES/PM/MINEFID, dated April 25, 2019, and the adoption by the Recipient’s Ministry of Economy, Finance, and Development of Arrêté No. 2019/201, dated May 21, 2019; (ii) imposed taxes on bonuses and allowances of public servants by the enactment of budget Law No. 51 of 2019, amending Article 106 of the Tax Code No. 58/2017 dated December 20, 2017; and (iii) completed a nominative and geographic staff census within the Ministry of National Education, Literacy and Promotion of National Languages and carried out its staff assignments for service needs through the adoption by the Recipient’s Ministry of National Education, Literacy and Promotion of National Languages of a general report of the assignments of its personnel.
5. To encourage the development of the artisanal mining sector, the Recipient’s National Agency for the Supervision of Artisanal and Semi-Mechanized Mining (“ANEEMAS”) has adopted and implemented a pricing policy for artisanal gold mining through the adoption of Deliberation No. 19-01 dated March 22, 2019.

6. To reduce deforestation, the Recipient has regulated the determination of forest zones and wildlife areas as protected from any clearing and mining activities and implemented such protection to seventeen (17) classified forests through: (i) the adoption by the Recipient’s Ministry of Environment, Green Economy and Climate Change of Arrêté No. 2020/116 dated March 13, 2020; and (ii) the adoption by the Ministry of Environment, Green Economy and Climate Change Regional Directorates of seventeen (17) minutes providing the delimitation of seventeen (17) classified forests.

7. To improve the management in artisanal mining areas of scarce natural capital (forests, water, and land), the Recipient has regulated the management of gold mining sites by cooperatives of artisanal miners through the adoption by the Recipient’s ANEEMAS of: (i) Deliberation No. 19-006, dated January 22, 2019, enacting a standard model of specification for site management by artisanal mining cooperatives; and (ii) Deliberation No. 19-007, dated January 22, 2019, enacting the standard convention for the management of artisanal mining sites.

8. To improve the provision of vaccination services, the Recipient has implemented the 2020 operation vaccination plan based on the eradication national strategy for Small Ruminants Plague (“PPR”) and set the public health mandate of private veterinarians to facilitate the implementation of the PPR strategy, through: (i) the adoption by the Recipient’s Ministry of Animal and Halieutic Resources the national strategic plan for PPR (“PSNPPR”); and (ii) the adoption of Council of Ministers Decree No. 2019-0547 dated May 31, 2019.

9. To better align the distribution of health personnel with human resource needs of healthcare facilities, the Recipient’s Ministry of Health has: (i) completed nominative and geographic staff censuses; and (ii) validated the Workload Indicators of Staffing Need (“WISN”) and instructed their use for the assignment of health workers in health centers and hospitals during the period 2020-21, through the adoption by the Recipient’s Ministry of Health of: (a) the 2019 National Commission of Affectation’s report dated August 14, 2019; and (b) Arrêté No. 2020-079 dated February 26, 2020.

10. To ensure timely and adequate availability of essential drugs in health facilities, the Recipient’s Ministry of Health has operationalized the national information system for integrated logistics management of the supply chain through: (i) setting up and operationalizing a pilot tracking system for listed essential medications through the use of smart phones in eight districts; and (ii) adopting Arrêté No.
2020-101, dated March 16, 2020, on payment methods of CAMEG’s invoices by public structures to reduce delays of debt payment to CAMEG.

11. To improve the efficiency of health and social services, the Recipient’s Ministry of Women, National Solidarity, Family, and Humanitarian Action has defined, jointly with the Ministry of Economy, Finance and Development, the Ministry of Territorial Administration, Decentralization and Social Cohesion and the Ministry of Public Service, Labor and Social Protection, the criteria and mechanisms for identification of indigents through the adoption of an inter-ministerial Arrêté No. 2020-0010 dated March 13, 2020.

Section II. Availability of Financing Proceeds

A. General. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient.

B. Allocation of Financing Amounts. The Financing is allocated in a single withdrawal tranche, from which the Recipient may make withdrawals of the Financing proceeds. The allocation of the amounts of the Financing to this end is set out in the table below:

<table>
<thead>
<tr>
<th>Amount of the Credit Allocated (expressed in EUR)</th>
<th>Amount of the Grant Allocated (expressed in SDR)</th>
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<tbody>
<tr>
<td>67,600,000</td>
<td>54,300,000</td>
</tr>
</tbody>
</table>

C. Withdrawal Tranche Release Conditions.

No withdrawal shall be made of the Single Withdrawal Tranche unless the Association is satisfied: (a) with the Program being carried out by the Recipient; and (b) with the adequacy of the Recipient’s macroeconomic policy framework.
D. Deposit of Financing Amounts.

1. Notwithstanding the provisions of Section 2.03 of the General Conditions:

   (a) The Recipient shall open, prior to furnishing to the Association the first request for withdrawal from the Financing Account, and thereafter maintain the following two deposit accounts on terms and conditions satisfactory to the Association:

   (i) a deposit account in Euro ("Foreign Currency Deposit Account"); and

   (ii) a deposit account in the Recipient's currency ("Local Currency Deposit Account").

   (b) all withdrawals from the Financing Account shall be deposited by the Association into the Foreign Currency Deposit Account. Upon each deposit of an amount of the Financing into the Euro Deposit Account, the Recipient shall deposit an equivalent amount into the Local Currency Deposit Account. All amounts withdrawn from the Local Currency Deposit Account shall be used exclusively for Eligible Expenditures.

2. The Recipient, within thirty (30) days after the withdrawal of the Financing from the Financing Account, shall report to the Association: (a) the exact sum received into the Foreign Currency Dedicated Account; (b) the details of the account to which the franc CFA equivalent of the Financing proceeds will be credited; (c) the record that an equivalent amount has been accounted for in the Recipient's budget management systems; and (d) the statement of receipts and disbursement of the Foreign Currency Dedicated Account.

E. Audit.

Upon the Association's request, the Recipient shall:

1. have the account referred to in Section 2.03 (a) of the General Conditions audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association;

2. furnish to the Association as soon as available, but in any case not later than four (4) months after the date of the Association's request for such audit, a certified copy of the report of such audit, of such scope and in such detail as the Association shall reasonably request, and make such report publicly available in a timely fashion and in a manner acceptable to the Association; and
3. Furnish to the Association such other information concerning the account referred to in Section 2.03 (a) of the General Conditions and its audit as the Association shall reasonably request.

F. Closing Date. The Closing Date is June 30, 2021.
# SCHEDULE 2

## Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each May 15 and November 15, commencing November 15, 2026 to and including May 15, 2058</td>
<td>1.5625%</td>
</tr>
</tbody>
</table>

¹ 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 3.05 (b) of the General Conditions.
APPENDIX

Section I. Definitions

1. "Basis Adjustment to the Interest Charge" means the Association's standard basis adjustment to the Interest Charge for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association, and expressed either as a positive or negative percentage per annum.

2. "Basis Adjustment to the Service Charge" means the Association's standard basis adjustment to the Service Charge for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association, and expressed either as a positive or negative percentage per annum.

3. "CAMEG" means Centrale d'Achat de Médicaments Essentiels Génériques et des Consommables Médicaux, the Recipient's organization for purchasing generic medicine.

4. "CNAMU" means Caisse Nationale d'Assurance Maladie Universelle, the Recipient's national fund for universal health insurance.


6. "Ministry of Animal Resources and Fisheries" means the Recipient's ministry in charge of animal resources and fisheries, or any successor thereto.

7. "Ministry of Economy, Finance and Development" means the Recipient's ministry in charge of economy, finance and development, or any successor thereto.

8. "Ministry of Environment, Green Economy and Climate Change" means the Recipient's ministry in charge of environment, green economy and climate change, or any successor thereto.

9. "Ministry of Health" means the Recipient's ministry in charge of health, or any successor thereto.

10. "Ministry of National Education, Literacy and Promotion of National Languages" means the Recipient's ministry in charge of national education, literacy and promotion of national languages, or any successor thereto.
11. "Ministry of Public Service, Labor and Social Protection" means the Recipient’s ministry in charge of public service, labor, and social protection, or any successor thereto.

12. "Ministry of Territorial Administration, Decentralization and Social Cohesion" means the Recipient’s ministry in charge of territorial administration, decentralization and social cohesion, or any successor thereto.

13. "Ministry of Women, National Solidarity, Family, and Humanitarian Actions" means the Recipient’s ministry in charge of women, national solidarity, family, and Humanitarian Actions or any successor thereto.


15. "Program" means the program of objectives, policies, and actions set forth or referred to in the letter dated April 21, 2030, from the Recipient to the Association declaring the Recipient’s commitment to the execution of the Program, and requesting assistance from the Association in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule I to this Agreement, and actions to be taken consistent with the program’s objectives.

16. "Signature Date" means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to "the date of the Financing Agreement" in the General Conditions.

17. "Single Withdrawal Tranche" means the amount of the Financing allocated to the category entitled “Single Withdrawal Tranche” in the table set forth in Section II.B of Schedule I to this Agreement.