

BOARD APPROVAL
Lapse-of-time Procedure

17 July 2019

FOR CONSIDERATION

MEMORANDUM

TO : THE BOARDS OF DIRECTORS

FROM : Vincent O. NMEHIELLE
Secretary General

SUBJECT: BURKINA FASO: LERABA PLAIN MANAGEMENT AND DEVELOPMENT PROJECT (PAVAL)*

ADB LOAN OF EUR 26, 94 MILLION
ADF GRANT OF UA 4.00 MILLION

Please find attached the **Loan and Grant Proposals** and the draft **Resolutions** related to the above- mentioned subject, which are submitted for **your consideration on a Lapse-of-time basis**.

If no objection is recorded by 5:00 pm, 17 July 2019, the proposals will be considered as approved and the Resolutions adopted.

Attach.

Cc: The President

***Questions on this document should be referred to:**

Mrs. M. L. AKIN-OLUGBADE	Director General	RDGW	Extension 4018
Mr. M. FREGENE	Director	AHAI	Extension 5536
Mr. G. PENN	Ag. General Counsel	PGCL	Extension 3220
Mr. P. YEMBILINE	Country Manager	RDGW	Extension 6101
Mrs. A. M. MECCA	Division Manager	PGCL.1	Extension 3309
Mr. A. MUDE	Division Manager	AHAI.2	Extension 4114
Mr. M. TARHOUNI	Division Manager	RDGW.2	Extension 2235
Mrs. M. BABAH	Team Leader	RDGW.2	Extension 4649

AFRICAN DEVELOPMENT BANK GROUP



LERABA PLAIN MANAGEMENT AND DEVELOPMENT PROJECT (PAVAL)

COUNTRY : BURKINA FASO

APPRAISAL REPORT

Date: June 2019

Project Team	Team Leader	Mohamed Aly BABAH, Irrigation Engineer	RDGW.2	4649
		Emile Chancelier KEMAYOU Fragility Specialist	RDGW.0	1702
	Team Members	Sylvain G. COULIBALY, Procurement Specialist	SNFI/COBF	6109
		Parfaite KOFFI, Environmentalist	SNSC	4892
		Adwoa AYISI-SALAWOU, Legal Counsel (Consultant)	PGCL.1	5789
		Ann DEFRAYE, Nutrition Specialist	AHHD.2	4908
		Bocar CISSE, Financial Analyst	RDGW.2	2316
		Mohamed A. Diallo, Financial Management Specialist	SNFI.2	7207
		Tidiani OUEDRAOGO, Gender Specialist (Consultant)	RDGW.4	5350
		Joachim BONKOUNGOU, Climate Change Specialist (Consultant)	PECG.2	5018
	Sector Division Manager	Andrew Gashe MUDE	AHAI.2	4114
	Sector Director	Martin FREGENE	AHAI	5586
	Regional Director	Marie-Laure AKIN-OLUGBADE	RDWG	7778
	Country Manager	Pascal YEMBILINE	COBF	6101
	Regional Division Manager - Agriculture	Mouldi TARHOUNI	RDGW.2	2235
Peer Reviewers	Maimouna DIOP LY, Health and Social Protection Specialist		AHHD.2	4211
	Nathalie GAHUNGA, Gender Specialist		RDGW.4	3383
	Aminata SOW, Rural Infrastructure Specialist		RDGC.2	3888
	Khaled LAAJILI, Agro-economist		RDGC.2	2760
	Mahecor N'DIAYE, Water and Sanitation Specialist		RDGW.2	2695
	Ibro MANOMI, Agro-economist		RDGW.2	4633

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BURKINA FASO

LERABA PLAIN MANAGEMENT AND DEVELOPMENT PROJECT (PAVAL)

RDGW/AHAI

July 2019

Translated document

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CURRENCY EQUIVALENTS

(March 2019)

Currency Unit	=	XOF
UA 1	=	XOF 803.27
UA 1	=	USD 1.39798
UA 1	=	EUR 1.22458

FISCAL YEAR

[1 January – 31 December]

WEIGHTS AND MEASURES

1 tonne	=	2204 pounds
1 kilogramme (kg)	=	2.200 pounds
1 metre (m)	=	3.28 feet
1 millimetre (mm)	=	0.03937 inch
1 kilometre (km)	=	0.62 mile
1 hectare (ha)	=	2.471 acres

ACRONYMS AND ABBREVIATIONS

ADF	African Development Fund
AFD	French Development Agency
AfDB	African Development Bank
AC	Advance Contracting
AGTF	Africa Growing Together Fund
BD	Bidding Documents
BUNEE	National Bureau for Environmental Assessments
CREER	Rural Entrepreneurship Resource Centres
CSP	Country Strategy Paper
CSPS	Health and Social Promotion Centre
CUMA	<i>Farm machinery cooperatives</i> (Coopératives d'utilisation du matériel agricole)
DD	Detailed Design
DGESS	Directorate General of Sector Work and Statistics
ESIA	Environmental and Social Impact Assessment
FAO	Food and Agriculture Organisation
GASPA	<i>Child-nutrition help and support groups</i> (Groupes d'Apprentissage et de Suivi des Pratiques d'alimentation du nourrisson et du jeune enfant)
GHG	Greenhouse Gas
IFAD	International Fund for Agricultural Development
MAAH	Ministry of Agriculture and Irrigation Infrastructure
PAPCB	Bagré Growth Pole Support Project
PAPFA	Agricultural Value Chains Promotion Support Project
PAPSA	Agricultural Productivity and Food Security Improvement Project
PICOFA	Project for Community Investment in Agricultural Fertility
PNDES	National Economic and Social Development Plan
PNSR	National Rural Sector Programme
PPP	Private Public Partnership
RC	Review Committee
SDF	Sector Dialogue Framework
SPAM	Market Access Sub-Projects
SP-CPSA	Permanent Secretariat for Agricultural Policy Coordination
WB	World Bank

Project Information Sheet

Client Information

Borrower : Burkina Faso

EXECUTING AGENCY : Ministry of Agriculture and Irrigation Infrastructure

Financing Plan

Source	Amount	Instrument
AfDB	EUR 26.94 million	Loan
ADF	UA 4.00 million	Grant
IFAD	EUR 8.22 million	Loan
Government	UA 5.61 million	Counterpart contribution
Beneficiaries	UA 1.45 million	-
TOTAL COST	UA 39.77 million	

Key AfDB Financial Information

Loan currency:	Euro (EUR)
Loan type :	Fully flexible loan
Maturity :	20 years
Grace period :	5 years
Average maturity**:	12.75 years
Reimbursements :	Thirty (30) half-yearly payments at the end of grace period
Interest period :	Base rate + financing cost margin + lending margin + maturity premium (This interest rate shall be above or equal to zero)
Base rate	Floating (6-month EURIBOR reviewed on 1 February and 1 August) or any other acceptable rate, with a free base rate fixing option
Financing cost margin	The Bank's financing cost margin reviewed on 1 January and 1 July, and applied on 1 February and 1 August with the base rate
Lending spread	80 basis points (0.8%)
Maturity premium:	0
Front-end fee	0.25% of the loan amount
Commitment fee	0.25% per annum on the undisbursed amount, effective 60 days following the loan signature date and due on interest payment dates

Key ADF Financing Information

Grant currency:	Unit of Account (UA)
Loan type :	NA
Interest rate margin:	NA
Commitment fee:	NA
Other charges :	NA

Timeframe – Milestones (expected)

Concept Note approval	16 December 2018
Project approval	16 July 2019
Effectiveness	November 2019
Last disbursement	Q4 of 2024
Loan closure	December 2024

Project Summary

Project Overview: The Léraba Plain Management and Development Project (PAVAL) constitutes a transformational operation since harnessing the Niofila dam water resources will enable the gravity irrigation of 1410 ha and the construction of infrastructure complexes to create micro-development hubs likely to boost the local economy. The choice of the technical options is based on various studies conducted during project preparation, namely the detailed design of the facilities, the environmental and social impact assessment (ESIA), the socio-economic study and the baseline study. The project design emphasises an inclusive value chain approach, with the development of the rice, maize and horticulture subsectors. It also mainstreams gender, with women and youth involved in decision-making (women will constitute 50% of plot allottees) and the fruits of growth shared. Furthermore, PAVAL's design largely reflects lessons from Bank projects in Burkina Faso and the sub-region, as well as interventions funded by other development partners. The project also makes the most of lessons from past experiences, while developing synergies and complementarities.

In light of the country and the Bank's strategic thrusts, the project design particularly focuses on the following themes: (i) food and nutritional security; (ii) value chain development; (iii) youth employment; and (iv) climate change. Estimated to cost UA 39.77 million, PAVAL will span five years and will directly affect over 9,000 beneficiaries (including 5,000 women) and indirectly 50,000 people. The key expected project achievements are: an eight (8) kilometre extension of the main canal, the construction of a 22-kilometre protection dyke for the dam; the development of a 1000 ha irrigation scheme; the consolidation of the existing 410 ha scheme, the construction of storage, processing and marketing infrastructure (warehouses, drying areas, and purchasing desks) as well as value chain development and nutrition improvement activities.

Needs Assessment: Located in the Cascades Region, the Léraba Plain has an irrigable potential of over 1410 ha. In 1987, the State built the Niofila irrigation dam (50 million m³ capacity) upstream of the plain. The dam was rehabilitated in 2016. However, this water resource is currently underexploited, whereas it could help to develop the plain's full potential. So far, only 410 ha have been developed and irrigated by a gravity system. Rain-fed farming, which is highly dependent on climatic conditions, is practised in the remaining area, with erratic yields. This vulnerability to climate change constitutes a fragility factor in the zone and the country in general. The project aims to remedy this situation by building transformative infrastructure that would enable total water control and increased harnessing of available water resources. Furthermore, the plain lacks value chain development activities despite having considerable potential to become a regional and national agricultural hub.

Bank's Value-Added: The project targets an economically and socially disadvantaged area with high agricultural potential. By supporting transformative infrastructure development, the Bank's interventions will help to build the resilience of rural dwellers to food and nutritional insecurity, while boosting irrigated agricultural production in line with the country's strategic thrusts. The Bank's contribution to this project financing would be a continuation of its support to the Burkina Faso populace, notably through large-scale transformative operations with a significant and sustainable impact. Moreover, through this operation, the Bank's intention is to support Burkina Faso's drive towards transforming its agricultural sector to make it productive, resilient and more market-oriented.

Knowledge Management: The project will widely disseminate experiences and best practice in the development of transformative irrigation infrastructure, improved productivity and product quality. In addition, new technologies are being introduced with the use of an online agricultural inputs distribution system, which includes using ICT in fertiliser distribution. The project will also finance an online platform for the establishment of a national agricultural register, through which professional cards for various agricultural producer categories would be produced and issued.

Results-Based Logical Framework

Project goal: Contribute towards achieving food and nutritional security in Cascades Region

	<i>RESULTS CHAIN</i>	<i>PERFORMANCE INDICATORS</i>			<i>MEANS OF VERIFICATION</i>	<i>RISKS/ MITIGATION MEASURES</i>
		<i>Indicator</i>	<i>Baseline Situation</i>	<i>Target</i>		
IMPACT	Improved food and nutrition security of the Burkina Faso population	Proportion of non-resilient farming households, including those headed by women Rural poverty rate	35.5% (2018) 45% (2017)	25% (2025) and 20% (2030) 37% (2025) and 34% (2030)	- Harmonised framework results - SMART Survey - DGESS Reports	
	Sustainable increase in agricultural productivity, production and income for men, women and youth	Additional Productions Increased income for youth and women	Food crops (rice, maize): 1750 tonnes (2018) Market gardening: 10000 tonnes/year (2018) XOF 330 000 /year	Food crops (rice, maize): 7500 tonnes/year Market gardening: 14000 tonnes/year XOF 550 000 /year	- Cereal balance sheets and statistics of ministries. -Monitoring and evaluation reports	<u>Risks:</u> - Insecurity nationwide - Water scarcity and floods <u>Mitigation measures:</u> - Establishment of a security plan - Development of the banks of the Léraba -Sensitisation of beneficiaries and water pricing, revitalisation of the irrigators' committee
	Women's increased access to land	Percentage of land allocated to women	39.59% (2018)	50% (2022)		
OUTCOMES	<u>Agricultural Infrastructure Development</u> 1.1 Consolidation of the existing scheme 1.2 Extension of facilities 1.3 Main canal built 1.4 Protection dyke built 1.5 Protection of the Niofila Dam	1.1 Surface area rehabilitated 1.2 Surface area developed under total control 1.3 Length of main canal built 1.4 Length of dyke constructed 1.5.1 Dam auscultation report 1.5.2 Surface area of watershed treated 1.5.3 Number of bathymetric charts	Project area 1.1 0 ha 1.2 0 ha 1.3 6 km 1.4 0 km 1.5.1 0 1.5.2 0 ha 1.5.3 3 u	Project area 1.1 410 ha 1.2 1 000 ha 1.3 14 km 1.4 22 km 1.5.1 1 report 1.5.2 500 ha 1.5.3 12 u	-Progress reports of technical services responsible for implementation monitoring -Contracts signed with enterprises -Reports of the inspection firms	<u>Risks</u> - Slow procurement, weak capacity of technical services - Weak capacity of companies <u>Mitigation measures:</u> - Preparation of priority BD through AC - Judicious choice of companies during the selection process
	<u>2. Value Chains Development</u> 2.1 Agricultural land developed 2.2 Advisory support actions undertaken 2.3 Climate change adaptation techniques disseminated 2.4 Irrigation infrastructure management committees trained 2.5 Certified seeds distributed to producers 2.6 Storage facilities 2.7 Marketing infrastructure 2.8 Processing infrastructure 2.9 Young agricultural entrepreneurs supported/set up 2.10 Rural youth trained 2.11 Jobs created 2.12 Nutrition enhanced	2.1 Surface area under crop 2.2 Number of supervised farmers 2.3 Number of adaptation methods disseminated 2.4 Number of committees trained 2.5 Quantities of seeds disseminated 2.6 Number of stores and drying areas 2.7 Number of purchase counters 2.8 Number of processing units put in place 2.9 Number of young entrepreneurs set up 2.10 Number of youth trained 2.11 Number of jobs created 2.12 Number of GASPA's operational	Project area 2.1 410 ha 2.2 1200 (40% W) 2.3 0 2.4 1 2.5 0 2.6 3 2.7 0 2.8 1 2.9 0 2.10 0 2.11 0 2.12 0	Project area 2.1 1 410 ha 2.2 2.600 (50% W) 2.3 +10 2.4 +3 committees 2.5 400 tonnes 2.6 38 stores and 13 drying areas 2.7 1 desk 2.8 1 parboiling centre + 6 u (100% W) 2.9 +200 (50% W) 2.10 + 300 (including 100 girls) 2.11 1 500 jobs(including 50% W) 2.12 12	-Contracts signed with service providers involved -Agreements and protocols signed with partner structures -Project progress reports	<u>Risks:</u> - Difficulties to mobilise the counterpart contribution - Limited ownership and management of infrastructure <u>Mitigation measures:</u> - Effective entry in annual budget in accordance with the financing plan - Participatory approach undertaken - Involvement, organisation and training of local actors
	<u>3. Project Management</u> 3.1 Procurement activities undertaken 3.2 Project activities implemented 3.3 Financial management undertaken 3.4 Monitoring and evaluation implemented	3.1 PP kept and observed 3.2 Compliant disbursement rate 3.3 Audit reports produced 3.4 Gender sensitive M&E system operational	3.1 Drawn up (2019) 3.2 0% (2019) 3.3 Firm engaged (2019) 3.4 In place (2019)	3.1 PP updated at least once/year 3.2 17% per year on average 3.3 5 annual audit reports validated 3.4 One midterm M&E report and one final report produced	- PP - SAP system - Audit reports - Mission aides-memoire and reports	<u>Risk:</u> - Executing Agency weakness in financial management and procurement <u>Mitigation measure:</u> - Additional competitive recruitment, performance contracts
KEY ACTIVITIES	COMPONENTS			RESOURCES		
	Component 1: Development of transformative irrigation infrastructure Consolidation of the existing scheme, extension of facilities and protection of water resources Component 2: Value chains development and institutional support Support for development, processing and marketing; capacity building; development of entrepreneurship Component 3: Project management			Components: Component 1 : UA 26.85 million Component 2 : UA 10.95 million Component 3 : UA 1.97 million Sources of Financing: ADF (grant)/ ADB (loan) : UA 4 million/ UA 22 million IFAD (loan) : UA 6.71 million GVT/ Beneficiaries : UA 7.06 million		

Project Implementation Schedule

Year		2019				2020				2021				2022				2023				2024	
Quarter		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1	INITIAL ACTIVITIES																						
	Loan and Grant negotiations and approval																						
	Signature of Loan Agreement and Grant Protocol Agreement																						
	Fulfilment of conditions precedent to first disbursement																						
	Publication of the General Procurement Notice																						
2	START-UP ACTIVITIES																						
	Complementary PMU staff recruitment																						
	PAVAL launch mission																						
	Signature of agreements with partner structures																						
3	TRANSFORMATIVE IRRIGATION INFRASTRUCTURE																						
	Plain extension works (lots 1 and 2)																						
	Studies and detailed design of complementary infrastructure (lot 3)																						
	Lot 3 works																						
	Dam protection works																						
	ESMP Implementation																						
4	VALUE CHAINS DEVELOPMENT AND INSTITUTIONAL SUPPORT																						
	Support for development																						
	Capacity building of actors																						
	Support for processing and marketing																						
	Development of agricultural entrepreneurship																						
	Institutional support																						
5	PROJECT MANAGEMENT																						
	Establishment of an accounting system and a procedures manual																						
	Establishment of an M&E system																						
	Management, monitoring/evaluation and communication activities																						
	Annual audit of accounts																						
	Midterm review																						
	Completion report																						

BURKINA FASO
LÉRABA PLAIN MANAGEMENT AND DEVELOPMENT PROJECT (PAVAL)
APPRAISAL REPORT

Management hereby submits this report and recommendations concerning a proposal to extend **an ADB loan of EUR 26.94 million and award an ADF grant of UA 4 million** to Burkina Faso to finance the Léraba Plain Management and Development Project (PAVAL)

I. Strategic Thrust and Rationale

1.1. Project Linkages with Country Strategy and Objectives

1.1.1 To meet its multiple development challenges, Burkina Faso adopted a National Economic and Social Development Plan (PNDES), through which it reaffirmed its determination to pursue innovative ways to achieve strong and inclusive growth based on sustainable production and consumption. Under the PNDES, the agricultural sector is covered by Component 3, which aims to develop a productive and resilient agricultural, silvicultural and pastoral sector (including wildlife and fisheries) that is more market-oriented. With a view to developing the rural sector and given the need for consistency with the PNDES thrusts, the Burkina Faso government has adopted an agricultural, silvicultural and pastoral production sector policy running up to 2027. To have a climate-resilient economy, the country has adopted its national climate change adaptation plan that takes all vulnerable sectors into account. The sector's key constraints are low rainfall and particularly poor rainfall distribution, poor water resource control and management, low processing level, processing problems and persistence of land insecurity. The key actions to take will involve improving water control for agricultural purposes, facilitating access to inputs, equipment and financing, promoting agricultural entrepreneurship and agri-business, improving the sector's climate resilience, pursuing incentive-driven market organisation and decoupling agricultural production from environmental degradation.

1.1.2 PAVAL's objectives are consistent with two of the Bank's "High 5s", i.e. Feed Africa by 2025 and improve the quality of life for the people of Africa, by developing agricultural value chains, building the capacity of actors (training, provision of equipment, organisational support, etc.), creating jobs and generating income. The project is aligned with the Bank's Long-Term Strategy (LTS 2013-2022) and its two policy objectives that target inclusive growth and transition to green growth. In addition, it will contribute towards achieving the objectives of the Enable Youth and Jobs for Youth in Africa flagship initiatives by promoting capacity building and the emergence of opportunities for youth, particularly agri-business development. Furthermore, the project aligns with the Bank's Technologies for African Agricultural Transformation (TAAT) Programme in terms of adoption of new production and processing technologies in agricultural value chains. It forms part of the Bank's second adaptation plan for fostering climate-smart agriculture by promoting appropriate agricultural production systems and integrated water resource development and management, with a view to adaptation to climate change.

1.1.3 The project aligns with Pillar 2 of the Bank's Country Strategy Paper for Burkina Faso (CSP 2017-2021), which focuses on *agricultural sector development for inclusive growth* through water control and value chains development. The project also contributes to the objectives of the Multisector Nutrition Action Plan through its third thrust: "Increase the production and consumption of healthy and nutritious foods". Specifically, it is fully in tune with the promotion of climate-resilient agriculture and special climate adaptation and resilience initiatives.

1.2. Rationale for Bank Involvement

1.2.1 The Bank's Country Strategy Paper (CSP) 2017-2021 supports the National Economic and Social Development Plan (PNDES) 2016-2020, which is the country's reference development framework. To contribute significantly to PNDES implementation, the Burkina Faso Government has opted to further focus agricultural policy on promoting irrigated farming through the intensification and development of innovative irrigation methods and technologies. This approach aims to achieve the PNDES objectives, namely to increase the share of irrigated production in total agricultural production from 15% in 2015 to a target of 25% in 2020. In this regard, the Léraba plain management and development over a total surface area of 1410 ha will, through water control, help to build the resilience of rural dwellers to food and nutrition insecurity, and boost national agricultural production, thereby developing production value chains. PAVAL's implementation will contribute to reducing the country's reliance on rain-fed agriculture, which is climate-change vulnerable.

1.2.2 The Bank's contribution to the project financing would mark its continuing support to the Burkina Faso people particularly through large-scale transformative operations with a significant and lasting impact. The Bank has a definite comparative advantage in terms of aspects of the project pertaining to infrastructure, capacity building and value chains development. It will continue to provide technical assistance to the Executing Agency, particularly through its Country Office. It will build upon the achievements of ongoing agricultural projects in Burkina Faso, including the Programme to Build Resilience to Food and Nutrition Insecurity (P2RS) and the Bagré Growth Pole Support Project. The guiding principles behind the project design and innovation are given in Box 1.

Box 1 : Project's Guiding Principles and Innovations

The project design is the outcome of a participatory and inclusive process involving all stakeholders: the administration, farmers' organisations, civil society, private sector, TFPs, projects, etc. These broad-based consultations backed by various project preparation studies (infrastructure detailed designs, environmental and social impact assessments, baseline study) were used to draw up a comprehensive situation analysis and identify agricultural development needs and the most suitable implementation methods. Moreover, the project design largely reflected lessons from Bank projects in Burkina Faso and the sub-region, and sought to address some of the gaps identified in project implementation and raised in portfolio reviews and completion reports. Furthermore, it took into account ongoing operations financed by other development partners, attempted to incorporate best practice by making the most of the gains from past experiments, while developing synergies and complementarities with ongoing activities.

The project's innovations are as follows: (i) effective women's empowerment through the allocation of 50% of developed parcels to them and ensuring land tenure security by issuing land titles in their names; revitalisation of the parboiling centre for rice processing, which is managed exclusively by women; and support to more than 100 women-run rural microenterprises; (ii) introduction of an online input distribution system called "E-Voucher", to ensure transparency in the distribution of subsidised inputs (E-Voucher" is an ICT-based system); and (iii) establishment of a national agricultural register that will enable real-time and effective answers to information needs of producers (individual or collective) and their partners engaged in plant, livestock, fisheries and wildlife production. It will also constitute a directory and a tool for guidance and decision-making on government's multiple interventions, projects and programmes, and those of associations, NGOs, etc., and should enable the preparation and issuance of professional cards for agricultural producers.

1.3. Aid Coordination

1.3.1 The Bank's intervention is part of the support extended to the Government as it implements the second phase of the National Rural Sector Programme (PNSR II) with the participation of technical and financial partners including IFAD, WB, IsDB, KFW, AFD, USAID, etc. Within the context of implementing the National Economic and Social Development Plan (PNDES 2016-2020), fourteen (14) planning sectors were identified, including the agricultural, silvicultural and pastoral production sector (PASP). For this sector, the PASP Dialogue

Framework is currently led by FAO. AfDB is an active member. The table below shows the amounts committed by the key donors currently active in Burkina Faso's agriculture sector.

Table 1.3: Donor Coordination

Sector or Subsector*		Contribution (in 2012)		
		GDP	Exports	Workforce
Agriculture and Rural Development		34.3%	80%	86%
Stakeholders – Annual Public Spending (XOF billion)**				
Government (average 2014-2018)	Donors	(average 2014-2018) in XOF billion		
XOF 107 billion per year (10.2% of overall spending) (*)	AFD	9.84		
	IDA	34.50		
	IFAD	2.90		
	ADF	22.96		
	European Union	23.94		
	USAID	25.00		
Donor Coordination Level				
Existence of thematic working groups		Yes		
Existence of an overall sector programme		PNSR II prepared together with a detailed Investment Plan		
AfDB role in donor coordination		Member (not leader)		
(*) Sources: SP-CPSA				

1.3.2 The preparation of this project also drew on lessons from implementing the Bank's agriculture sector portfolio projects in Burkina Faso as well as those of some technical and financial partners. Box 2 summarizes the key lessons learned.

Box 2 : Learning from the Experiences of the Bank and other Partners
Within the context of this project, specific lessons were drawn from the following experiences: (i) land tenure security under the USAID-funded MCA-BF Project; (ii) implementation of Market Access Sub-Projects (SPAMs) developed by the PAPFA Project with IFAD financing; (iii) pilot mechanism for online input distribution developed by PAPS with World Bank funding; (iv) establishment of GASPA (child-nutrition help and support groups) and nutrition gardens developed by the P2RS project with Bank financing; and (v) conduct during the preparation phase of the detailed design, the ESIA and the baseline study.

II. Project Description

2.1. Project Components

2.1.1 The project's sector objective is to contribute towards achieving food and nutrition security in Cascades Region. Its specific objective is to contribute towards sustainably increasing productivity, production and income for farmers, including women and youths.

2.1.2 The project will be implemented over five years and will consist of three components, the key achievements of which are briefly described in the following table:

Table 2.1: Project Components

<i>Component</i>	<i>Cost</i>	<i>Description</i>
Component A Development of transformative irrigation infrastructure	UA 26.85 million (67.51%)	<p>A1. <u>Extension of existing facilities</u>: 8 km-long extension of the current main canal; 22 km-long dyke to provide flood protection for facilities; development of 1000 ha (secondary and tertiary canals, sewerage network and network of internal tracks).</p> <p>A2. <u>Consolidation of the existing 410 ha scheme</u>: Improvement of the drainage network, construction of access facilities and rehabilitation of some canals and structures.</p> <p>A3. <u>Protection of the Niofila dam</u>: Auscultation of the dam, mechanical treatment of the watershed and monitoring of the reservoir's water inflow.</p> <p>A4. <u>ESMP Implementation</u>: Mitigation measures, environmental monitoring</p>
Component B Development of value chains and institutional support	UA 10.95 million (27.53%)	<p>B1. <u>Organisation and structuring of groups</u>: Support to the creation of 10 agricultural cooperatives according to OHADA standards; support to the committee of irrigators; revitalisation of the Union of Douna Cooperatives.</p> <p>B2. <u>Development support</u>: Implementation of market access sub-projects (SPAM) for 20 FOs; support to 2600 producers; setting up of a research and development programme; support for the production of certified seeds; training of 30 crop protection brigades.</p> <p>B3. <u>Land tenure security</u>: awareness campaign, legal support for women beneficiaries of parcels; demarcation and registration of 2800 parcels; support for delivery of land titles.</p> <p>B4. <u>Support for processing and marketing</u>: construction of a purchase desk; construction of 38 warehouses and 13 drying areas; standardisation and equipment of the parboiling centre for 200 women parboilers; PPP support for product processing.</p> <p>B5. <u>Develop agricultural entrepreneurship</u>: equipment and management support for farm machinery cooperatives (CUMA) for the benefit of youths; development and financing of 300 rural microenterprise (MER) business plans; revitalisation of Rural Entrepreneurship Resource Centres (CREER); creation of a rural youth promotion centre in Cascades Region.</p> <p>B6. <u>Strengthen nutrition</u>: Creation and revitalisation of 20 child-nutrition help and support groups (GASPA); promotion of nutritious gardens; standardisation and equipment of the Douna CSDS; conduct of awareness campaigns on nutrition and prevention of waterborne diseases (bilharzia, malaria, etc.).</p> <p>B7. <u>Gender Action Plan</u>: allocation of 50% of developed plots to women; support to the organisation of women rice farmers; behaviour change communication for gender equality; capacity building; conduct of a literacy programme.</p> <p>B8. <u>Climate change adaptation</u>: Training on GHG accounting modelling; Implementation of the GHG mitigation monitoring and evaluation protocol; producer information/sensitisation on extreme events.</p> <p>B9. <u>Institutional support</u>: Preparation of a study on design standards for irrigation schemes in Burkina Faso; establishment of an online input distribution system ("e-voucher"); establishment of a national agricultural register; preparation of feasibility studies on a growth pole.</p>
Component C Project management	UA 1.97 million (4.95%)	<p>Coordination and management activities; <i>administrative, accounting and financial management; procurement of goods, works and services; establishment of a communication plan; implementation of a monitoring and evaluation system for project implementation</i>; preparation of annual audits and monitoring of the ESMP implementation.</p>

2.2. Technical Solutions Adopted and Alternatives Explored

2.2.1 The technical solutions adopted within the PAVAL framework are based on standards that ensure the sustainability of investments while also allowing for proper ownership by the beneficiaries. The solutions adopted for the irrigation facilities of the plain depend on the potential of available irrigable land, the capacity of the dam's existing intake structure, the pedology and the topography. Therefore, to irrigate the extension zone, the project will provide the following transformative infrastructure: lengthening of the main canal, which will be concrete-lined to limit water percolation loss, and construction of a dyke to protect the scheme against River Léraba floods. The scheme will be irrigated using the gravity system. A network of irrigation and drainage canals will be built. The value chains to be developed were adopted following consultations with farmers, in light of the outcomes of the soil survey.

2.2.2 Overall, the solutions chosen aim to: (i) better harness and optimise available water resources; (ii) mitigate the impact of climatic hazard-related shocks; (iii) optimise the agricultural calendar and improve farming practices; (iv) improve soil and labour productivity; (v) develop a value chain approach; and (vi) mainstream gender and nutrition. Furthermore, the project adopts a value chain approach to reflect production constraints as well as limitations upstream and downstream of production.

Table 2.2: Alternative Solutions Explored and Reasons for Rejection

Alternative Solution	Brief Description	Reason for Rejection
Small-scale irrigation	Setting up of micro-irrigation systems in the extension zone	<ul style="list-style-type: none"> ▪ Dispersion of sites ▪ Partial water resource harnessing
Non-lining of canals	Construction of earth irrigation canals	Low network efficiency, difficult servicing and maintenance.
Construction of borehole-based irrigation systems	Setting up a network of wells and boreholes to harness groundwater for farming activities	<ul style="list-style-type: none"> • Groundwater stress, high development and maintenance costs • Non-harnessing of available dam water resources

2.3. Project Type

PAVAL is an investment operation financed by an ADB loan, an ADF grant and an IFAD loan. At this stage, the project approach is the most appropriate in light of a number of factors, including difficulties in implementing the programme budget.

2.4. Project Cost and Financing Arrangements

2.4.1 The total project cost, excluding taxes and customs duties, is estimated at UA 39.77 million (XOF 31.95 billion), of which UA 19.35 million in foreign exchange (XOF 15.55 billion) and UA 20.42 million in local currency (XOF 16.40 billion). Customs duties and taxes are chargeable to the State, which must take the necessary steps to enforce this arrangement. A 5% provision was applied to the base cost as physical contingency. A 3% composite provision was applied to all components as price escalation. The breakdown of project costs is shown in the tables below, by component and expenditure category. An expenditure schedule by component is also provided. The detailed table of project costs and the list of goods and services are given respectively in Annexes B2 and B10 of Volume II.

Table 2.3: Summary of Cost Estimate by Component

Components	XOF Million			UA Million			% FE.
	LC	FE	Total	LC	FE	Total	
Development of transformative irrigation infrastructure	8 551.72	11 420.00	19 971.72	10.65	14.22	24.86	57.18
Development of value chains and institutional support	5 210.76	2 934.34	8 145.10	6.49	3.65	10.14	36.03
Project management	1 492.05	45.45	1 537.50	1.86	0.06	1.91	2.96
Total base cost	15 254.52	14 399.79	29 654.32	18.99	17.93	36.92	48.56
Physical contingencies	688.12	717.72	1 405.84	0.86	0.89	1.75	51.05
Price escalation	457.64	431.99	889.63	0.57	0.54	1.11	48.56
Total Project Cost	16 400.28	15 549.51	31 949.79	20.42	19.35	39.77	48.65

Table 2.4: Summary of Cost Estimate by Expenditure Category

Expenditure Category	XOF million			UA million			% FE.
	LC	FE	Total	LC	FE	Total	
Works	8 994.47	11 633.25	20 627.72	11.20	14.48	25.68	56.40
Goods	1 101.18	1 456.89	2 558.07	1.37	1.81	3.18	56.95
Services	3 254.76	1 299.48	4 554.24	4.05	1.62	5.67	28.53
Operation	1 328.12	10.18	1 338.29	1.65	0.01	1.67	0.76
Personnel	576	0	576.00	0.72	0	0.72	

Total base cost	15 254.52	14 399.79	29 654.31	18.99	17.93	36.92	48.56
Physical contingencies	688.12	717.72	405.84	0.89	0.86	1.75	51.05
Price escalation	457.64	431.99	889.63	0.54	0.57	1.11	48.56
Total Project Cost	16 400.28	15 549.51	31 949.79	20.42	19.35	39.77	48.65

Table 2.5: Expenditure Schedule by Component (in UA million)

Components	2019	2020	2021	2022	2023	2024	Total
Development of transformative irrigation infrastructure	5.99	16.39	4.46	0.01	-	0	26.85
Development of value chains and institutional support	-	5.71	2.80	1.79	0.58	0.07	10.95
Project management	0.14	0.68	0.36	0.31	0.29	0.20	1.97
Total Project Cost	6.13	22.78	7.61	2.11	0.87	0.27	39.77

2.4.2 **Project financing** will be provided by the African Development Bank (ADB), the African Development Fund (ADF), the International Fund for Agricultural Development (IFAD), the Burkina Faso Government and the beneficiaries. An ADB loan of UA 22 million (55.32% of the project cost) will be used mainly to finance transformative infrastructure. An ADF grant of UA 4 million (10.05%) will be used to finance the ESMP and to contribute to financing project components B and C. The Government and the beneficiaries will contribute UA 7.06 million (XOF 5.67 billion) or 17.75% of the project cost. Justification for this counterpart contribution level is given in Annex IV. IFAD's resources will contribute towards financing component B and represent approximately 17% of the overall project cost. IFAD has designated the Bank as the executing agency to administer its financing. This co-financing is the second of its kind (PICOFA project) and reflects the willingness of these two institutions to sustain their joint efforts for the development of Burkina Faso's agriculture sector. The breakdown of project financing is shown in Table 2.6 below.

Table 2.6: Sources of Financing

Sources of Financing	XOF million			UA million			%
	LC	FE	Total	LC	FE	Total	
ADB loan	5 384.45	12 288.67	17 673.12	6.70	15.30	22.00	55.32
ADF grant	2 425.88	783.37	3 209.25	3.02	0.98	4.00	10.05
IFAD loan	2 915.87	2 477.46	5 393.33	3.63	3.08	6.71	16.88
Government	4 505.49	0.00	4 505.49	5.61	-	5.61	14.10
Beneficiaries	1 168.60	0.00	1 168.60	1.45	0	1.45	3.65
Total Project Cost	16 400.28	15 549.51	31 949.79	20.42	19.35	39.77	100.00

2.5. Project Target Area and Beneficiaries

2.5.1 The intervention area covers the Douna municipal council ("*commune*") in Léraba Province. It is located about 50 km from Banfora, the capital of Cascades Region. Economic activities in the project area revolve around the dam, built across River Léraba in Léraba Plain (the plain straddles the banks of the river). The Banfora-Sindou highway crosses the plain at the exit of the headquarters of Douna *commune*. The plain has an irrigable potential of more than 1410 ha. The 410 ha developed area is currently exploited by 1,200 farmers who mostly produce rice, maize and vegetables. The project will directly touch 9000 beneficiaries in several categories (irrigation scheme farmers, women rice parboilers, young entrepreneurs, rural youths, etc.).

2.6. Participatory Approach to Project Identification, Design and Implementation

2.6.1 The entire project formulation was conducted in a participatory manner. Extensive consultations on the project's strategic options were held with various categories of socio-professional actors concerned. The preparation studies (detailed design, ESIA, socio-economic and baseline studies) served to identify the needs, guide the technical choices and determine the implementation arrangements. Consultation and exchange sessions were held with the target beneficiaries, particularly women and youths. The participatory approach also included consultations with the structures of the ministries in charge of agriculture, livestock, environment, health, women's promotion and water.

2.6.2 The entire participatory process generated much enthusiasm for the project and a broad consensus on its design and implementation arrangements. Farmers notably underscored the need to extend the facilities in the plain, consolidate the existing scheme and market produce from the area. The women emphasised their interest in securing their rice plots, lightening their tasks and standardising the parboiling centre. The youth expressed the need for professionalisation and assistance in setting themselves up. These factors were reflected in the project design. The participatory approach will continue during project implementation. Developing sound communication on the project and maintaining the participatory approach during its implementation will ensure beneficiary ownership and project success.

2.7. Bank Group Experience and Lessons Reflected in the Project Design

2.7.1 PAVAL's design largely reflected lessons from Bank projects in Burkina Faso and the sub-region, combined with an attempt to address implementation weaknesses as highlighted in portfolio reviews and completion reports. The key lessons from these projects are as follows: (i) the importance of ensuring good quality-at-entry by conducting studies during the project preparation phase; (ii) the need to prepare good governance tools at project preparation and start-up; (iii) the need for a harmonious choice of activities to be implemented in cases of co-financing; and (iv) the need for land security for farmers. These lessons are reflected in this project design: (i) detailed design studies of the project facilities were conducted; (ii) the institutional arrangements are already functional; (iii) the operators will be granted land titles in accordance with the land law and the ongoing process on the existing scheme; and (iv) the activities financed by each co-financier have been identified and listed.

2.8. Key Performance Indicators

2.8.1 The key performance indicators are as indicated in the logical framework. Their monitoring will be coordinated by the project monitoring and evaluation officer, in close collaboration with all partners and structures involved. Special emphasis will be placed on targeting the most relevant parameters that can be monitored and collected internally, and defining those specific to women. The key indicators are: (i) additional production level; (ii) increased income for youth and women; (iii) percentage of parcels allocated to women; (iv) total developed area; (v) surface area of treated watersheds; (vi) number of farmers supervised; (vii) number of conservation, processing and marketing facilities provided; (viii) number of youth trained; and (ix) number of young entrepreneurs supported and set up.

III. Project Feasibility

3.1 Economic and Financial Performance

Table 3.1: Key Economic and Financial Data

<i>NPV (baseline scenario: discount rate: 12%)</i>	<i>XOF 35.88 billion</i>
<i>ERR (baseline scenario)</i>	<i>19.38%</i>

3.1.1 **The project's financial and economic performance** was evaluated over a 25-year period. The calculation of benefits is based on an estimate of project-induced additional returns, coupled with the increased acreage owing to irrigation facilities (Component 1) and value chain development (Component 2). The analysis took into account the characteristics of current and future agricultural holdings with project and technical level changes as illustrated by the crop data sheets. Specifically, the project benefits are derived from: (i) increased productivity (rice, maize and market gardening products); (ii) increased acreage due to the facilities; and (iii) marketing infrastructure and post-harvest facilities. The analysis did not quantify and account for benefits derived from institutional support as the data was insufficient for analysis.

3.1.2 **Financial analysis:** The producers obtain on average XOF 384 779.20/year from the sale of their production (with the project). This represents an additional income of XOF 88 795. The average value of various types of production per farmer is estimated at XOF 572 889.41 (with the project), representing an additional production of XOF 132 205. The average value of production per farmer is respectively XOF 329 579 for rice, XOF 321 462 for maize, XOF 643 695 for potato, and XOF 725 764 for onion. Details by crop are presented in Section B (B.7) of the technical annexes.

3.1.3 The project has a 19.38% economic rate of return (ERR) and a net present value (NPV) of XOF 35.88 billion at a 12% discount rate. Since the ERR is above the 12% discount rate and the NPV is positive for the same rate, the project is economically viable. The ERR sensitivity tests show that PAVAL is slightly more sensitive to production decrease than increase in investment cost; a 10% decrease in expected production induces an ERR of 18.38% and a 10% rise in investment cost generates an ERR of 18.47%. A 10% decrease in production coupled with a 10% rise in investment cost, gives an ERR of 17.50%. The assumptions and the detailed calculation of the financial and economic analyses are presented in Section D (B.7) of the technical annexes.

3.2. Environmental and Social Impact

3.2.1 **Environment:** In view of the minor negative impacts that can be neutralised by appropriate corrective measures, **PAVAL project is classified in Environmental Category II.** An Environmental and Social Impact Assessment (ESIA) was conducted for the project, along with an Environmental and Social Management Plan (ESMP). The ESMP focuses on the environmental risks associated with irrigation activities, the use of agrochemical inputs, and the management of agricultural processing units. The key potential impacts of concern include: (i) *pollution of water resources due to misuse of crop protection products, often not approved* by the Burkina Faso authorities. The exploitation of 1410 ha will inevitably entail large-scale use of fertilisers and treatment products (herbicides and insecticides) to make weeding less arduous and protect crops against pests. Furthermore, irrigation requires regular drainage of excess water through outlets, which then discharge same directly into streams that can be immediately contaminated by the pollutants contained in the drained water; (ii) *risk of eutrophication of watercourses*, potentially stimulating the growth of aquatic plant life and generating risks of fish species mortality and extinction; (iii) *erosion of the banks of the River Léraba*, resulting in silting, substantial overflow during high water periods, and potential flooding; (iv) *degradation of the soil structure*, risk of salinization and soil pollution; and (v) *contribution to climate change due to emissions of CO² and other gases* into the local atmosphere following the use of crop protection

products. Under the project, the key environmental impact mitigation or enhancement measures include: (i) compensatory reforestation through the creation of municipal parks and/or forests; (ii) protection of sacred or village forests; (iii) creation of ponds coupled with the cultivation of bourgou fields; (iv) extensive afforestation along the River Léraba (v) creation of grazing circuits and identification of livestock corridors; (vi) preparation of a plan for the use of crop protection products and collection/management of their packaging; and (vii) establishment of a regular monitoring network to prevent water pollution due to the excessive use of crop protection products.

3.2.2 An adequate budget allocation (XOF 457 million) is earmarked to finance all environmental activities. Environmental monitoring will be entrusted to the National Environmental Assessment Agency (BUNEE) under an agreement signed with the project. PAVAL's positive impacts are highly significant. Notably, the project will enable: (i) improved food and nutritional security, particularly in years of rainfall deficit; (ii) job creation in the agro-pastoral sector; (iii) sustainable increase in farmers' income; and (vi) land tenure security.

3.2.3 **Climate Change:** The project is classified under **Category 1 of the Climate Safeguards System**. Therefore, it is extremely vulnerable to climate change. The construction of the dam and the facilities enable total water control for agricultural production activities. However, climatic hazards, including flooding following extraordinary rainfall, may compromise harvests. According to farmers, such was the case in 2008, which witnessed poor harvests. Since the easement strip is used as farmland, usable forest species will be planted for protection and carbon sequestration purposes. The municipal grove and assisted natural regeneration around the lake will also contribute to the carbon sequestration effort. To demonstrate this project's contribution to greenhouse gas reduction, its monitoring and evaluation system will be strengthened and a protocol agreement signed with the Regional Directorate of Environment. Despite the specifications that set out the technical options, the production systems are dominated by traditional production methods. Awareness-raising/information activities are necessary and should be based on agricultural research for development to improve production systems.

3.2.4 **Gender:** The project is classified under "**Category 2" of the Gender Marker System**. The project contributes significantly to gender equality and women's empowerment, in accordance with the National Gender Policy (PNG) and the National Strategy for the Promotion of Women's Agricultural Entrepreneurship (SNPEF). In terms of outcomes, increasing the surface areas allocated to women (more than 50%) will contribute significantly towards improving their living conditions and those of their families. Women and youth are heavily engaged in agricultural activities in the Léraba Valley where rice farming is traditionally reserved for women. They intervene at all stages, from production, to processing and marketing. At the existing scheme, women are heavily present in production. Of the 1200 farmers in the 410 ha developed and cultivated, 475 or 39.58% are women allotted parcels just like men. This is in accordance with tradition, which assigns women lowland plots for rice cultivation. Women are already organised into an agricultural cooperative comprising nearly 200 farmers. In terms of processing, women practise rice parboiling and run a parboiling centre that the project will improve and upgrade. Women's low literacy level hinders their full participation in local development activities. Further information from the situation analysis of gender inequalities is given in the technical annex.

3.2.5 To overcome the obstacles preventing women from making the most of development opportunities, the following actions are planned under the project: (i) improvement of the drinking water supply of villages concerned by the project; (ii) functional literacy of women and men; (iii) support to the Douna rice parboiling centre; (iv) legal assistance to women and men on land tenure security; (v) participatory diagnoses with action plans and support for implementation; and (vi) recruitment of a gender expert to support the implementation, monitoring and evaluation of project activities from a gender perspective. Measures have also been taken to ensure that women benefit equally as men from all other project activities. In this regard, an agreement will be signed with

the Ministry in charge of women's advancement to ensure that women, particularly the most vulnerable from the poorest households, enjoy project benefits in the same way as men. The budget earmarked for gender-specific activities stands at approximately XOF 637 million.

3.2.6 Social: At the social level, the rehabilitation of health infrastructure will improve the people's quality of life, particularly women. Furthermore, the income-generating activities fostered by the project will help to enhance the quality of gender relations in households, in particular, and within the community, in general. However, the project could have a negative impact on health, for instance through: (i) the development of disease following the proliferation of insects (*Anopheles* and other mosquitoes); and (ii) the risk of conflicts (currently numerous) between herders and farmers whose population will definitely increase with the extension of the irrigation scheme. There are plans to conduct awareness campaigns on hygiene, sanitation and peaceful coexistence between farmers and herders, and to create transhumance corridors as a mitigation measure.

3.2.7 Nutrition/health: According to the 2018 SMART survey, there is a 22.3% prevalence of chronic malnutrition in Léraba Province, which is "high" by WHO standards (above 20%), albeit lower compared to other parts of the country. The prevalence of acute malnutrition is 5%, compared to the global target below 5%. At 36.3%, Cascades Region is one of the two regions in the country with the lowest exclusive breastfeeding rate for children aged 0 to 5 months. In contrast, the region has the highest proportion of children aged 6 to 23 months with a minimum acceptable diet (24.3%), compared to other parts of the country. However, this rate is still low. To help improve this nutrition situation, the project will support the creation of nutrition gardens coupled with the child-nutrition help and support groups (GASPA). These activities align with Burkina Faso's Multisector Strategic Nutrition Plan. To improve the health infrastructure in Douna *commune*, the project will support the transformation of the Douna health centre into a medical centre. Furthermore, to limit the potential risks associated with the presence of the dam, the project will also support awareness campaigns on waterborne diseases (bilharzia, malaria, etc.).

3.2.8 Youth employment and promotion of agricultural entrepreneurship: The project will promote youth training and installation through support and facilitation for the creation of micro-projects upstream and downstream of value chains. It ambitions to promote the creation of agriculture-related trades to meet the future demands of the beneficiaries (equipment maintenance, spare parts shop, mechanised farming, etc.). In this regard, the project will support farm machinery cooperatives (CUMA) formed by youth with equipment and training. The project will also support the development of rural microenterprise (MER) through the preparation and financing of business plans. The transition to market agriculture in the plains and the region requires the presence of qualified and competent youth capable of promoting agricultural development. To this end and in support of the strategy of the Ministry of Agriculture to create a rural promotion centre (CPR) in each region, the project will back the establishment of a CPR in Douna (construction of the administrative and educational infrastructure, and acquisition of equipment for the training needs of dozens of young boys and girls every year).

3.2.9 Involuntary Resettlement: PAVAL activities do not involve any population displacement or resettlement.

IV. Implementation

4.1. Implementation Arrangements

4.1.1 **Implementation:** Pursuant to Decree No. 2018-0092/PRES/PM/MINEFID on general regulations governing development projects and programmes implemented in Burkina Faso, this project will come under the supervision of the Ministry of Agriculture and Irrigation Infrastructure (MAAH), and attached to Budget Programme "075", entitled "Irrigation Infrastructure and Irrigation". In this regard, the Budget Programme manager is the project coordinator de facto. He/she will be supported by the current unit of the Niofila-Douna Plain Restructuring and Development Programme (PRMV/ND), which forms part of the Léraba Plain. Although the unit's capacity was assessed and deemed satisfactory overall, it should be strengthened with additional staff as necessary, for the purpose of implementing PAVAL (administrative and finance manager, gender/nutrition specialist, environmental specialist, procurement specialist, institutional support specialist). To execute its actions, the key operating methods adopted will include: (i) recruitment of private service providers to implement large-scale operations, especially the facilities, procurement of equipment and construction of infrastructure; and (ii) signing of agreements or protocols with technical partners as well as with the central and decentralised State technical structures for operations that fall exclusively within their competence. Furthermore, the local authorities will be involved in the implementation (particularly land tenure security), and participate in the project's policy-making bodies. The effective establishment of the project management unit and the advance contracting of construction works would ensure timely project take off.

4.1.2 The "Review Committee (CR)" already set up by ministerial decree of 12 November 2018 will be responsible for project activity monitoring and guidance. The CR will: (i) validate the project's annual work programme; (ii) review the status of implementation of activities based on the annual reports; (iii) strengthen the harmonisation and alignment of project interventions; and (iv) make recommendations to improve the effectiveness of interventions.

4.1.3. Applicable Procurement Policy and Framework

4.1.3.1 **Applicable Procurement Policy and System:** All procurement of goods, works and consultancy services financed by the Bank's resources shall be carried out in accordance with the Procurement Policy for Bank Group-Funded Operations ("AfDB Procurement Policy"), October 2015 edition, and in accordance with the provisions of the Financing Agreement. Pursuant to this policy and following the various evaluations conducted, it was agreed that:

(a) The procurement of goods, non-intellectual services (standard services) and works listed in paragraph B.5.2.1 (a) of Technical Annex B.5 shall be carried out in accordance with the country's procurement system ("**National System**") enshrined in Law No. 039-2016/AN of 2 December 2016 on general regulations governing public procurement and Decree No. 2017-0049/PRES/PM/MINEFID of 1 February 2017 on procedures for the procurement, execution and settlement of public contracts and public service delegations, as well as Amending Decree No. 2019-0358/PRES/PM/MINEFID of 30 April 2019, using Standard National Bidding Documents (SNBD).

(b) The procurement of consultancy services, goods and works listed in B.5.2.1 (b) of Technical Annex B.5 will be done in accordance with the methods and procedures set out in the Bank's Procurement Framework ("**Bank System**"). Such procurement financed wholly or partly from the Bank's resources will be implemented using the Bank's most appropriate Standard Bidding Documents (SBDs).

4.1.3.2 **Bank's Right of Reservation:** The use of the National System for part of the project will improve efficiency through the following actions, among others: (i) better ownership of the

procurement system in use by the executing agency; (ii) time saved with the absence of a second control (after that of the national entities) that represents the Bank's ex-ante review. **However, the Bank reserves the right to request the Borrower to revert to the use of the Bank's system in the event of:** (a) change of the legal framework for public procurement in Burkina Faso to a system not satisfactory to the Bank; (b) non-observance of the provisions in force by the Executing Agency; or (c) non-observance of the appropriate risk mitigation measures included in the Risk Assessment Action Plan.

4.1.3.3 Procurement Risks and Capacity Assessment (PRCA): To take into account the specificities of the programme, the Bank assessed: (i) risks at the national, sector and project level; and (ii) the capacity of the executing agency. The results of the assessments deemed the procurement risk level "**substantial**", on the basis of which it determined - subject to the application of mitigation measures proposed in paragraph 5.9 of Technical Annex B.5 - the group of procurement to be concluded using the Bank System, and the one likely to be implemented without significant risk, using the National System.

4.1.3.4 Special Arrangements: To accelerate project implementation, the Government is considering the use of **Advance Contracting (AC)** for: (a) irrigation works covering 600 hectares; and (b) the recruitment of a firm to inspect the said works, under Component 1. To that end, a request accompanied by the procurement plan was submitted to the Bank.

4.1.4 Financial Management: PAVAL's administrative, financial and accounting management will be channelled through Budget Programme "075" (entitled "Irrigation Infrastructure and Irrigation") overseen by the current unit in charge of the Niofila-Douna Plain Restructuring and Development Programme (PRMV/ND). The said Unit will monitor and supervise project execution, and shall be given adequate technical, human and material resources with which to establish an effective internal control system and an acceptable financial management system, notably through the correct and exhaustive accounting of all operations carried out during the project's life cycle, the safeguard of financial information and assets, and the audit of resources made available. An evaluation of the capacity of the PRMV/ND implementation unit showed that it lacks the minimum requisite tools for proper accounting and reporting, as well as the required and adequate human resources. Therefore, it will be necessary to recruit or appoint an administrative and financial officer (AFO) experienced in managing development projects implemented using the private accrual accounting method. The recruitment will be through an open call for applications and according to applicable Bank rules and procedures.

4.1.5 An administrative, accounting and financial procedures manual governing project operation shall be prepared. This document will set out the institutional, administrative, procurement, financial, accounting, reporting, control and supervision procedures. Besides all the useful management tools (layouts, tables, job descriptions, models of the different registers, etc.), it will contain general, analytical and budgetary chart of accounts by project component, category and activity. An integrated accounting and financial management software will be procured and installed. The software shall be multi-project, multi-user, multi-currency and multi-donor, thus enabling the production of general, analytical and budgetary information required for financial accounting monitoring. In other words, it shall enable the production of financial statements by component, category and activity (expenditure), and by source of financing (resources), with modules on: (i) general accounting; (ii) budget management; (iii) contract management; (iv) tangible assets management; (v) financial monitoring, etc. The software shall allow for obtaining the year-end summary of annual financial statements comprising a table of annual and cumulative resource use, a balance sheet, a statement of reconciliation of the special account, as well as notes to the financial statements, among others. It will also serve to monitor budget implementation.

4.1.6 Ultimately, the accounts will be kept using private-type accrual accounting and on integrated software suitable for development project management. The chart of accounts will be

prepared based on accounting standards of the revised Uniform Act of the Organization for the Harmonisation of Business Law in Africa (OHADA), in force in Burkina Faso. In addition, the project will produce an Annual Work and Budget Programme (AWBP), which will reflect total funding from all partners, as well as quarterly financial management reports based on the execution of the annual work and budget programme, appended to the quarterly progress reports transmitted to the Bank, in which a clear analysis must be made between the quarterly budget estimates and the actuals. Any gaps shall be analysed and explained.

4.1.7 Disbursements: Bank resources will be disbursed in line with its rules and procedures, in particular the disbursement manual. Disbursements will be made using the following three methods: (i) the special account method; (ii) the direct payments method; and (iii) the reimbursement method. Counterpart funding will be managed according to the national procedures in force in Burkina Faso.

4.1.8 Audits: The accounts audit will be conducted by the Burkina Faso Court of Audit, based on terms of reference agreed beforehand. An agreement will be drawn up for this purpose on an annual basis and will define the technical arrangements for the Court's intervention and the financial conditions associated thereto, thanks to which Institution's capacity will be built. The audit report shall be forwarded to the Bank latest six months following the end of the relevant financial year.

4.2. Monitoring

4.2.1 Internal monitoring and evaluation will be carried out by the project monitoring and evaluation officer, and will cover physical and financial monitoring by component and expenditure category, and the evaluation of project impact on beneficiaries and the environment according to relevant and jointly agreed indicators. The baseline situation was established during project preparation. A monitoring and evaluation system, including objectively verifiable indicators and the development of a database, would then have to be put in place. This system shall be functional latest six months following the first disbursement. In this regard, the project will produce quarterly and annual activity reports highlighting the implementation rates and the outcomes of the various components in relation to the logical framework performance indicators. The monitoring and evaluation framework will systematically include gender-disaggregated data to make the results on women and the most vulnerable groups more visible. Periodic surveys involving the beneficiaries will be conducted to assess the various project outcomes and impacts.

4.2.2 External monitoring and evaluation will be carried out by the Directorate General of Sector Work and Statistics (DGESS) in the Ministry of Agriculture and Irrigation Infrastructure, in collaboration with structures of the ministry responsible for financing (notably DGEP and DGCOOP). The DGESS will monitor and review project progress and actual outcomes in relation to the expected results, and make recommendations to resolve issues encountered during implementation. To this end, an agreement will be signed between the project and DGESS at project start-up. Regular external monitoring and evaluation missions will be fielded by the Government, in addition to the two annual supervision missions by the Bank. A launch workshop will be organised at project start-up. A mid-term review is planned to ensure the overall smooth running of the project and to propose any adjustments. In addition, a final evaluation is scheduled towards the end of the project to draw lessons from project achievements. The project implementation schedule is shown in Table 4.2 below.

Table 4.2: Implementation and Supervision Schedule

Activities	Period
Approval by ADF/ADB Board of Directors	July 2019
Signature of agreements	August 2019
Loan effectiveness	November 2019
Authorisation of first disbursement	November 2019
Project launch	December 2019
Start of works	November 2019
Performance of services	November 2019/ July 2024
Midterm review	November 2021
Completion of activities	July 2024
Completion report	September 2024
Audits	Yearly
Closure	December 2024

4.3. Governance

4.3.1 Burkina Faso's economic and financial governance indicators have improved substantially in recent years. According to the 2018 edition of the Mo Ibrahim Index of African Governance, Burkina Faso with a score of 57.1 features among Africa's 20 top-ranked countries (16th out of 54 countries assessed). The country has made great strides in judicial process, public access to information and the fight against corruption. In 2018, it ranked among the top 15 least corrupt African countries, according to Transparency International's Corruption Perceptions Index. Globally, the country ranks 78th out of 180 countries. The new authorities have undertaken legislative reforms to step up the anti-corruption fight, with notably the March 2015 adoption of the law on corruption prevention and repression. However, in terms of the performance of the Public Financial Management (PFM) system based on the framework methodology, the 2017 assessment noted weaknesses in fiscal discipline, strategic resource allocation and efficient/effective public service delivery.

4.3.2 In terms of rural sector governance, efforts by the Government and its partners have focused on: (i) coordination of interventions; (ii) rural land tenure security; (iii) integrated water resource management; and (iv) rural organisation. In this regard, the following are noteworthy: (i) establishment of consultation frameworks at the national and regional level; (ii) gradual establishment of rural land management bodies, including rural land services (SFR), village land tenure security committees (CVSF), village land committees (CFV) and village land mediation committees (CCFV); (iii) establishment of water resources management bodies, including the National Water Council, the IWRM Permanent Secretariat and the water agencies; (iv) promotion of professional agricultural organisations with the adoption of Law No. 014-1999/AN regulating cooperative societies and groups in Burkina Faso, and thereafter the ratification of the Uniform Act on the Rights of Cooperative Societies. Lastly, the regional chambers of agriculture (CRA) were set up in each administrative region to contribute towards organising producers.

4.4. Sustainability

4.4.1 The sustainability of project outcomes is linked to: (i) the level of stakeholder (men and women) participation and ownership, notably communities and direct beneficiaries throughout the planning and implementation process ; (ii) the quality of the structures and facilities provided to the beneficiaries; (iii) the financial viability of the production and processing units; (iv) the functionality and efficiency of the management committees and supervisory structures, and their gender mainstreaming capacity. The issue of sustainability of the actions implemented, particularly the maintenance and management of the infrastructure provided or rehabilitated, is a core concern in designing the project. The project provides for capacity building of the irrigators' committees to ensure that the chosen water management system is deployed to remedy weaknesses noted with the existing scheme.

4.4.2 Emphasis will be on an intervention process based on prior commitment and effective participation of the women and men of the communities concerned, as well as local authorities and decentralised technical services. These different actors will be supported by the project to build their capacity and skills, at both the technical and organisational level. Using the value chain approach that encompasses the storage, processing and marketing aspects will help to further link agricultural activities to markets. The project will ensure the development of gender-sensitive infrastructure and technologies to support women's sustainable economic empowerment and improve their livelihoods. Effective private sector involvement will also help to ensure the sustainability of project interventions. Farm machinery cooperatives and rural entrepreneurship resource centres supported by the project will provide services to producers, including capacity building, processing advisory support, packaging, quality, and market access.

4.5. Risk Management

For risks identified, mitigation measures are proposed:

Risks	Mitigation Measures
Insecurity is rife in the country	Implementation of a nationwide security action plan; inclusion of a security note in bidding documents
Water scarcity and climate variability	Application of appropriate water pricing, capacity building of institutions engaged in dam water management, and sensitisation of users; agricultural diversification and construction of resilient infrastructure
Weak capacity of enterprises	Judicious selection of companies with effective involvement of consulting engineers
Institutional and organisational weaknesses	Capacity building of actors, including the project executing agency
Poor mobilisation of counterpart funding	Its effective inclusion in annual budgets in accordance with the financing plan
Risks of farmer-transhumant pastoralist conflicts	Stakeholder involvement in managing livestock passage corridors and building drinking troughs.

4.6. Knowledge Building

4.6.1 Mostly through the "Value Chain Development" component, PAVAL will contribute towards developing the technical knowledge of the various actors, primarily the producers, thanks to the support and training provided by the technical services in terms of extension, structuring and organisation, processing and reduction of post-harvest losses. Furthermore, it will inclusively enable youth and women to develop technical and entrepreneurial skills, and to settle on land with modern infrastructure and production facilities.

4.6.2 The project will widely disseminate experiences and best practice in managing transformative irrigation facilities and improving productivity and the quality of products. In addition, new technologies will be introduced, with the establishment of an online inputs distribution system that will enable ICT-based distribution of fertilisers. Furthermore, the project will finance a computerised platform for the establishment of a national agricultural register, on the basis of which professional cards for different categories of agricultural producers will be issued.

V. Legal Framework

5.1. Legal Instruments

The legal framework of the project will be: (i) a loan agreement to be signed between the African Development Bank and Burkina Faso for the loan from the ADB window; and (ii) a grant protocol of agreement between the African Development Fund and Burkina Faso for the ADF grant.

A Cooperation Agreement signed in 1978 and a Memorandum of Understanding signed in 2008 between the Bank and IFAD provide the basis for close collaboration between the two institutions. For this project, an Implementation Agreement (referred as the "Engagement Letter") will be signed between the Bank and IFAD for IFAD's contribution to the Bank's implementation of project Component B.

5.2. Conditions Associated with AfDB and ADF Involvement

Conditions Precedent to Grant and Loan Effectiveness: The Grant Protocol of Agreement shall become effective on the date of signature by the Donee and the ADF and as provided for in Section 10.01 (Effectiveness) of the General Conditions Applicable to Protocols of Agreement of Grants from the African Development Fund. Effectiveness of the loan agreement shall be subject to fulfilment by the Borrower of the conditions set forth in Section 12.01 of the General Conditions Applicable to Loan Agreements and Guarantee Agreements of the African Development Bank (Sovereign Entities).

5.2.1 Conditions Precedent to First Disbursement of Grant and Loan: The obligation for the Bank and the Fund to make the first disbursement of the loan and the grant respectively, shall be subject to the effectiveness of the Protocol of Agreement and the Loan Agreement, in accordance with the provisions of paragraph 5.2 above, and evidence of fulfilment of the following conditions, to the satisfaction of the Bank and the Fund, in form and substance:

- (i) Evidence of the signature, in accordance with the General Regulations on Development Projects and Programmes implemented in Burkina Faso, ministerial orders or documents on: (a) creation, purpose, classification, administration and operation of the project; (b) creation, composition, terms of reference of the project review committee; and (c) appointment of the Project Officer;
- (ii) Evidence of the signature and submission of the Co-financing Agreement, the terms and conditions of which would have been deemed acceptable by the Fund or the submission of satisfactory evidence of receipt of other funds to meet the financing gap created by the absence of a co-financing agreement;
- (iii) Evidence of the preparation of the project administrative, financial and accounting procedures manual;
- (iv) Evidence of the designation of the current PRMV/ND Unit as the project management unit;
- (v) Evidence of the recruitment/appointment of an administrative/financial officer and a procurement specialist whose respective qualifications and experience would have been deemed acceptable by the Bank and the Fund.

5.2.2 Other Conditions: The Borrower/Donee shall also provide to the Bank and the Fund, latest six (6) months following the first disbursement of the loan and the grant:

- (i) Evidence of the recruitment of a gender/nutrition specialist, an environmental specialist and an institutional support specialist whose qualifications and experience will be subject to prior approval by the Bank and the Fund;

- (ii) Evidence of the procurement of an integrated and computerised financial management system for PAVAL activities; and
- (iii) A copy of each agreement signed between the Borrower/Donor and the various institutions and technical services listed in Annex B3 of the Technical Annexes;

Environmental and Social Safeguards

The Borrower undertakes, and shall ensure that the Executing Agency, each of its contractors, sub-contractors and agents does the same to:

- (a) Execute the project in accordance with the ESMP, the Fund's Safeguards Policies and applicable national legislation in a manner satisfactory to the Fund, in form and substance;
- (b) Prepare and submit to the Fund, as part project reporting, quarterly reports on the implementation of the ESMP, including identified gaps and corrective actions taken;
- (c) Refrain from any action that would impede or hinder the implementation of the ESMP including any modification, suspension, waiver and/or cancellation of any provision thereof, in whole or in part, without the prior written consent of the Fund; and
- (d) Collaborate fully with the Fund in the event that the implementation of the project or any change in its scope results in unplanned displacement and/or resettlement; and undertake to commence work in the area affected by the implementation of the project only if all project-affected persons (PAPs) are compensated and/or resettled in accordance with the resettlement plan prepared.

5.3. Compliance with Bank Policies

This project complies with all applicable Bank policies. The project will be implemented within the framework of the Bank's intervention strategy in Burkina Faso as defined in CSP (2017-2021).

VI. Recommendation

Management recommends that:

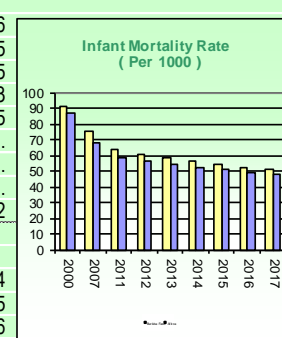
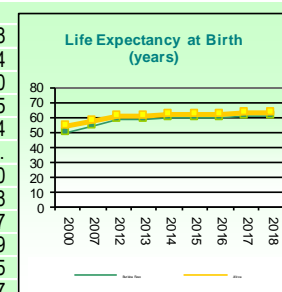
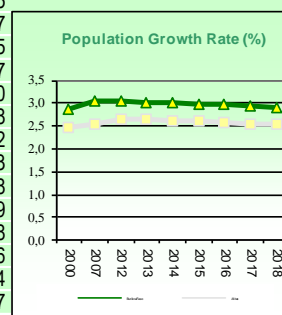
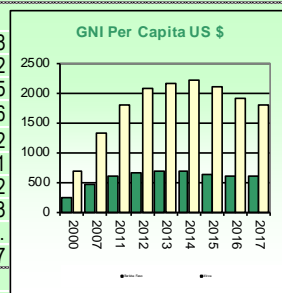
- (a) The Board of Directors of the Bank approve the extension of an ADB loan amounting to EUR 26 940 000 (Twenty-six million nine hundred and forty thousand Euro) to Burkina Faso; and
- (b) The ADF Board of Directors approve the award of a grant amounting to UA 4 000 000 (Four million Units of Account) to Burkina Faso for the purpose and under the terms and conditions set forth herein.

An addendum to this report on IFAD financing of EUR 8 220 000 (Eight million two hundred and twenty thousand Euro) and the implementation by the Bank of the project financed from the resources of the International Fund for Agricultural Development will be presented to the Board of Directors of the Bank for approval following the IFAD Board's commitment.

Annex I. Burkina Faso - Comparative Socio-economic Indicators

Burkina Faso COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Burkina Faso	Africa	Developing Countries	Developed Countries
Basic Indicators					
Area ('000 Km²)	2018	274	30 067	92 017	40 008
Total Population (millions)	2018	19,8	1 286,2	6 432,7	1 197,2
Urban Population (% of Total)	2018	29,4	42,5	50,4	81,5
Population Density (per Km²)	2018	72,1	43,8	71,9	31,6
GNI per Capita (US \$)	2017	590	1 767	4 456	40 142
Labor Force Participation *- Total (%)	2018	83,3	65,9	62,1	60,1
Labor Force Participation ** - Female (%)	2018	76,5	55,5	47,6	52,2
Sex Ratio (per 100 female)	2018	99,6	99,8	102,3	99,3
Human Develop. Index (Rank among 189 countries)	2017	183
Popul. Living Below \$ 1.90 a Day (% of Population)	2007-2017	43,7	...	11,9	0,7
Demographic Indicators					
Population Growth Rate - Total (%)	2018	2,9	2,5	1,2	0,5
Population Growth Rate - Urban (%)	2018	5,1	3,6	2,3	0,7
Population < 15 years (%)	2018	44,9	40,6	27,5	16,5
Population 15-24 years (%)	2018	20,1	19,2	16,3	11,7
Population >= 65 years (%)	2018	2,4	3,5	7,2	18,0
Dependency Ratio (%)	2018	89,6	79,2	53,2	52,8
Female Population 15-49 years (% of total population)	2018	23,2	24,1	25,4	22,2
Life Expectancy at Birth - Total (years)	2018	61,2	63,1	67,1	81,3
Life Expectancy at Birth - Female (years)	2018	61,9	64,9	69,2	83,8
Crude Birth Rate (per 1,000)	2018	37,9	33,4	26,4	10,9
Crude Death Rate (per 1,000)	2018	8,1	8,3	7,7	8,8
Infant Mortality Rate (per 1,000)	2017	51,2	47,7	32,0	4,6
Child Mortality Rate (per 1,000)	2017	81,2	68,6	42,8	5,4
Total Fertility Rate (per woman)	2018	5,2	4,4	3,5	1,7
Maternal Mortality Rate (per 100,000)	2015	371,0	444,1	237,0	10,0
Women Using Contraception (%)	2018	24,9	38,3	61,8	...
Health & Nutrition Indicators					
Physicians (per 100,000 people)	2010-2016	4,7	33,6	117,8	300,8
Nurses and midwives (per 100,000 people)	2010-2016	63,0	123,3	232,6	868,4
Births attended by Trained Health Personnel (%)	2010-2017	79,8	61,7	78,3	99,0
Access to Safe Water (% of Population)	2015	82,3	71,6	89,4	99,5
Access to Sanitation (% of Population)	2015	19,7	39,4	61,5	99,4
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2017	0,8	3,4	1,1	...
Incidence of Tuberculosis (per 100,000)	2016	51,0	221,7	163,0	12,0
Child Immunization Against Tuberculosis (%)	2017	98,0	82,1	84,9	95,8
Child Immunization Against Measles (%)	2017	88,0	74,4	84,0	93,7
Underweight Children (% of children under 5 years)	2010-2016	19,2	17,5	15,0	0,9
Prevalence of stunting	2010-2016	27,3	34,0	24,6	2,5
Prevalence of undernourishment (% of pop.)	2016	21,3	18,5	12,4	2,7
Public Expenditure on Health (as % of GDP)	2014	2,6	2,6	3,0	7,7
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School - Total	2010-2017	93,7	99,5	102,8	102,6
Primary School - Female	2010-2017	92,9	97,4	102,0	102,5
Secondary School - Total	2010-2017	38,1	51,9	59,5	108,5
Secondary School - Female	2010-2017	37,6	49,5	57,9	108,3
Primary School Female Teaching Staff (% of Total)	2010-2017	45,8	48,7	53,0	81,5
Adult literacy Rate - Total (%)	2010-2017	34,6	65,5	73,1	...
Adult literacy Rate - Male (%)	2010-2017	44,4	77,0	79,1	...
Adult literacy Rate - Female (%)	2010-2017	26,2	62,6	67,2	...
Percentage of GDP Spent on Education	2010-2015	4,2	4,9	4,1	5,2
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2016	21,9	8,0	11,3	10,4
Agricultural Land (as % of land area)	2016	44,2	38,2	37,8	36,5
Forest (As % of Land Area)	2016	19,3	22,0	32,6	27,6
Per Capita CO2 Emissions (metric tons)	2014	0,2	1,1	3,5	11,0



Sources : AfDB Statistics Department Databases; World Bank: World Development Indicators;

last update : February 2019

UNAIDS; UNSD; WHO; UNICEF; UNDP; Country Reports.

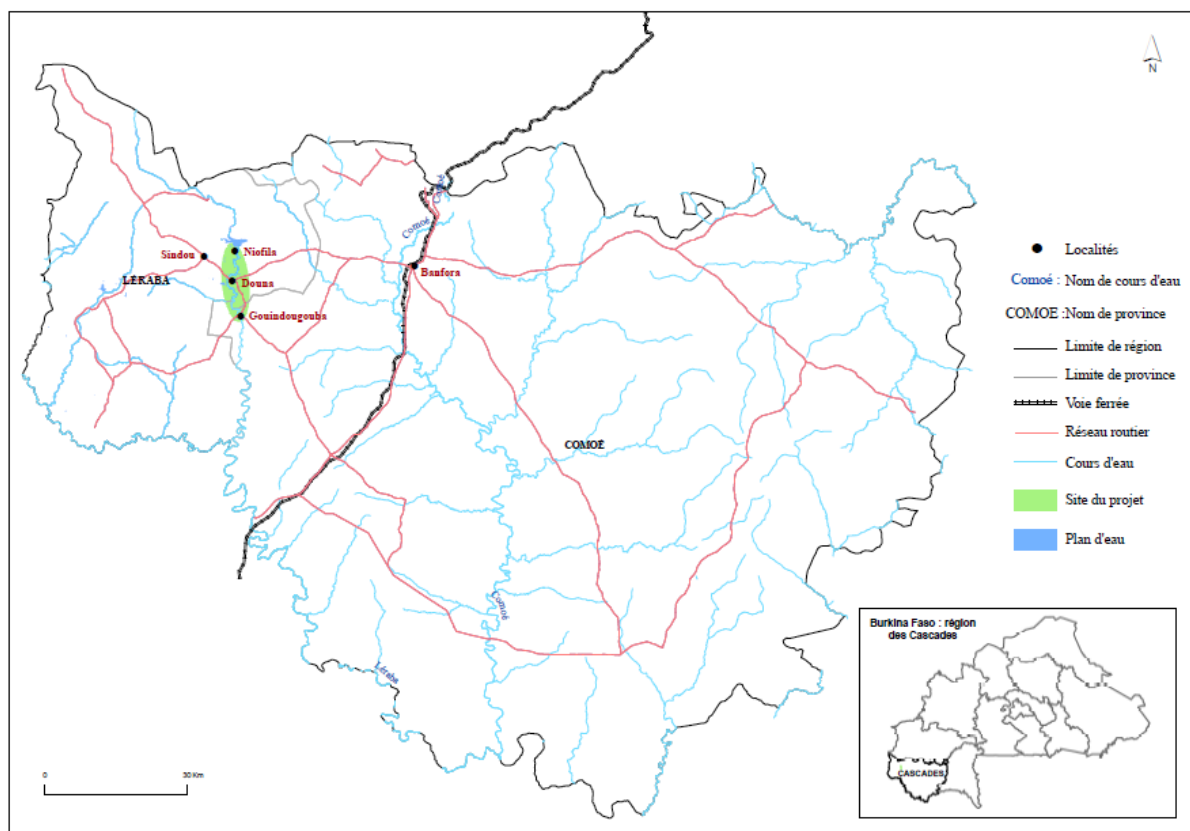
Note : n.a. : Not Applicable ; ... : Data Not Available. * Labor force participation rate, total (% of total population ages 15+)

** Labor force participation rate, female (% of female population ages 15+)

Annex II. Table of AfDB Portfolio in Burkina Faso

SECTOR	PROJECT NAME	TASK MANAGER	SAP CODE	Loan / Grant Number	Date Approved	Date Signed	Effectiveness	Satisf. Disb. Conditions	Date 1st disb.	Disb. Deadline	Loan/Grant Amount (UA)	Cumulative Disb. Rate %	Cumulative Disb.	Outstanding Dis. Balance at 01/01/2019	Disb. in 2019 at 31/03/2019	Annual Disb. Rate %
Governance	ECONOMIC TRANSFORMATION SUPPORT (PAR)	EKPO Alain	P-BF-KF0-009	21001550282	9/17/2014	10/9/2014	10/9/2014	6/9/2015	8/18/2015	4/30/2020	10 000 000	57.94	5 794 000	4 985 580	779 116	15.63
	ENERGY SECTOR REFORM SUPPORT (PAR)	EKPO Alain	P-BF-KZ0-001	21001500397	7/18/2018	8/28/2018	12/7/2018	12/10/2018	1/28/2019	6/30/2020	15 000 000	66.67	10 000 500	15 000 000	10 000 000	66.67
Transport	INTERNAL ACCESSIBILITY ROADS - LOAN	YOUGBARE Barnabe	P-BF-DB0-017	21001500303	11/13/2013	1/9/2014	9/17/2014	9/17/2014	7/24/2015	12/31/2019	31218 000	38.42	11993 956	19 735 992	511679	2.59
	INTERNAL ACCESSIBILITY ROADS - GRANT	YOUGBARE Barnabe	P-BF-DB0-017	21001550263	11/13/2013	1/9/2014	1/9/2014	1/9/2014	2/4/2015	12/31/2019	15 220 000	34.83	5 301 126	10 119 638	200 224	1.98
Water and Sanitation	SANITATION - OUAGA PERIPHERY (SPAQPC)	N'ZOMBIE Zounoubat	P-BF-EB0-001	21001550258	10/9/2013	11/29/2013	11/29/2013	12/15/2014	3/23/2015	5/31/2019	33 020 000	81.79	27 007 058	6 156 262	144 168	2.34
	STUDY NARE DAM REHABILITATION - GRANT	N'ZOMBIE Zounoubat	P-BF-EAZ-002	56001550045	4/11/2016	9/9/2016	9/9/2016	11/21/2016	12/20/2016	12/29/2019	677 242	24.95	168 972	609 182	93 069	15.28
Energy	OUAGA-BOBO PERIURBAN ELECTRIFICATION	KITANDALA Raymond	P-BF-FA0-007	21001500358	9/21/2016	10/18/2016	4/24/2017	9/4/2017	12/1/2017	12/31/2020	20 600 000	75.67	15 588 020	8 401 983	3 390 193	40.35
	OUAGA-BOBO PERIURBAN ELECTRIFICATION	KITANDALA Raymond	P-BF-FA0-007	21001550331	9/21/2016	10/18/2016	10/18/2016	9/4/2017	11/27/2017	12/31/2020	6 630 000	23.00	1 524 900	5 159 844	55 000	1.07
	RURAL ELECTRIFICATION (YELEEN) - GRANT	BAHA Adjaratou	P-BF-FA0-010	21001550386	12/14/2018	2/28/2019	2/28/2019			12/31/2023	3 000 000			3 000 000	0	0.00
Social	JOBS FOR RURAL YOUTH (PADEJ-MR) - GRANT	Ouedraogo Alfred	P-BF-I00-002	21001550381	9/17/2018	10/26/2018	10/26/2018			12/31/2023	10 300 000	0.00	0	10 300 000	0	0.00
	SHEA VALUE CHAINS SUPPORT - GRANT	Ouedraogo Alfred	P-BF-AAG-001	57001550025	7/12/2016	9/9/2016	2/27/2017	2/27/2017	2/16/2017	6/30/2019	715 623	59.61	426 583	363 744	74 378	20.45
Agric / Environ	BAGRE GROWTH POLE SUPPORT - LOAN	BABAHM. Aly	P-BF-AA0-025	21001500333	4/29/2015	5/28/2015	12/1/2015	12/1/2015	9/9/2016	4/30/2021	15 000 000	69.89	10 483 500	4 516 759	0	0.00
	BAGRE GROWTH POLE SUPPORT - GRANT	BABAHM. Aly	P-BF-AA0-025	21001550291	4/29/2015	5/28/2015	12/1/2015	12/1/2015	2/15/2016	4/30/2021	6 000 000	32.11	1 926 600	4 073 490	0	0.00
	SUPPORT FOR AGRI-BUSINESS BANK CREATION	ATTIOGBEVI Eklou	P-BF-HAA-001	21001500408	12/14/2018	3/1/2019				3/31/2021	7 500 000			7 500 000	0	0.00
	EMERGENCY AID AGAINST ARMYWORM - GRANT	BABAHM. Aly	P-BF-AA0-013	50001990051	10/30/2018	3/1/2019	3/1/2019	3/1/2019		12/31/2019	720 414			720 414	0	0.00
	CLASSIFIED FORESTS MANAGEMENT (PGF)	GARBA Laouali	P-BF-AAD-001	55651550006	11/28/2013	1/9/2014	1/9/2014	7/11/2014	10/22/2014	12/31/2019	8 284 765	58.16	4 818 419	3 662 554	197 082	5.38
	CASHEW SUPPORT COMOE BASIN - LOAN	GARBA Laouali	P-BF-AAD-001	55651300004	2/16/2017	3/24/2017	8/23/2017	9/18/2017	2/16/2018	12/31/2022	2 881 657	22.39	645 203	2 799 553	560 771	20.03
	CASHEW SUPPORT COMOE BASIN - GRANT	GARBA Laouali	P-BF-AAD-001	21001550342	2/16/2017	3/24/2017	3/24/2017	9/18/2017	12/4/2017	12/31/2021	1 000 000	26.37	263 700	736 258	0	0.00
NATIONAL PUBLIC PORTFOLIO											187 767 701	51.1	95 942 537	107 841 252	16 005 680	14.84
	AFRICA SME PROGRAM FIDELIS	DIGUIMBAYE Roselin	P-BF-HB0-001	20001300133	6/19/2014	7/30/2015	7/30/2015	8/21/2015	9/3/2015	7/30/2017	2 020 414	100.00	2 020 414	0	0	
	AFRICA SME PROGRAM FIDELIS	DIGUIMBAYE Roselin	P-BF-HB0-001	5060140000	10/11/2017	6/29/2018					454 632	0.00	0	459 380	0	0.00
	LINE OF CREDIT CORIS BANK INTERNATIONAL	DIOP Sidi Gallo	P-BF-HA0-001	20001300161	11/23/2016	7/14/2017	7/14/2017	8/10/2017	8/23/2017	7/14/2019	30 710 296	100.00	30 710 296	0	0	
	LINE OF CREDIT CORIS BANK INTERNATIONAL	DIOP Sidi Gallo	P-BF-HA0-001	5060140000	10/11/2017	5/16/2018					11 893 393	0.00	0	15 515 523	0	0.00
NATIONAL PRIVATE PORTFOLIO											44 374 735	73.76	32 730 710	#####	0	0.00
Regional Agric/Environ.	RESILIENCE BUILDING (P2RS) - LOAN	BABAHM. Aly	P-Z1-AAZ-019	21001500320	10/15/2014	1/9/2015	9/1/2015	10/16/2015	3/16/2016	6/30/2020	12 725 000	49.74	6 329 415	7 322 876	927 193	12.66
	RESILIENCE BUILDING (P2RS) - GRANT	BABAHM. Aly	P-Z1-AAZ-019	21001550285	10/15/2014	1/9/2015	1/13/2015	6/8/2015	11/3/2015	6/30/2020	12 725 000	53.37	6 791 333	6 238 050	329 204	5.28
Regional Encl	INTERCONNECTION NIGERIA-NIGER-BENIN	KITANDALA Raymond	P-Z1-FA0-146	21001500386	12/15/2017	3/14/2018	7/23/2018			12/31/2022	34 680 000	0.00	0	34 680 000	0	0.00
	INTERCONNECTION NIGERIA-NIGER-BENIN	KITANDALA Raymond	P-Z1-FA0-146	21001550362	12/15/2017	3/14/2018	3/14/2018			12/31/2022	15 320 000	0.00	0	15 320 000	0	0.00
Regional Transport	REHABILITATION AND FACILITATION LOME	DIOP Maimounatou	P-Z1-DB0-097	21001500270	6/27/2012	7/19/2012	6/21/2012	8/30/2013	12/2/2013	3/31/2020	21 530 000	80.12	17 249 836	4 280 139	0	0.00
	REHABILITATION AND FACILITATION LOME	DIOP Maimounatou	P-Z1-DB0-097	21001550230	6/27/2012	7/19/2012	7/19/2012	8/30/2013	6/24/2014	3/31/2020	84 600 000	83.12	70 319 520	15 540 187	1 257 778	8.09
	REHABILITATION AND FACILITATION LOME	DIOP Maimounatou	P-Z1-DB0-097	55801550000	2/23/2015	5/29/2015	5/29/2015	5/29/2015	12/2/2015	3/31/2020	945 553	37.59	355 433	598 793	0	0.00
	STRENGTHENING RN 4 (GOUNGHIN-FADA)	YOUGBARE Barnabe	P-Z1-DB0-182	2000200001	11/24/2017	12/18/2017	1/23/2018	6/22/2018		12/31/2022	33 959 122	0.00	0	34 463 244	0	0.00
	STRENGTHENING RN 4 (GOUNGHIN-FADA)	YOUGBARE Barnabe	P-Z1-DB0-182	21001550360	11/24/2017	12/18/2017	12/18/2017	6/22/2018		12/31/2022	25 360 000	0.00	0	25 360 000	0	0.00
	STRENGTHENING RN 4 (GOUNGHIN-FADA)	YOUGBARE Barnabe	P-Z1-DB0-182	21001500381	11/24/2017	12/18/2017	1/23/2018	6/22/2018	8/16/2018	12/31/2022	16 000 000	0.74	118 400	15 882 285	0	0.00
REGIONAL PUBLIC PORTFOLIO											257 844 675	39.23	#####	159 685 574	2 514 176	1.57
OVERALL PORTFOLIO											489 987 111	46.91	#####	283 501 730	18 519 856	6.53

Annex III. Map of the Project Area



This map was provided by staff of the African Development Bank exclusively for the readers of the report to which it is attached. The names used and the boundaries shown on this map do not imply on the part of the AfDB Group and its members any judgement concerning the legal status of a territory nor any approval or acceptance of its borders.

Annex IV. Justification for Burkina Faso's Counterpart Funding Level

The Léraba Plain Management and Development Project (PAVAL) features among the priorities of the National Economic and Social Development Plan (2016-2020) and the agricultural sector. The project, which will be implemented over the period 2019-2024, represents a total cost of UA 39.77 million and will be financed from the following components: (i) a UA 22 million loan from ADB resources to the Government of Burkina Faso; (ii) part of the ADF allocation of UA 4 million; (iii) an IFAD co-financing of UA 6.71 million; (iv) counterpart contribution of UA 5.61 million; and (v) an estimated beneficiary contribution of UA 1.45 million. The Bank's contribution of 55 per cent of the project cost (UA 22 million) exceeds the 50 per cent level required by the policy on expenditure eligible for Bank Group financing from the ADB Sovereign Window. Therefore, pursuant to Section 4.2.2 of the Policy on Expenditure Eligible for Bank Group Financing (Revised Version of 19 March 2008), justification for the level of the counterpart contribution is based on the following three criteria.

I. The country's Commitment to Implement its Overall Development Agenda

The Government of Burkina Faso has adopted a development benchmark reflecting its political programme, as follows: "*Build, along with the people, a country of democracy, economic and social progress, freedom and justice.*" Hence, the National Economic and Social Development Plan (PNDES 2016-2020) was adopted in July 2016. The overall objective of the PNDES is to structurally transform Burkina Faso's economy for strong, inclusive and sustainable growth, creating decent jobs for all and leading to improved social well-being. **The PNDES is structured around three strategic thrusts: Thrust 1- Reform institutions and modernise the administration** is devoted to improving security, political, administrative, economic and local governance; **Thrust 2- Develop human capital**, which focuses on education, technical and vocational training, health and population, water and sanitation; and **Thrust 3- Boost growth sectors** for the economy and jobs, which aims to improve the productivity of agriculture, industry and services sectors, and deploy structural investments in energy, transport and ICT. Among others, the PNDES aims to: (i) generate an average annual economic growth rate of 7.7%; (ii) reduce the incidence of poverty to 35% in 2020 from 40.1% in 2014; (iii) control the annual population growth to 2.7% in 2020 against 3.1% in 2015; and (iv) accelerate human capital development.

II. The Funding Allocated by the Country to the Sector Targeted by Bank Assistance

The Government has demonstrated a strong determination to finance the agriculture sector despite facing security challenge. In the PNDES, agricultural development is one of the levers for economic transformation. Therefore, the budget allocations for the Ministry of Agriculture increased by 35% between 2016 and 2017 due to the doubling of domestic resource projections. However, in 2018, despite the 23% increase in budgetary allocations from external resources, the budget allocated to the Ministry of Agriculture increased by merely 5% in reflection of the 15% decrease in domestic resource allocations. For the rural sector overall, budget allocations rose from XOF 230 billion in 2016 to 309 billion in 2017, representing an increase of 34%. This change is due mainly to a 71% increase in domestic resource allocations, compared to a 4% increase in external resource allocations. However, in 2018, owing to resource shift to ministries in charge of security, the 10% reduction in domestic resources has led to a stagnation of rural sector budget allocations despite a 15% increase in external resource forecasts.

III. Country's Budgetary Situation and Debt Level

Burkina Faso's growth prospects remain solid despite a fragile security environment. The consolidation of its economic growth continued, with an estimated rate of 6.6% in 2018 (against an initial forecast of 7%). The GDP growth rate is projected to reach 6% in 2019. The macroeconomic situation is stable. The first review of the country's three-year programme, supported by the International Monetary Fund's (IMF) Enhanced Credit Facility, was approved in December 2018. This programme aims to ensure the stability of the macroeconomic framework and reduce the budget deficit to 5% of GDP in 2018, then to 3% in 2019, in line with the WAEMU convergence criterion. The budget deficit decreased from 7.8% in 2017 to 5% in 2018, after 3.9% in 2016. The increase in the wage bill constitutes the key determinant of the budget deficit (around 8.6% of GDP in 2017 and 8.7% of GDP in 2018). The mobilisation of tax revenue decreased slightly, from 17.2% of GDP in 2017 to 16.4% of GDP in 2018, which is below the minimum standard of 20% set by WAEMU. Current expenditure declined slightly from 18.4% of GDP in 2017 to 17% in 2018. The fiscal adjustment was achieved mainly through lower investment expenditure. Capital expenditure financed from own resources declined from 7.9% of GDP in 2017 to 5.9% of GDP in 2018.

Burkina Faso's public debt remains viable. A debt sustainability analysis conducted by the International Monetary Fund in December 2018 concluded that Burkina Faso's debt distress risk remains moderate. Outstanding public debt was estimated at 42.8% of GDP in 2018 compared to 38.8% of GDP in 2017, a level below the Community ceiling of 70%. To maintain the sustainability of its debt, the country is working to strengthen public finance management, and make greater use of concessional loans. The continuation of tax reforms (for instance the 2018 launch of the new *eSINTAX* platform by the General Tax Directorate, which comprises online filing of all tax returns, online payment of taxes, and obtaining receipts online) should improve tax revenue mobilisation. Furthermore, the country's efforts to contain operating costs, such as the imminent adoption of the Organic Law on the Civil Service being prepared, should contribute towards controlling the wage bill.

AFRICAN DEVELOPMENT BANK

BOARD OF DIRECTORS

Resolution N° B/[●]/2019/[●]

Adopted by the Board of Directors on a lapse of time basis on [●] 2019

Loan to Burkina Faso to finance part of the costs of the Léraba Plain Management and Development Project (PAVAL)

THE BOARD OF DIRECTORS,

HAVING REGARD to: (i) Articles 1, 2, 12, 13, 14, 15, 16, 17, 18, 32 and 37 of the Agreement Establishing the African Development Bank (the “Bank”); (ii) the Fully Flexible Loan Product: Embedding Risk Management Features in Sovereign and Sovereign-Guaranteed Loans, the Fully Flexible Loan Guidelines for Conversion of Loan Terms, the Review of Sovereign and Sovereign-Guaranteed Loan Charges and the Addendum concerning Front-end Fee Payment Modalities (collectively, the “Fully Flexible Loan Policies”); and (iii) the appraisal report contained in Document ADB/BD/WP/2019/173/Approval- ADF/BD/WP/2019/119/Approval (the “Appraisal Report”);

RECALLING Resolution N° B/BD/2017/06 adopted by this Board on 8th March 2017 approving the proposal contained in Document ADB/BD/WP/2016/184/Rev.2 entitled “The Waiver of the Rule of Origin for Specific Cases” as well as the corrigendum thereto (the “Proposal”), and authorizing the procurement of goods, works and services using the resources of the Bank to be open to all countries including those that are not Member States of the Bank, where a project is jointly co-financed by the Bank and the African Development Fund or the Bank agrees to the use of a borrower’s procurement system, for contracts with a value not exceeding the equivalent of: (a) One Million Units of Account (UA 1,000,000) for goods; (b) Six Million Units of Account (UA 6,000,000) for works; and (c) Three Hundred Thousand Units of Account (UA 300,000) for consulting services;

DECIDES as follows:

1. To award to Burkina Faso (the “Borrower”), from the ordinary capital resources of the Bank, a loan of an amount not exceeding Twenty-Six Million, Nine Hundred and Forty Thousand Euros (EUR 26,940,000) (the “Loan”) to finance part of the costs of the Léraba Plain Management and Development Project (PAVAL);
2. To authorize the President to conclude a loan agreement between the Bank and the Borrower (the “Loan Agreement”) on the terms and conditions outlined in the General Conditions Applicable to the African Development Bank Loan Agreements and Guarantee Agreements (Sovereign Entities), the Fully Flexible Loan Policies, the Appraisal Report and, in particular, the terms and conditions specified herein below:
 - (i) The Loan shall be a Fully Flexible Loan with interest, commitment charge and front-end fee payable in accordance with the Fully Flexible Loan Policies;
 - (ii) The duration of the Loan shall be Twenty (20) years including a grace period of Five (5) years (the “Grace Period”) commencing on the date of signature of the Loan Agreement. During the Grace Period, commitment charge and interest shall be payable; and

- (iii) The Loan shall be amortized over a period of Fifteen (15) years, in thirty (30) equal and consecutive semi-annual installments payable on 15 April and 15 October of each year (each a “Payment Date”), and the first of such installments shall be payable on the Payment Date immediately following the expiration of the Grace Period;
- 3. The President may cancel the Loan if the Loan Agreement is not signed within ninety (90) days from the date of approval of the Loan by this Board; and
- 4. This Resolution shall become effective on the date above-mentioned.

**BURKINA FASO: LÉRABA PLAIN MANAGEMENT AND DEVELOPMENT
PROJECT (PAVAL)***

AFRICAN DEVELOPMENT FUND

BOARD OF DIRECTORS

Resolution N° F/[●]/2019/[●]

Adopted by the Board of Directors on a lapse-of-time basis, on [●] 2019

**Grant to Burkina Faso to finance part of the costs of the Léraba Plain Management and
Development Project (PAVAL)**

THE BOARD OF DIRECTORS,

HAVING REGARD to: (i) Articles 1, 2, 11, 12, 14, 15, 16, 26 and 30 of the Agreement Establishing the African Development Fund (the “Fund” or “ADF”); (ii) the Report on the Fourteenth General Replenishment of the Resources of the Fund (“ADF-14”); (iii) the applicable ADF-14 Country Resource Allocation; and (iv) the appraisal report contained in document ADB/BD/WP/2019/173/Approval ADF/BD/WP/2019/119/Approval (the “Appraisal Report”);

NOTING the availability of sufficient resources to enable the Fund to commit the amount of the grant;

DECIDES as follows:

1. To award to Burkina Faso (the “Recipient”), from the resources of the Fund, a grant of an amount not exceeding the equivalent of Four Million Units of Account (UA 4,000,000) (the “Grant”) to finance part of the costs of the Léraba Plain Management and Development Project (PAVAL);
2. To authorize the President to conclude a protocol of agreement between the Fund and the Recipient (the “Protocol of Agreement”) on the terms and conditions specified in the General Conditions Applicable to Protocols of Agreement for Grants of the African Development Fund and the Appraisal Report;
3. The President may cancel the Grant if the Protocol of Agreement is not signed within ninety (90) days from the date of approval of the Grant by this Board; and
4. This Resolution shall become effective on the date above-mentioned.