

September 17, 2020

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

Re: FCPF Grant No. TF0B3547
Second Grant Agreement for Burkina Faso REDD+ Readiness
Preparation Support
Letter Agreement

Excellency:

I wish to refer to the Grant Agreement between Burkina Faso ("Recipient") and the International Bank for Reconstruction and Development ("Bank"), acting as Trustee of the Readiness Fund of the Forest Carbon Partnership Facility ("FCPF"), dated February 26, 2015 ("Readiness Grant Agreement"), pursuant to which the Bank agreed to provide to the Recipient a grant in the amount not to exceed US\$3,800,000 ("Original Grant") for formulating the Readiness Preparation Proposal ("R-PP").

The Participants Committee of the FCPF ("PC") has reviewed the request for additional funding submitted by the Recipient, in accordance with the process as specified in Resolution PC/25/2018/1. Through its Resolution PC/25/2018/1, the PC decided to allocate additional grant funding to the Recipient in the amount of up to three million seventy thousand United States Dollars, to enable it to continue with its preparation for readiness, subject to the terms and conditions set out in said Resolution.

In response to the request for financial assistance made on behalf of the Recipient and the decision of the PC referred above, I am pleased to inform you that the Bank agrees to extend to the Recipient the additional grant in the amount of three million seventy thousand United States Dollars (USD 3,070,000) ("Additional Grant") on the terms and conditions set forth or referred to in this letter agreement ("Second Grant Agreement"), which includes the attached Annex, to assist in the financing of the Additional Readiness Preparation Activities described in the Annex.

This Additional Grant is funded out of the abovementioned trust fund for which the Bank receives periodic contributions from the donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Second Grant Agreement), the Bank's payment obligations in connection with this Second Grant Agreement are limited to the amount of funds made available to it by the donors under the abovementioned trust fund, and the Recipient's right to withdraw the Additional Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Second Grant Agreement and to carry out the Additional Readiness Preparation Activities in accordance with the terms and conditions set forth or referred to in this Second Grant Agreement.

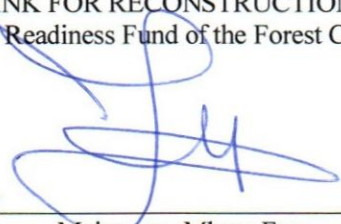
Since the execution of the Grant Agreement, the Charter Establishing the FCPF ("Charter") has been amended, and the terms and conditions of this Second Grant Agreement are based on the Charter, as so amended. Where there are inconsistencies between the Grant Agreement and this Second Grant Agreement including in the use of terms, the provisions in this Second Grant Agreement shall prevail and deemed to have accordingly amended the provisions of the Grant Agreement to eliminate any such inconsistency.

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 Second Grant Agreement and returning it to the Bank. Upon receipt by the Bank of the countersigned copy, this Second Grant Agreement shall become effective as of the date of the notice of effectiveness from the Bank to the Recipient, confirming in accordance with the provisions of Section 4.02 of the Annex to this Second Grant Agreement that the Bank has accepted the supporting documents provided by the Recipient to the World Bank to establish that the conditions of effectiveness listed in Section 4.01 of the Annex to this Second Grant Agreement have been satisfied.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
Acting as Trustee of the Readiness Fund of the Forest Carbon Partnership Facility

By


Maimouna Mbow Fam
Country Manager for Burkina Faso
Africa Region

AGREED:
BURKINA FASO

By:


Authorized Representative

Name: Lassane' KABORE

Title: Ministre de l'Economie, des Finances et du Développement

Date: 15/10/2020

Enclosures:

- (1) "International Bank for Reconstruction and Development and International Development Association Standard Conditions for Grant Financing Made by the Bank out of Trust Funds" dated February 25, 2019
- (2) Disbursement and Financial Information Letter of the same date as this Agreement, together with the "Disbursement Guidelines for Investment Project Financing", dated February 2017
- (3) Charter Establishing the Forest Carbon Partnership Facility as revised on April 8, 2020
- (4) Guidelines on Preventing and Combating Fraud and Corruption in Project Financed by IBRD Loans and IDA Credits and Grants, dated October 15, 2006 and revised in January 2011 and as of July 2016

Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions (as defined in Section 1.02 below) constitute an integral part of this Agreement.

(a) The following term and definition shall be added to the Appendix to the Standard Conditions as paragraph 18 bis to read as follows:

“18 bis “Readiness Preparation Activities” means the activities, described in the Second Grant Agreement, for which the Additional Grant is made, as the description of said activities may be amended from time to time by agreement between the Recipient and the Bank.

(b) The term “Project” and its definition shall be deleted in their entirety from the Standard Conditions; and all references throughout the Standard Conditions to the term “Project” shall be deemed to refer to the “Additional Readiness Preparation Activities”.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Second Grant Agreement have the meanings ascribed to them in the Standard Conditions, the Charter or in this Second Grant Agreement (including the cover letter to this Agreement and this Section) as follows:

(a) “AFOLU” means agriculture, forestry and other land use.

(b) “Annual Work Plan and Budget” means the annual work plan and budget referred to in Section 2.03(d) of this Annex.

(c) “Anti-Corruption Guidelines” means, for purposes of paragraph 2 of the Appendix to the Standard Conditions, 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.

(d) “Category” means a category set forth in the table in Section 3.01 of this Agreement.

(d) “CSO” means a civil society organization.

(e) “ER-Program” means the Recipient’s emission reduction program under the FCPF or any similar carbon fund.

(f) “Environmental and Social Management Framework” or “ESMF” means the environmental and social management framework acceptable to the Bank, which establishes the modalities and procedures to address potential negative environmental and social impacts from the implementation of REDD+ investments and demonstration activities as well as associated mitigation measures through employing best practices; and includes the screening criteria, procedures and institutional responsibilities for the safeguard policies that are triggered for subsequent REDD+ investments.

(g) “FIP Coordination Unit” means the unit established within the Recipient’s ministry in charge of environment, green economy and climate change vested with the implementation

responsibility of the Additional Readiness Preparation Activities as set forth in Section 2.02 of this Annex.

- (h) "FRL" means the Recipient's forest reference emission level.
- (i) "MEEVCC" means the Recipient's ministry in charge of environment, green economy and climate change.
- (j) "MRV" means measurement, reporting and verification.
- (k) "National REDD+ Committee Platform for Consultation" means the Platform established pursuant to Decree No 2017-1329.
- (l) "Operating Costs" means the reasonable costs, as shall have been approved by the Bank, for the incremental expenses incurred on account of the implementation of the Additional Readiness Preparation Activities, consisting of 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 the Readiness Preparation Activities staff for travel linked to the implementation of the Additional Readiness Preparation Activities, and salaries of contractual staff for the Additional Readiness Preparation Activities (but excluding consultants' services and salaries of officials of the Recipient's civil service).
- (m) "PNB-BF" means the Recipient's national program for biodigester established pursuant to joint *Arrêté* No. 2010-30/MRA/MEF signed on April 9, 2010 by the Minister in charge of animal resources and the Minister in charge of economy and finance.
- (n) "Procurement Regulations" means, for purposes of paragraph 20 of the Appendix to the Standard Conditions, the "World Bank Procurement Regulations for IPF Borrowers", dated July 2016, revised November 2017 and August 2018.
- (o) "R-package" means the Readiness Package.
- (p) "REDD+" means reducing emissions from deforestation and forest degradation, conservation of forest carbon stocks, sustainable management of forest, and enhancement of forest carbon stocks.
- (q) "REDD+ Technical Secretariat" means the secretariat created within the general directorate of the Recipient's office responsible for green economy and climate change pursuant to decree no. 2017-1329, dated November 22, 2017, vested with the responsibility to coordinate all REDD+ activities in the Recipient's territory.
- (r) "Standard Conditions" means the "International Bank for Reconstruction and Development and International Development Association Standard Conditions for Grant Financing Made by the Bank out of Trust Funds", dated February 25, 2019.
- (s) "Strategic Environmental and Social Assessment" or "SESA" means the strategic environment and social assessment to be conducted as part of the Readiness process to assess the potential impact from national REDD+ programs and policies, formulate alternatives and mitigation strategies and enhance the decision-making process around the design of the national REDD+ framework.

(t) “Training” means the reasonable costs, as shall have been approved by the Bank, for training and workshops conducted under the Additional Readiness Preparation Activities, including tuition, travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training courses and workshop preparation and implementation (but excluding goods and consultant’s services).

(u) “UNFCCC Conventions” means the United Nations Framework Convention on Climate Change.

Article II

Execution of Additional Readiness Preparation Activities

2.01. **Objectives and Description.** The objective of the Additional Readiness Preparation Activities is to assist the Recipient to carry out the Additional Readiness Preparation Activities. The Additional Grant is intended to strengthen the Recipient’s enabling environment for the emergence of REDD+ and other carbon finance initiative, including a socially and environmentally sound national strategy and other key governance systems for REDD+ implementation. The Additional Readiness Preparation Activities consists of the following parts:

I. Integrating REDD+ in Sectoral Strategies

Carrying out an analysis of multiple sectoral strategies, including: (a) the revision of multiple sectoral strategic documents to include REDD+ strategic options; (b) strengthening the capacity of MEEVCC staff to train and disseminate information on REDD+ across all sectors through the operationalization of training centers, South-South exchanges, inclusion of REDD+, land use planning and improved natural resource management in the curricula in the training centers; (c) designing the training modules for forestry-related or general curricula to reach a large number of students and civil servants; (d) supporting focal points from various sectors to understand the REDD+ strategy and develop REDD+ projects in their respective sectors; and (e) consolidating all carbon sequestration activities under the AFOLU sector to mainstream the REDD+ concepts into a more inclusive approach.

II. Implementation and Consultation Framework for REDD+

Strengthening the Recipient’s REDD+ institutional arrangements through: (a) completing the operationalization of the REDD+ Technical Secretariat by recruiting additional staff and organizing complementary training for experts; (b) operationalizing and building the capacities of REDD+ various bodies, including, *inter alia*, the REDD+ focal points in all the Recipient’s ministries, the Regional Technical Cells, the Communal Technical Cells, the National REDD+ Committee and the National REDD+ Platform for Consultation.; (c) organizing training for and consultations with CSOs, parliamentarians and private sector organizations and supporting the dialogue with stakeholders throughout the process; (d) organizing and planning consultations on SESA and additional waves of consultations; (e) validating the institutional framework for the safeguard information system, the co-benefits monitoring and the carbon emission reduction measurement, including signing of agreements between the various institutions that are part of those arrangements; and (f) clarifying the legal framework related to REDD+ and carbon credits in general.

III. Development of National REDD+ Strategy

A. (a) Redefining and reformulating REDD+ strategic options; (b) carrying out a wave of consultations at regional level to gauge the applicability of the REDD+ strategic options and refine

them for implementation; (c) strengthening the capacity of private actors to facilitate the creation and expansion of emission reduction operations; (d) financing the SESA process with all its components, including the ESMF, the safeguard information system, the grievance and redress mechanism and the registration protocol for future beneficiaries; (e) carrying out a gender assessment to implement a gender approach as part of the REDD+ strategy; and (f) preparing the emission reduction program, including a self-assessment and the preparation of the R-Package, the validation of the documents detailing the content of the ER-Program.

B. As part of the support to the emergence of a private sector, building the capacity of the biodigester sector through support to: (a) develop a partnership between PNB-BF and microfinance institutions to help households finance the acquisition of biodigesters; (b) train biodigester construction companies in business development; (c) strengthen the capacity of the most active biodigester construction companies through merit-based subsidies; and (d) general support to help the PNB-BF accomplish its mission.

IV. Forest, Carbon and Co-benefits Monitoring System

Carrying out relevant MRV related activities through an enhanced forest, carbon and co-benefits monitoring system, comprising (a) (i) revision of the allometrics equations and the finalization of the root carbon analysis for enhanced data collection and calibration; and (ii) the use of Collect Earth to establish a new FRL based on sampling; (b) institutional arrangements for a MRV system, through: (i) training and capacity building activities for the future MRV actors; and (ii) the creation of a geomatic laboratory; (c) identification of and setting up the REDD+ co-benefits and the operationalization of a sustainable system for data collection; and (d) creation of a REDD+ projects' registry as well as an emission reduction's registry to monitor the impact of REDD+ and the co-benefits.

V. Knowledge Sharing

Facilitating knowledge sharing through: (a) support to strengthen the REDD+ communication strategy; (b) recruitment of a deputy communication specialist; and (c) support: (i) for international events, including FCPF meetings and UNFCCC conventions; and (ii) for events related to carbon finance to attract carbon investors.

VI. Implementation, Monitoring and Evaluation

Implementing, monitoring and evaluating activities, including: (a) REDD+ self-assessment and the development of the preparatory files; and (b) acquisition of equipment and provision of operating costs.

2.02. ***Execution Generally.*** The Recipient declares its commitment to the objective of the Additional Readiness Preparation Activities. To this end, the Recipient shall carry out the Additional Readiness Preparation Activities through the FIP Coordination Unit under the Recipient's ministry in charge of environment, green economy and climate change, in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the Anti-Corruption Guidelines; and (c) this Article II.

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

(a) The Recipient shall ensure that, throughout the period of implementation of the Additional Readiness Preparation Activities, the REDD+ Committee and the FIP Coordination Unit are maintained with functions and resources acceptable to the Bank and with staff in adequate

numbers, with qualification and experience acceptable to the Bank, to carry out the Additional Readiness Preparation Activities.

(b) The Recipient shall ensure that the fiduciary arrangements including the staffing of the FIP Coordination Unit responsible for the fiduciary aspect of the Additional Readiness Preparation Activities is restructured in a manner satisfactory to the Bank. To this end, the FIP Coordination Unit shall: (i) recruit, in accordance with Section 2.07 of this Annex and under terms of reference acceptable to the Bank, a senior accountant, a human resources assistant and an internal auditor to perform monthly review of the transactions carried out under the Additional Readiness Preparation Activities in line with a work program to be approved by the Bank and a review committee.

(c) The Recipient shall prepare, in accordance with terms of reference acceptable to the Bank, and furnish to the Bank no later than November 30th of each Fiscal Year throughout the implementation of the Additional Readiness Preparation Activities, a work plan of proposed activities for the next calendar year, together with a budget for such activities and a timetable for their implementation.

(d) The Recipient shall afford the Bank a reasonable opportunity to exchange views with the Recipient on such proposed work plan and thereafter carry out such work plan during the period covered by said work plan, according to such budget, both as shall have been approved by the Bank ("Annual Work Plan and Budget").

(e) Only such activities as shall have been included in the Annual Work Plan and Budget shall be eligible for financing out of the proceeds of the Additional Grant.

2.04. *Safeguards*

(a) All (i) terms of reference for any technical assistance or studies carried out under the Additional Readiness Preparation Activities and (ii) frameworks prepared on the basis of the SESA under the Additional Readiness Preparation Activities pursuant to Section 2.01 of this Second Grant Agreement are consistent with, and pay due attention to, the Bank's environmental and social safeguards policies, as well as the Recipient's own laws relating to the environment and social aspects;

(b) in drafting any laws or regulations under the Additional Readiness Preparation Activities, due attention will be given to said policies and laws; and

(c) in preparing the SESA, engage with broad stakeholders, including CSOs, and carry out free, informed and prior consultations with forest dependent people and ethnic groups leading to their broad community support to the objectives and outputs of the Additional Readiness Preparation Activities.

2.05 *Documents; Records*

In addition, and without limitation to the obligations set forth in Section 2.05 of the Standard Conditions, the Recipient shall ensure that:

(a) all records evidencing expenditures under the Additional Readiness Preparation Activities are retained for seven years and six months after the Closing Date, such records to include: (i) this Second Grant Agreement, all addenda thereof, and any amendments thereto; (ii) the Recipient's financial and narrative progress reports submitted to the Bank; (iii) the Recipient's

financial information related to the Additional Grant, including audit reports, invoices and payroll records; (iv) the Recipient's implementation documentation (including sub-agreements, procurement files, contracts, purchase orders); and (v) the corresponding supporting evidence referred to in Section 3.04 of the Standard Conditions; and

(b) the representatives of the Bank are: (i) able to examine all records referred to above in paragraph (a); (ii) provided all such information concerning such records as they may from time to time reasonably request; and (iii) able to disclose such records and information to the Donor.

2.06 Monitoring, Reporting and Evaluation. The Recipient shall ensure that each Report for the Additional Readiness Preparation Activities is furnished to the Bank not later than forty-five (45) days after each calendar quarter, covering the quarter.

2.07. Procurement

All goods and consulting services required for the Additional Readiness Preparation Activities and to be financed, fully or partially, out of the proceeds of the Additional Grant 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 Additional Readiness Preparation Activities ("Procurement Plan") dated June 28, 2020 provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the Bank.

**Article III
Withdrawal of Additional Grant Proceeds**

3.01. Eligible Expenditures. The Recipient may withdraw the proceeds of the Additional Grant in accordance with the provisions of: (a) the Standard Conditions; and (b) this Section, to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table.

| Category | Amount of the Additional Grant Allocated (expressed in USD) | Percentage of Expenditures to be Financed (exclusive of Taxes) |
|---|--|---|
| (1) Goods, consulting services, Operating and Training under the Additional Readiness Preparation Activities, except for Part III.B | 3,070,000 | 100% |
| TOTAL AMOUNT | 3,070,000 | |

3.02. Withdrawal Conditions. Notwithstanding the provisions of Section 3.01 of this Second Grant Agreement, no withdrawal shall be made for payments made prior to the date of this Second Grant Agreement, except that withdrawals up to an aggregate amount not to exceed \$400,000 equivalent may be made for payments made prior to this date but on or after January 1st, 2020.

3.03. **Withdrawal Period.** The Closing Date is December 31, 2022.

Article IV Effectiveness; Termination

4.01. This Second Grant Agreement shall not become effective until evidence satisfactory to the Bank has been furnished to the Bank that:

(a) The Recipient has recruited a senior accountant, a human resources assistant, an external auditor and an internal auditor under terms of reference acceptable to the Bank.

(b) The FIP Coordination Unit's financial management procedures manual has been revised to include: (i) specific arrangements related to this Additional Grant; and (ii) sound reliable processes for archiving, human resources, workshops and training management.

(c) The FIP Coordination Unit's accounting software has been customized to record transactions and financial reporting for this Additional Grant.

(d) The FIP Coordination Unit has set up a reliable archiving system with a well-organized archive room, and sound and precise archiving procedures.

4.02. Except as the Recipient and the Bank shall otherwise agree, the date on which this Second Grant Agreement shall enter into effect shall be the date upon which the Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 4.01 of this Annex ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Second Grant Agreement had been effective, the Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

4.03. This Second Grant Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Second Grant Agreement, unless the Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The Bank shall promptly notify the Recipient of such later date.

Article IV Recipient's Representative; Addresses

4.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its minister responsible for finance.

4.02. **Recipient's Address.** For purposes of Section 7.01 of the Standard Conditions: (a) the Recipient's Address is:

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

(b) the Recipient's Electronic Address is:

E-mail:
info@dgep.gov.bf

4.03. **Bank's Address.** For purposes of Section 7.01 of the Standard Conditions: (a) the Bank's Address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

(b) the Bank's Electronic Address is:

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