

PROGRAM IMPLEMENTATION AGREEMENT

among

THE GOVERNMENT OF BURKINA FASO

THE MILLENNIUM CHALLENGE ACCOUNT – BURKINA FASO

and

THE MILLENNIUM CHALLENGE CORPORATION

Dated as of July 9, 2009

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE 1. GENERAL RESPONSIBILITIES OF THE PARTIES.....	1
Section 1.1 Definitions.....	1
Section 1.2 Role of the Government.....	2
Section 1.3 Role of MCA-Burkina Faso.....	3
Section 1.4 Implementing Entities.....	4
ARTICLE 2. IMPLEMENTATION FRAMEWORK.....	5
Section 2.1 Implementation Plan.....	5
Section 2.2 Monitoring and Evaluation Plan.....	6
Section 2.3 Fiscal Accountability Plan.....	6
Section 2.4 Tax and Duties Exemption Agreement.....	6
Section 2.5 Environmental Accountability.....	6
Section 2.6 MCC Program Procurement Guidelines.....	7
Section 2.7 Gender Policy.....	7
Section 2.8 Notice; Incorporation.....	7
Section 2.9 Reports; Notices.....	8
Section 2.10 Transactions Subject to MCC Approval.....	9
Section 2.11 Role of Certain Entities in Implementation.....	10
Section 2.11 Publicity.....	12
ARTICLE 3. DISBURSEMENT OF MCC FUNDING.....	13
Section 3.1 Disbursement Process.....	13
Section 3.2 Working Capital.....	14
Section 3.3 Conditions Precedent to Disbursement of Compact Implementation Funding.....	15
Section 3.4 Conditions Precedent to the Initial Disbursement of Program Funding for the BRIGHT 2 Schools Project.....	15
Section 3.5 Conditions Precedent to the Initial Disbursement of Program Funding.....	15
Section 3.6 Conditions Precedent to Each Disbursement of Program Funding.....	15
Section 3.7 Failure to Satisfy Conditions Precedent.....	17
Section 3.8 Authorized Expenditures.....	17
ARTICLE 4. EFFECTIVENESS.....	17
Section 4.1 Effectiveness of this Agreement.....	17
Section 4.2 Provisional Application.....	18

ARTICLE 5.	GENERAL PROVISIONS	18
Section 5.1	Representatives	18
Section 5.2	Communications	18
Section 5.3	Assignments	19
Section 5.4	Amendment; Waivers	20
Section 5.5	Attachments	20
Section 5.6	Inconsistencies	20
Section 5.7	Business Days	20
Section 5.8	Termination or Suspension of the Compact.....	20
Section 5.9	Termination of this Agreement.....	21
Section 5.10	MCC Status.....	21
Section 5.11	Survival.....	21
Section 5.12	Information	22
Section 5.13	English Language.....	22
Section 5.14	Governing Law	22
Section 5.15	Counterparts.....	22

Schedule 1: Definitions

Schedule 2: Conditions Precedent

PROGRAM IMPLEMENTATION AGREEMENT

PREAMBLE

This PROGRAM IMPLEMENTATION AGREEMENT (this “*Agreement*”), dated as of July 9, 2009, is made among the Government of Burkina Faso (the “*Government*”), represented by the Ministry of Economy and Finance, the Millennium Challenge Account – Burkina Faso, a fund attached to the office of the Prime Minister established by Decree No. 2008-185/PRES/PM of the Cabinet of Ministers of Burkina Faso on April 18, 2008 (“*MCA-Burkina Faso*”), and the Millennium Challenge Corporation, a United States Government corporation (“*MCC*,” collectively with the Government and MCA-Burkina Faso, the “*Parties*” and each, individually, a “*Party*”).

RECITALS

WHEREAS, the Millennium Challenge Compact between the Government of the United States of America, acting through MCC, and the Government, signed in Washington, D.C. on July 14, 2008 (the “*Compact*”), sets forth the general terms on which MCC will provide funding of up to US\$480,943,569 to the Government for a Millennium Challenge Account program to reduce poverty through economic growth in Burkina Faso (“*Burkina Faso*”);

WHEREAS, the Government has designated MCA-Burkina Faso to carry out certain rights, responsibilities and duties of the Government under the Compact; and

WHEREAS, the Parties wish to specify further the terms for implementing the Compact and the Program;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements set forth herein, the Parties hereby agree as follows:

ARTICLE 1.

GENERAL RESPONSIBILITIES OF THE PARTIES

Section 1.1 Definitions.

Capitalized terms used in this Agreement and not defined in this Agreement have the meanings provided in the Compact. All other capitalized terms have the meanings provided in this Agreement.

Section 1.2 Role of the Government.

(a) Government Responsibilities. The Government will promptly take all necessary or appropriate actions to carry out the Government Responsibilities and to designate rights and responsibilities to entities, including MCA-Burkina Faso, adequate to enable them (each, a “*Permitted Designee*”) to oversee and manage the implementation of the Program on behalf of the Government.

(b) Government Undertakings. The Government hereby affirms as follows:

(i) Power, Authorization, etc. The Government and MCA-Burkina Faso have the power and authority to execute, deliver and perform their obligations under the Compact, this Agreement, and under each other agreement, certificate, or instrument contemplated hereby or by the Compact, and any such actions do not and will not violate any obligation of the Government or any other Permitted Designee. MCA-Burkina Faso has the authority to bind the Government to the full extent of the Designated Rights and Responsibilities.

(ii) Binding Obligation. The Compact and this Agreement are valid, binding and legally enforceable obligations of the Government and of MCA-Burkina Faso.

(iii) No Conflict. Neither this Agreement nor the Compact conflicts with, or will conflict with, any international agreement or obligation binding on the Government, or any laws of Burkina Faso.

(iv) Autonomy. The Government will ensure that (1) no decision of MCA-Burkina Faso is modified, supplemented, unduly influenced or rescinded by any governmental authority, except by a final and non-appealable judicial decision, and (2) the authority of MCA-Burkina Faso will not be expanded, restricted or otherwise modified, except in accordance with this Agreement and the Compact.

(v) Impoundment; Liens or Encumbrances. The Government will ensure that (1) no Program Asset will be subject to any impoundment, rescission, sequestration or to any provision of law now or hereafter in effect in Burkina Faso that would have the effect of allowing any such impoundment, rescission, or sequestration and (2) no Program Asset will be subject to any lien, attachment, enforcement of judgment, pledge, or encumbrance of any kind (each a “*Lien*”), except with MCC’s prior written approval. In the event any Lien not so approved is imposed, the Government will promptly seek the release of such Lien and, if such Lien is required by a final and non-appealable court order, will pay any amounts due in order to obtain such release; *provided, however*, that the Government must apply national funds (and no Program Asset) to satisfy any such obligation.

(vi) Governance of MCA-Burkina Faso. The Government will ensure that MCA-Burkina Faso’s operations and management comply with the Governance Guidelines and the Governing Documents.

(vii) MCA-Burkina Faso Indemnity. If MCA-Burkina Faso is held liable under any indemnification or other similar provision of any agreement to which it is a party, then the Government will pay such indemnity in full on behalf of MCA-Burkina Faso and will do so with national funds (and not with any Program Asset).

(viii) MCC Indemnity. The Government will indemnify, defend and hold harmless MCC and any MCC director, officer, employee, affiliate, contractor, agent, advisor or representative (each of MCC and any such person, an “*MCC Indemnified Party*”) from and against, and will compensate, reimburse and pay such MCC Indemnified Party for, any liability or other damages which (1) are directly or indirectly suffered or incurred by such MCC Indemnified Party, or to which any MCC Indemnified Party may otherwise become subject, regardless of whether or not such damages relate to any third-party claim, and (2) arise from or as a result of the negligence or willful misconduct of the Government, any affiliate of the Government, MCA-Burkina Faso or any other delegate or agent acting at the direction of or on behalf of the Government, directly or indirectly connected with, any activities (including acts or omissions) undertaken in furtherance of this Compact; *provided, however*, the Government will apply national funds to satisfy its obligations under this Section 1.2(b)(viii) and no MCC Funding, accrued interest, or other Program Assets may be applied by the Government in satisfaction of its obligations under this Section 1.2(b)(viii).

Section 1.3 Role of MCA-Burkina Faso.

(a) Designation of MCA-Burkina Faso.

(i) Pursuant to Decree No. 2008-185/PRES/PM dated April 18, 2008 of the Council of Ministers, the Government designated MCA-Burkina Faso as an agent of the Government to implement the Program and to perform the Designated Rights and Responsibilities. The Government will remain ultimately responsible for the performance of its obligations under or in relation to the Compact and this Agreement, and this designation will not relieve the Government of any of those obligations.

(ii) MCC hereby acknowledges and consents to the designation above.

(iii) The Government will ensure that MCA-Burkina Faso is duly organized, sufficiently staffed and empowered, and will cause MCA-Burkina Faso to carry out fully and properly the Designated Rights and Responsibilities and its obligations under this Agreement and each other agreement, certificate, or instrument contemplated by this Agreement or by the Compact.

(iv) The “Accountable Entity” referenced in the Compact and the Program Guidelines will be deemed to refer to MCA-Burkina Faso, and MCA-Burkina Faso accepts all obligations assigned in the Program Guidelines to the Accountable Entity as its obligations.

(b) MCA-Burkina Faso Undertakings. MCA-Burkina Faso hereby affirms to MCC as follows:

(i) Government Responsibilities. MCA-Burkina Faso will properly and fully carry out the Designated Rights and Responsibilities, and (except as provided in Section 1.4, Section 2.11(a) and Section 2.11(e) of this Agreement) will not assign, delegate or otherwise transfer any of the Designated Rights and Responsibilities without the prior written consent of MCC.

(ii) Government Representations. MCA-Burkina Faso will confirm each representation that it makes on behalf of the Government in any certificate delivered by MCA-Burkina Faso with all necessary Permitted Designees prior to providing such representation to MCC.

(iii) Funded Agreements. MCA-Burkina Faso will provide the Fiscal Agent (and MCC if it so requests) a copy of each agreement that is funded (directly or indirectly) with MCC Funding, regardless of whether MCC has approval rights with respect to such agreement.

(iv) Insurance; Performance Guaranties. MCA-Burkina Faso will, to MCC's satisfaction, cause all Program Assets to be insured and will arrange such other appropriate insurance to cover against risks or liabilities associated with the operations of the Program, including by requiring Providers to obtain adequate insurance and to post adequate performance bonds or other guaranties. MCC Funding may be used to pay the costs of obtaining such insurance. MCA-Burkina Faso (or, as appropriate and with MCC's prior approval, another entity) will be named as the payee on any such insurance and the beneficiary of any such guaranty or bonds. If not already named as the insured party, MCA-Burkina Faso and, if it so requests, MCC will be named as additional insureds on any such insurance. The Government will ensure that any proceeds from claims paid under such insurance or guaranty will be used to replace or repair any lost or damaged Program Assets; *provided, however,* that, at MCC's election, such proceeds will be deposited in a Permitted Account as designated by MCA-Burkina Faso or as otherwise directed by MCC.

(v) Constitution and Governance of MCA- Burkina Faso. MCA-Burkina Faso is constituted and is and will continue to conduct its operations and management in accordance with the Governance Guidelines and the Governing Documents as approved by MCC.

Section 1.4 Implementing Entities. Subject to the terms of this Agreement and the Compact, MCA-Burkina Faso may engage one or more entities of the Government to implement any Project or any activities in connection therewith to be carried out in furtherance of the Compact (each, an "***Implementing Entity***"). MCA-Burkina Faso will enter into an agreement with each Implementing Entity, in form and substance satisfactory to MCC, that sets forth, *inter alia*, the roles and responsibilities of such Implementing Entity and the Officer to whom such Implementing Entity will report (each, an "***Implementing Entity Agreement***").

ARTICLE 2. IMPLEMENTATION FRAMEWORK

Section 2.1 Implementation Plan. The framework for implementation of the Program (except with respect to the BRIGHT 2 Schools Project) will be further elaborated in a set of documents, in form and substance approved by MCC, consisting of (a) a Work Plan, (b) a Detailed Financial Plan, (c) an Audit Plan, and (d) a Procurement Plan (each, an “*Implementation Plan Document*” and collectively the “*Implementation Plan*”). MCA-Burkina Faso will submit its proposed Implementation Plan for review and approval by MCC before initial disbursement of MCC Funding (other than Compact Implementation Funding) and at least on an annual basis thereafter. MCC will review the proposed Implementation Plan and may, as necessary, request MCA-Burkina Faso to submit clarifications or adjustments. MCA-Burkina Faso will submit an updated Implementation Plan or updated Implementation Plan Document during any quarter in which significant changes or modifications are made to a Project or to the Program (or in the case of the Detailed Financial Plan, each quarter), or when MCA-Burkina Faso determines that the expected results, targets and benchmarks for the specified year are not likely to be achieved. In such instances, MCA-Burkina Faso will submit a proposed revised Implementation Plan or updated Implementation Plan Document (as applicable) for MCC approval on the same date as the next Periodic Report. MCA-Burkina Faso will ensure that the implementation of the Program is conducted in accordance with the Implementation Plan.

(a) Work Plan. MCA-Burkina Faso will develop, adopt and implement a work plan (as approved by MCC) for the overall administration of the Program (the “*Work Plan*”). The Work Plan will set forth: (i) a detailed task list for each activity to be undertaken or funded by MCC Funding (in a level of detail acceptable to MCC), (ii) monitoring and evaluation (“*M&E*”) indicators and targets, (iii) conditions precedent to Disbursements (in addition to any set forth herein), (iv) procurement process steps and (v) where appropriate, the allocation of roles and responsibilities for specific activities, performance requirements, targets, and other programmatic guidelines and related expectations. MCA-Burkina Faso will develop a separate annual Work Plan for (x) each Project identified in the Compact, (y) Program administration and (z) monitoring and evaluation.

(b) Detailed Financial Plan. The Multi-Year Financial Plan Summary for the Program, which is set forth in Annex II to the Compact, shows the estimated annual contribution of MCC Funding to administer, monitor and evaluate the Program and to implement each Project (the “*Multi-Year Financial Plan*”). Except as MCC otherwise agrees in writing, MCA-Burkina Faso will develop, adopt and implement for each quarter for the upcoming year and on an annual basis for each year of the remaining years of the Compact, a detailed financial plan (as approved by MCC) setting forth funding requirements for the Program (including administrative costs) and for each Project, broken down to the sub-activity level (or lower, where appropriate), and projected both on a commitment and cash requirement basis (each a “*Detailed Financial Plan*”) and will comply with such Detailed Financial Plan.

(c) Audit Plan. MCA-Burkina Faso will develop, adopt and implement a plan, in accordance with the Audit Guidelines, for the audit of the expenditures of MCA-Burkina Faso and any Covered Providers (the “**Audit Plan**”). The Audit Plan will be in form and substance approved by MCC and will be adopted no later than sixty (60) days before the end of the first period to be audited.

(d) Procurement Plan. MCA-Burkina Faso will prepare periodic procurement plans for acquiring goods, works, and consultant and non-consultant services needed to implement the Compact (each a “**Procurement Plan**”). Each Procurement Plan will be prepared in accordance with the MCC Program Procurement Guidelines, will contain the information required by such guidelines and will be updated in accordance with the schedule set forth in such guidelines.

Section 2.2 Monitoring and Evaluation Plan. MCA-Burkina Faso will develop, adopt and implement an M&E Plan that will be the basis for monitoring and evaluating the Program. The M&E Plan will be developed in accordance with the MCC Monitoring and Evaluation Guidelines, will include all of the components and content outlined in such guidelines, and will serve as the primary governing document for M&E activities over the Compact Term. The M&E Plan will be in form and substance satisfactory to MCC and will be delivered to MCC as a condition to the first Disbursement of Program Funding in calendar year 2010. The M&E Plan will be updated in accordance with Section 2.9(c) of this Agreement.

Section 2.3 Fiscal Accountability Plan. Except with respect to the BRIGHT 2 Schools Project and as MCC otherwise agrees, MCA-Burkina Faso will prepare, adopt and implement a manual (as approved by MCC) setting forth the principles, mechanisms and procedures (the “**Fiscal Accountability Plan**”) that MCA-Burkina Faso will use to ensure appropriate fiscal accountability for the use of MCC Funding, including the process to ensure that open, fair, and competitive procedures will be used in a transparent manner in the administration of grants or cooperative agreements and in the procurement of goods, works and services. The Fiscal Accountability Plan will also include, among other things, requirements with respect to: (a) budgeting, (b) accounting, (c) cash management, (d) financial transactions (receipts and payments), (e) opening and managing permitted accounts, (f) personnel and payroll, (g) travel and vehicle use, (h) asset and inventory control, (i) audits and (j) reporting.

Section 2.4 Tax and Duties Exemption Agreement. The Government and MCC have entered into, and the Government and MCA-Burkina Faso will comply with the terms set forth in, that certain Tax Implementation Letter dated April 16, 2008 (“**Tax Implementation Letter**”), regarding the mechanisms and the actions the Government will take to facilitate the administration of Section 2.8 of the Compact.

Section 2.5 Environmental Accountability.

(a) Unless MCC and the Government agree otherwise in writing, the Government will ensure that activities undertaken, funded or otherwise supported in whole or in part (directly or indirectly) by MCC Funding comply with the MCC Environmental Guidelines.

(b) MCA-Burkina Faso will (i) undertake and complete any environmental impact assessments, environmental assessments, environmental management plans, environmental and social audits, resettlement action plans and any other such assessments or plans required under the laws of Burkina Faso, the MCC Environmental Guidelines, this Agreement, the Compact or any Supplemental Agreement or as otherwise required by MCC, each in form and substance satisfactory to MCC, and (ii) implement to MCC's satisfaction any environmental and social mitigation measures identified in such assessments or plans.

(c) The Government will fund all necessary costs of environmental and social mitigation measures (including costs of resettlement) not specifically provided for in the budget for any Project.

Section 2.6 MCC Program Procurement Guidelines. The Government will comply with the MCC Program Procurement Guidelines in the procurement (including solicitation) of goods, works and services and the award and administration of contracts in furtherance of the Compact. The Government will ensure that any bid challenges are conducted in accordance with the MCC Program Procurement Guidelines.

Section 2.7 Gender Policy. The Government will ensure that all stages of Compact implementation involve the meaningful participation of women and men and incorporate gender considerations as set forth in the MCC Gender Policy.

Section 2.8 Notice; Incorporation.

(a) The Government will notify all Providers of the requirements of Section 2.7 of the Compact and will include, or ensure the inclusion of, the requirements of Section 2.7 of the Compact in all agreements with a Provider if MCC is not a party to such agreements.

(b) The Government will include, or ensure the inclusion of, the requirements of:

(i) Sections 2.1(d) and 2.9(b) of this Agreement, Section 3.7 of the Compact and paragraphs (b), (c), and (d) of Section 3.8 of the Compact in all agreements financed with MCC Funding between the Government or any entity of the Government, on the one hand, and a Covered Provider that is not a non-profit organization domiciled in the United States, on the other hand;

(ii) Section 3.7 of the Compact and paragraphs (b) and (d) of Section 3.8 of the Compact in all agreements financed with MCC Funding between the Government or any entity of the Government, on the one hand, and a Provider that does not meet the definition of a Covered Provider; and

(iii) Section 3.7 of the Compact and paragraphs (b), (c), and (d) of Section 3.8 of the Compact in all agreements financed with MCC Funding between the Government or any entity of the Government, on the one hand, and a Covered Provider that is a non-profit organization domiciled in the United States.

Section 2.9 Reports; Notices.

(a) Unless MCC agrees otherwise in writing, MCA-Burkina Faso will provide to MCC, in form and substance satisfactory to MCC, the reports and information required by the Reporting Guidelines (each, a “*Periodic Report*”). MCA-Burkina Faso will provide the Periodic Reports to MCC on the schedule specified in the Reporting Guidelines, and the Periodic Reports will be consistent with the Reporting Guidelines in all respects.

(b) MCA-Burkina Faso will furnish, or use its best efforts to furnish, to MCC an audit report in a form satisfactory to MCC for each audit required under the Compact, other than audits arranged for by MCC, no later than ninety (90) days after the end of the period under audit, or such other time as may be agreed by MCC from time to time.

(c) MCA-Burkina Faso will furnish to MCC an updated M&E Plan in form and substance satisfactory to MCC on an annual basis or at such other times as may be specified by MCC from time to time.

(d) If at any time during the Compact Term, the Government materially reallocates, reduces or fails timely to distribute the allocation in its national budget or any other governmental authority of Burkina Faso at a departmental, municipal, regional or other jurisdictional level materially reallocates, reduces or fails timely to distribute the allocation in its respective budget of the normal and expected resources that the Government or such other governmental authority, as applicable, would have otherwise received or budgeted, from external or domestic sources, or fails timely to distribute an allocation budgeted for the activities contemplated herein, the Government must notify MCC in writing within fifteen (15) days of such reallocation, reduction or failure to distribute, such notification to contain information regarding the amount of the reallocation, reduction or failure to distribute, the affected activities, and an explanation therefor.

(e) Six months prior to the projected start of phase 2 of the Rural Land Governance Project, MCA-BF shall deliver to MCC a report outlining the status of achievement of the phasing targets set forth in Section B.2 of Annex I to the Compact, together with relevant supporting documentation as may be requested by MCC.

(f) In addition to the Periodic Reports and other reports required pursuant to this Section 2.9, MCA-Burkina Faso will provide to MCC within 30 days of a written request by MCC, or as otherwise agreed by MCC and MCA-Burkina Faso in writing, such other reports or documents as MCC may request from time to time as related to any component of the Implementation Plan, the Fiscal Accountability Plan or the Program Guidelines or in connection with any Disbursement.

(g) MCA-Burkina Faso will submit the Periodic Reports and any other reports required hereunder electronically or as otherwise required by the Reporting Guidelines.

Section 2.10 Transactions Subject to MCC Approval. Each of the following transactions, activities, agreements and documents requires MCC's prior written approval:

- (a) disbursements;
- (b) the Implementation Plan and the M&E Plan (including each element or component thereof), and any modification of any of the foregoing;
- (c) agreements (i) between the Government and MCA-Burkina Faso or (ii) between the Government, a Government Affiliate, MCA-Burkina Faso or any other Permitted Designee, on the one hand, and any Provider or Affiliate of a Provider, which require MCC approval under applicable law, the Compact, this Agreement, any Governing Document or any other Supplemental Agreement;
- (d) agreements in which any of the following are appointed, hired or otherwise engaged (each, a "**Material Agreement**"):
 - (i) Auditor or Reviewer (each as defined in Section 2.11(c));
 - (ii) Fiscal Agent;
 - (iii) Procurement Agent;
 - (iv) Bank;
 - (v) Implementing Entity;
 - (vi) Outside Project Manager; and
 - (vii) a member of the Board (including any Observer), any Officer or any other key employee of MCA-Burkina Faso (including agreements regarding compensation for any such person);
- (e) any modification, termination or suspension of a Material Agreement, or any action that would have equivalent effect;
- (f) any agreement that is not at arm's length;
- (g) any pledge of any MCC Funding or any Program Assets, or any guarantee, directly or indirectly, of any indebtedness;
- (h) any legislation, decree, regulation, charter, contractual arrangement or other document establishing or governing (other than public laws of general application to all public institutions), or relating to the formation, organization or governance of, MCA-Burkina Faso (including any staffing plan), and all amendments thereof (each, a "**Governing Document**");

(i) any disposition, in whole or in part, liquidation, dissolution, winding up, reorganization or other change of MCA-Burkina Faso, including any revocation or modification of or supplement to any Governing Document related thereto;

(j) any change in character or location of any Permitted Account;

(k) (i) any change of any member of the Board (including any Observer), of the member serving as the chairman or in the composition or size of the Board, and the filling of any vacant seat of any member of the Board (including any Observer), (ii) any change of any Officer or other key employee of MCA-Burkina Faso or in the composition or size of its management, and the filling of any vacant position of any Officer or other key employee of MCA-Burkina Faso, and (iii) any material change in the composition or size of any Advisory Council;

(l) any decision by MCA-Burkina Faso to engage, accept or manage any funds from any donor agencies or organizations in addition to MCC Funding during the Compact Term;

(m) any document relating to the operation and management of the on-lending facility under the Access to Rural Finance Project Activity, including, but not limited to, any credit program policies and procedures manual; and

(n) any decision to amend, supplement, replace, terminate or otherwise change any of the foregoing.

Section 2.11 Role of Certain Entities in Implementation.

(a) Outside Project Manager. MCA-Burkina Faso will have the authority to engage qualified persons or entities to serve as outside project managers (each, an “**Outside Project Manager**”) in the event that it is advisable to do so for the proper and efficient day-to-day management of a Project; *provided, however*, that the appointment or engagement of any Outside Project Manager will be made using a competitive selection process and will be subject to approval by the Board and by MCC prior to such appointment or engagement. Upon such approval, MCA-Burkina Faso may delegate, assign, or contract to the Outside Project Managers such duties and responsibilities as it deems appropriate with respect to the management of the Implementing Entities and the implementation of the specific Projects; and *provided, further*, that MCA-Burkina Faso will remain accountable for those duties and responsibilities and all reports delivered by the Outside Project Manager notwithstanding any such delegation, assignment or contract, and the Outside Project Manager will be subject to the applicable procedures required by the Fiscal Agent and the Procurement Agent with respect to fiscal and procurement matters. The Board may determine that it is advisable to engage one or more Outside Project Managers and instruct MCA-Burkina Faso and, where appropriate, the Procurement Agent to commence and conduct the competitive selection process for such Outside Project Manager.

(b) Fiscal Agent. MCA-Burkina Faso has engaged and will maintain a fiscal agent (the “**Fiscal Agent**”), who is responsible for, among other things, (i) ensuring and certifying that

Disbursements are properly authorized and documented in accordance with established control procedures set forth in the Fiscal Agent Agreement and the Bank Agreement, (ii) instructing the Bank to make Disbursements from a Permitted Account or requesting disbursement be made directly to a provider as payment for goods, works or services in accordance with the Common Payment System or any alternate payment system approved by MCC, as the case may be, and in each case following applicable certification by the Fiscal Agent, (iii) providing applicable certifications for Disbursement Requests, (iv) maintaining proper accounting of all MCC Funding financial transactions, and (v) producing reports on Disbursements in accordance with established procedures set forth in the Fiscal Agent Agreement and the Bank Agreement. MCA-Burkina Faso has entered into an agreement with the Fiscal Agent, dated February 15, 2008, and will maintain an agreement with a Fiscal Agent, in form and substance acceptable to MCC, that sets forth the roles and responsibilities of the Fiscal Agent and other appropriate terms and conditions (such agreement, and any subsequent agreement with a Fiscal Agent, as approved by MCC, the “*Fiscal Agent Agreement*”). For the avoidance of doubt, the Fiscal Agent shall not be responsible for providing services to MCA-Burkina Faso in connection with any MCC Funding administered pursuant to the Administration Agreement. Notwithstanding the foregoing, the Fiscal Agent shall reflect the Disbursements contemplated in Annex II of the Compact, including the two Disbursements related to the BRIGHT 2 Schools Project, in the applicable Disbursement Request submitted by MCA-Burkina Faso and shall ensure the income from such Disbursement Request, together with its corresponding re-disbursement to the BRIGHT 2 Schools Project budget line, is accurately reflected in the records of MCA-Burkina Faso.

(c) Auditors and Reviewers. MCA-Burkina Faso will engage one or more auditors as contemplated in the Audit Guidelines (each, an “*Auditor*”). As requested by MCC in writing from time to time, MCA-Burkina Faso will also engage an independent (i) reviewer to conduct reviews of performance and compliance under the Compact, which reviewer will have the capacity to (1) conduct general reviews of performance or compliance, (2) conduct environmental and social audits, and (3) conduct data quality assessments in accordance with the M&E Plan, as described more fully in Annex III to the Compact, and/or (ii) evaluator to assess performance as required under the M&E Plan (each, a “*Reviewer*”). MCA-Burkina Faso will select the Auditor(s) or Reviewers in accordance with the Audit Guidelines and the M&E Plan, respectively. MCA-Burkina Faso will enter into an agreement with each Auditor or Reviewer, in form and substance acceptable to MCC, that sets forth the roles and responsibilities of the Auditor or Reviewer with respect to the audit, review or evaluation, including access rights, required form and content of the applicable audit, review or evaluation and other appropriate terms and conditions (the “*Auditor / Reviewer Agreement*”).

(d) Procurement Agent. MCA-Burkina Faso has engaged and will maintain a procurement agent (the “*Procurement Agent*”) to carry out and/or certify specified procurement activities in furtherance of the Compact and this Agreement. The roles and responsibilities of the Procurement Agent and the criteria for selection of the Procurement Agent are as set forth in the MCC Program Procurement Guidelines; *provided, however*, that the Procurement Agent shall not be responsible for those procurements administered pursuant to the Administration Agreement. MCA-Burkina Faso has entered into an agreement with the Procurement Agent,

dated January 24, 2008, and will maintain an agreement with a Procurement Agent, in form and substance acceptable to MCC, that sets forth the roles and responsibilities of the Procurement Agent with respect to the conduct, monitoring and review of procurements and other appropriate terms and conditions (such agreement, and any subsequent agreement with a Procurement Agent, as approved by MCC, the “*Procurement Agent Agreement*”).

(e) BRIGHT 2 Schools Project. Consistent with Section E.1 of Annex I to the Compact, the BRIGHT 2 Schools Project will be administered by the United States Agency for International Development (“*USAID*”) pursuant to an agreement dated September 4, 2008, between USAID and MCC (the “*Administration Agreement*”). Accordingly, neither the Government nor MCA-Burkina Faso, as the Government’s Permitted Designee, will be responsible for Project Activities for which USAID has sole responsibility under the Administration Agreement (including with respect to applicable Disbursements to USAID). Notwithstanding the foregoing, the Government and MCA-Burkina Faso, as appropriate, will cooperate with USAID and perform any obligations to achieve the BRIGHT 2 Schools Project Objective consistent with the Compact, this Program Implementation Agreement and any other Supplemental Agreement. In addition, the Government shall cause MEBA to execute a memorandum of understanding with USAID, in form and substance satisfactory to USAID, regarding the implementation and coordination of the BRIGHT 2 Schools Project and USAID’s expectations regarding MEBA’s role with respect thereto.

Section 2.12 Publicity.

(a) MCA-Burkina Faso will give appropriate publicity to the Compact as a program to which the United States, through MCC, has contributed, including by posting the Compact, this Agreement, each Disbursement Request and such other materials as MCC may request, in English, on the website operated by MCA-Burkina Faso (the “*MCA-Burkina Faso Website*”), identifying Program activity sites, and marking Program Assets, all in accordance with the “MCC Standards for Global Marking and Branding” posted on the MCC Website or otherwise publicly made available, as such standards may be amended from time to time; *provided, however*, that any press release or announcement regarding MCC or the fact that MCC is funding the Program or any other publicity materials referencing MCC will be subject to MCC’s prior approval and must be consistent with any instructions provided by MCC in relevant Implementation Letters.

(b) Upon the termination or expiration of the Compact, the Government must, upon MCC’s request, cause the removal of any such markings and any references to MCC in any publicity materials or on the MCA-Burkina Faso Website.

ARTICLE 3.
DISBURSEMENT OF MCC FUNDING

Section 3.1 Disbursement Process.

(a) Disbursement Requests. MCA-Burkina Faso may request Disbursements of MCC Funding to be made under the Compact by submitting a written request substantially in the form of the “Form of Disbursement Request” posted on the MCC Website (each a “***Disbursement Request***”), duly completed, to MCC not later than twenty (20) days (or such other period of time as may be agreed by MCC) prior to the commencement of each Disbursement Period. Requests for Disbursement of Program Funding and Compact Implementation Funding for any Disbursement Period shall be made by separate Disbursement Requests using the applicable form. Unless otherwise agreed by MCC, MCA-Burkina Faso may only submit one Disbursement Request for Program Funding, and one Disbursement Request for Compact Implementation Funding, for each quarter (such quarter, or any other period of time as agreed by MCC, the “***Disbursement Period***”). Each Disbursement Request submitted must be accompanied by the Periodic Reports covering such Disbursement Period.

(b) Approval of Disbursement Requests; Release of Proceeds.

(i) Upon receipt of a Disbursement Request, MCC will determine the appropriate amount of the Disbursement for application during the subsequent related Disbursement Period based on, among other things, (1) the progress achieved under the Implementation Plan, (2) the amount of funds required to complete the activities described in the accompanying Periodic Reports during such Disbursement Period and (3) the satisfaction, waiver or deferral of applicable conditions to such Disbursement. MCC reserves the right to reduce the amount of any Disbursement in accordance with Section 3.7 of this Agreement.

(ii) Upon approval by MCC of a Disbursement Request, the proceeds of the approved Disbursement may be transferred, at MCC’s sole election, (1) to a Permitted Account in accordance with the Bank Agreement, or (2) directly to a Provider as payment for goods, works or services received by MCA-Burkina Faso in accordance with the Common Payment System or any alternate payment system approved by MCC or (3) directly to an employee of MCA-Burkina Faso as compensation; *provided, however*, that expenditures of such proceeds during the relevant Disbursement Period (including amounts transferred directly to a Provider or employee of MCA-Burkina Faso) are authorized by MCA-Burkina Faso and certified by the Fiscal Agent to the effect that such payments comply with the most recently approved Detailed Financial Plan and the standards and procedures set forth in the Fiscal Agent Agreement and the Fiscal Accountability Plan.

(c) Permitted Accounts.

(i) MCA-Burkina Faso has established, and will maintain, the following Permitted Accounts, unless otherwise agreed by the Parties in writing: (1) an interest-bearing

account in the local currency of Burkina Faso (the “**Local Account**”) at a commercial bank acceptable to MCC and (2) such other accounts in such banks as MCC and MCA-Burkina Faso mutually agree in writing. The terms and operation of the Permitted Accounts shall be set forth in the Fiscal Accountability Plan and the Bank Agreement.

(ii) Unless otherwise authorized by MCC, no other funds will be commingled in a Permitted Account other than MCC Funding and accrued interest thereon. MCC will have the right, among other things, to view any Permitted Account statements and activity directly on-line, and where such viewing is not feasible, the Government will provide copies of such statements to MCC upon its request. On April 15, 2008, MCA-Burkina Faso entered into an agreement, in form and substance satisfactory to MCC, with the financial institution approved by MCC to hold such Permitted Account (the “**Bank**”), which sets forth the signatory authority, access rights, anti-money laundering and anti-terrorist financing provisions, and other terms related to such Permitted Account (the “**Bank Agreement**”).

(iii) MCC Funding held in a Permitted Account will accrue interest or other earnings in accordance with the Bank Agreement. On a quarterly basis and upon the termination or expiration of the Compact or the Bank Agreement, MCA-Burkina Faso will ensure the transfer of all accrued interest to MCC.

(iv) On April 15, 2008, MCA-Burkina Faso provided in writing to MCC and the Fiscal Agent the account name, designated account number and wire transfer instructions for transfers to Permitted Accounts (the “**Account and Wire Transfer Information**”). In the event that any Permitted Account or the related Account and Wire Transfer Information changes during the term of the Compact, MCA-Burkina Faso will provide to MCC the new information as soon as practicable, but in no event later than ten (10) business days prior to the requested date for the next Disbursement.

(d) Unless otherwise agreed by MCC, MCA-Burkina Faso will ensure that all MCC Funding that is held in the Local Account is denominated in the currency of Burkina Faso prior to its expenditure. To the extent that any amount of MCC Funding held in U.S. Dollars must be converted into the currency of Burkina Faso for any purpose, MCA-Burkina Faso will ensure that such amount is converted consistent with the requirements of the Bank Agreement or any other applicable Supplemental Agreement.

Section 3.2 Working Capital. Each Disbursement Request may authorize (a) one hundred thousand U.S. dollars (US\$100,000) of Compact Implementation Funding or (b) five hundred thousand U.S. dollars (US\$500,000) of Program Funding (or, in each case, such other amount as MCC may approve) to serve as a contingent funding reserve (“**Working Capital**”) to be used exclusively for expenses included in then current MCC-approved Detailed Financial Plan as set out in, or as otherwise agreed to, in the Fiscal Accountability Plan or as MCC may otherwise approve.

Section 3.3 Conditions Precedent to Disbursement of Compact Implementation Funding. Prior to any Disbursement of Compact Implementation Funding, the applicable conditions set forth in Annex IV to the Compact must have been met to MCC's satisfaction.

Section 3.4 Conditions Precedent to the Initial Disbursement of Program Funding for the BRIGHT 2 Schools Project. This Agreement must have become effective in accordance with Article 4 prior to the initial Disbursement of Program Funding for the BRIGHT 2 Schools Project (the "***BRIGHT 2 Disbursement***"). The BRIGHT 2 Disbursement shall not be subject to the conditions precedent set forth in Sections 3.5 and 3.6.

Section 3.5 Conditions Precedent to the Initial Disbursement of Program Funding. This Agreement must have become effective in accordance with Article 4 and the conditions set forth in Section 3.6 must have been met to MCC's satisfaction prior to the initial Disbursement of Program Funding (except any Program Funding for the BRIGHT 2 Schools Project) (the "***Initial Disbursement***"); *provided, however,* that, subject to Section 3.4 above, the BRIGHT 2 Disbursement may occur, but is not required to occur, prior to the Initial Disbursement. In connection with the Initial Disbursement, and in addition to the foregoing, MCA-Burkina Faso must deliver to MCC the following documents, in form and substance satisfactory to MCC:

(a) an Initial Disbursement certificate of MCA-Burkina Faso, dated as of the date of the Initial Disbursement Request, in form and substance satisfactory to MCC (the "***MCA Initial Disbursement Certificate***");

(b) a certificate of the Fiscal Agent, in form and substance satisfactory to MCC (the "***Fiscal Agent Initial Disbursement Certificate***");

(c) a certificate of the Procurement Agent, in form and substance satisfactory to MCC (the "***Procurement Agent Initial Disbursement Certificate***");

(d) a complete Implementation Plan, in accordance with Section 2.1 hereof;

(e) a Fiscal Accountability Plan adopted by MCA-Burkina Faso and approved by MCC; and

(f) an opinion of counsel to MCA-Burkina Faso addressed to MCC, in form and substance satisfactory to MCC.

Section 3.6 Conditions Precedent to Each Disbursement of Program Funding. The following conditions must have been met to MCC's satisfaction prior to each Disbursement of Program Funding (including the Initial Disbursement and excluding the BRIGHT 2 Disbursement):

(a) Deliveries. MCA-Burkina Faso must deliver to MCC the following documents, in form and substance satisfactory to MCC:

- (i) a completed Disbursement Request, together with the Periodic Reports covering the related Disbursement Period;
 - (ii) any proposed waiver or deferral (together with a justification) of any condition to such Disbursement;
 - (iii) the reports then due from any technical (including environmental) auditors engaged by MCA-Burkina Faso for any Project activity;
 - (iv) except with respect to Initial Disbursement, a certificate of MCA-Burkina Faso, dated as of the date of such Disbursement Request, in form and substance satisfactory to MCC (the “*MCA Disbursement Certificate*”);
 - (v) except with respect to Initial Disbursement, a certificate of the Fiscal Agent, in form and substance satisfactory to MCC (the “*Fiscal Agent Disbursement Certificate*”); and
 - (vi) except with respect to Initial Disbursement, a certificate of the Procurement Agent, in form and substance satisfactory to MCC (the “*Procurement Agent Disbursement Certificate*”).
- (b) Other Conditions Precedent. MCA-Burkina Faso must satisfy, as MCC determines in its sole discretion, each of the following conditions:
- (i) all applicable conditions precedent in Schedule 2 to this Agreement have been duly satisfied, deferred or waived as provided in this Agreement;
 - (ii) no material default or breach of any covenant, obligation or responsibility by the Government, MCA-Burkina Faso or any Government entity has occurred and is continuing under this Agreement, the Compact or any Supplemental Agreement, or under any rules or guidance issued by MCA-Burkina Faso in fulfillment of a condition precedent set forth on Schedule 2 hereto;
 - (iii) activities to be funded with MCC Funding being requested by such Disbursement Request will not violate any applicable law or regulation;
 - (iv) the Implementation Plan Documents submitted to MCC are current and updated and are in form and substance satisfactory to MCC, and there has been satisfactory progress on the components of the Implementation Plan for any relevant Projects or Project activities related to such Disbursement;
 - (v) there has been satisfactory progress on the M&E Plan for the Program, relevant Project or Project activity and substantial compliance with the requirements of such M&E Plan (including the targets set forth therein and any applicable reporting requirements set forth therein for the relevant Disbursement Period);

(vi) there has been no material negative finding in any financial audit report delivered in accordance with the Compact and the Audit Plan, for the prior two quarters (or such other period as the Audit Plan may require);

(vii) any Taxes paid with MCC Funding through the date 90 days prior to the start of the applicable Disbursement Period have been reimbursed by the Government in full in accordance with Section 2.8 of the Compact and any tax exemption mechanisms agreed by the Parties pursuant to the Tax Implementation Letter;

(viii) the Government has satisfied all of its payment obligations, including any insurance, indemnification, tax payments or other obligations, and contributed all resources required from it, under the Compact, this Agreement and any Supplemental Agreement;

(ix) MCC does not have grounds for concluding that any matter certified to it in the related MCA Disbursement Certificate, the Fiscal Agent Disbursement Certificate or the Procurement Agent Certificate is not as certified;

(x) MCC has not determined, in its sole discretion, that an act, omission, condition, or event has occurred that would be the basis for MCC to suspend or terminate, in whole or in part, MCC Funding in accordance with Section 5.1 of the Compact; and

(xi) each of the Key Staff remains engaged, and approved by MCC, or if a position is vacant MCA-Burkina Faso is actively recruiting for such position to the satisfaction of MCC.

Section 3.7 Failure to Satisfy Conditions Precedent. MCC may, in its sole discretion, disapprove any Disbursement completely or reduce the amount of any Disbursement by an amount equal to the amount requested for any Project activity for which the relevant conditions precedent have not been satisfied, waived or deferred.

Section 3.8 Authorized Expenditures. Except as MCC otherwise agrees, a Disbursement, or financial commitment involving MCC Funding may be made, and a Disbursement Request may be submitted, only if the related expense is provided for in the Detailed Financial Plan and sufficient uncommitted funds exist in the Detailed Financial Plan for the relevant period.

ARTICLE 4.

EFFECTIVENESS

Section 4.1 Effectiveness of this Agreement. This Agreement will become effective upon the later of (a) the signing of this Agreement by each of the Parties to this Agreement and delivery of the executed signature pages to MCC, and (b) the date of the exchange of letters between the Principal Representatives has been delivered, confirming that each Party has completed its domestic requirements for Entry into Force of the Compact; *provided, however,* that the Parties

agree that upon signature of this Agreement, and until Entry into Force occurs, the Parties will provisionally apply the terms of this Agreement.

Section 4.2 Provisional Application. Upon signature of this Agreement and until it has become effective in accordance with Section 4.1, the Parties will provisionally apply the terms of this Agreement; provided, that no MCC Funding, other than Compact Implementation Funding, will be made available or disbursed before this Agreement becomes effective and the Compact enters into force.

ARTICLE 5. GENERAL PROVISIONS

Section 5.1 Representatives.

(a) For all purposes relevant to this Agreement, the Government will be represented by the individual holding the position of, or acting as, Minister of Economy and Finance (the “**Government Principal Representative**”), MCC will be represented by the individual holding the position of, or acting as, Vice President, Compact Implementation (the “**MCC Principal Representative**”), and MCA-Burkina Faso will be represented by the individual holding the position of, or acting as, its National Coordinator (the “**MCA-Burkina Faso Principal Representative**”). Each of the Government Principal Representative, the MCC Principal Representative and the MCA-Burkina Faso Principal Representative (each, as defined in the Compact, a Principal Representative) may, by written notice, designate one or more additional representatives (each, an “**Additional Representative**”) for all purposes other than signing amendments to this Agreement.

(b) The names of each Party’s Principal Representative and its respective Additional Representatives will be provided, with specimen signatures, to each other Party, and each Party may accept as duly authorized any instrument signed by such Principal Representative or Additional Representative relating to the implementation of this Agreement, until receipt of written notice of revocation of their authority.

(c) A Party may replace its Principal Representative with a new representative that holds a position of equal or higher rank upon written notice to the other Parties, which notice will include the specimen signature of the new Principal Representative.

Section 5.2 Communications. Any document or communication required or submitted by any Party to another under this Agreement must be in writing and, except as otherwise agreed with MCC, in English. For this purpose, the address of each Party is set forth below.

To the Government:

Government of Burkina Faso
Ministère de l'Économie et des Finances
Attention: Minister of Economy and Finance
Ministre de l'Économie et des Finances
Address: Avenue du Général Bila Jean Gérard ZAGRE
01 BP : 7012 Ouagadougou 01
Burkina Faso
Telephone: +226 50 32 42 11
Facsimile: +226 50 31 27 15

To MCA-Burkina Faso:

MCA-Burkina Faso
Attention: National Coordinator
Address: 83 Avenue John F. Kennedy
01 B.P. 6443 Ouagadougou 01
Burkina Faso
Telephone: +226 50 36 56 00
+226 50 49 22 01
+226 50 49 22 02
Facsimile: +226 50 30 80 78
E-mail: mcaburkina@yahoo.fr

To MCC:

Millennium Challenge Corporation
Attention: Vice President, Compact Implementation
with a copy to the Vice President and General Counsel
Address: 875 Fifteenth Street, N.W.
Washington, DC 20005
United States of America
Telephone: +1 (202) 521-3600
Facsimile: +1 (202) 521-3700
E-mail: VPImplementation@mcc.gov (Vice President, Compact Implementation)
VPGeneralCounsel@mcc.gov (Vice President and General Counsel)

Section 5.3 Assignments.

(a) Assignment by MCC. MCC may assign, delegate or contract its rights and obligations, in whole or in part, under this Agreement to any affiliate, agent, or representative of MCC without the prior consent of the other Parties. MCC will provide written notice to the other Parties upon the effectiveness of any such assignment, delegation or contract.

(b) Assignment by the Government or MCA-Burkina Faso. Neither the Government nor MCA-Burkina Faso may assign, delegate or contract its rights or obligations under this Agreement without MCC's prior written consent.

Section 5.4 Amendment; Waivers. The Parties may amend this Agreement only by a written agreement signed by the Principal Representative of each Party. Any waiver of a right or obligation arising under this Agreement will be effective only if provided in writing.

Section 5.5 Attachments. Each exhibit, schedule and annex attached to this agreement constitutes an integral part of this Agreement.

Section 5.6 Inconsistencies. In the event of any conflict or inconsistency between this Agreement and the Compact, the terms of the Compact will prevail. In the event of any conflict or inconsistency between this Agreement and any Supplemental Agreement or any Implementation Plan Document, the terms of this Agreement will prevail.

Section 5.7 Business Days. Any reference to "business day" will mean any day other than a Saturday, Sunday, commercial banking holiday in Ouagadougou, Burkina Faso, or Washington, D.C., United States, or a national or federal holiday in Burkina Faso or the United States; and any reference to "day" will mean a calendar day. Whenever under the terms hereof the time for giving a notice or performing an act falls on a day that is not a business day, such time will be extended to the next day that is a business day.

Section 5.8 Termination or Suspension of the Compact.

(a) Subject to Section 5.1(c) of the Compact, all Disbursements and expenditures of Disbursement proceeds will cease upon expiration, suspension, or termination of the Compact. Other than payments permitted pursuant to Section 5.1(c) of the Compact, in the event of the suspension or termination of the Compact or any Supplemental Agreement, in whole or in part, the Government will, except as MCC otherwise consents, ensure the suspension or, as applicable, termination of any obligation or sub-obligation of any Party to provide financial or other resources under the Program. In the event of such suspension or termination, the Government will use its best efforts to ensure the suspension or, as applicable, termination of all related commitments of MCC Funding. Any portion of the Compact or any Supplemental Agreement that is not suspended or terminated will remain in full force and effect.

(b) Without prejudice to Section 5.2 of the Compact, upon the full or partial suspension or termination of the Compact or any MCC Funding, MCC may, at its expense, direct that title to any Program Assets it may specify be transferred to MCC if such Program Assets are in a deliverable state; *provided* that, for any Program Asset not in a deliverable state or any Program Asset partially purchased or funded with MCC Funding, the Government will reimburse MCC in United States Dollars the cash equivalent of the value of such Program Asset (or portion thereof purchased with MCC Funding in the case of a partially purchased or funded Program Asset), such value as determined by MCC; *provided, however*, that any Program Asset not in a deliverable state will be excepted from this Section 5.8(b) if it (i) has been financed in

accordance with the Compact and this Agreement, (ii) is being used and continues to be used to accomplish the Compact Goal and Project Objectives, and (iii) constitutes a public good (as determined by MCC).

(c) Prior to expiration, or upon termination, of the Compact, the Parties will consult in good faith with a view to reaching an agreement in writing on (i) the post-Compact Term treatment of MCA-Burkina Faso, (ii) the process for ensuring the refunds of Disbursements that have not yet been released from a Permitted Account or committed in accordance with Section 5.1(c) of the Compact, and (iii) any other matter related to the winding up of the Program and the Compact.

Section 5.9 Termination of this Agreement.

(a) MCC may terminate this Agreement in its entirety by giving the other Parties thirty (30) days' written notice.

(b) In the event the Compact is terminated, the Government or MCA-Burkina Faso may terminate this Agreement in its entirety by giving the other Parties thirty (30) days' written notice.

(c) Unless terminated earlier in accordance with the terms hereof or the Compact, this Agreement will terminate on the date that is 120 days following the expiration or termination of the Compact; *provided, however*, that, if MCC determines that Disbursements related to obligations incurred prior to the expiration or termination of the Compact remain to be paid, then the term of this Agreement may be further extended by MCC's notice to the Government and MCA-Burkina Faso until such date as such obligations are satisfied.

(d) MCC may immediately terminate this Agreement, in whole or in part, by written notice to MCA-Burkina Faso and the Government, if MCC determines that any event that would be a basis for termination or suspension of the Compact or MCC Funding under Section 5.1 of the Compact has occurred, including those circumstances enumerated at the MCC Website.

Section 5.10 MCC Status. MCC is a United States Government corporation acting on behalf of the United States Government in the implementation of this Agreement. As such, MCC has no liability under this Agreement, is immune from any action or proceeding arising under or relating to this Agreement and the Government and MCA-Burkina Faso hereby waive and release all claims related to any such liability. In matters arising under or relating to this Agreement, MCC shall not be subject to the jurisdiction of the courts or any other body of Burkina Faso.

Section 5.11 Survival. Notwithstanding any expiration, suspension or termination of this Agreement, the following provisions of this Agreement will survive: Sections 1.2(b)(v), 1.2(b)(viii), 1.3(a)(i), 1.3(b), 2.9, 5.1, 5.2, 5.3, 5.4, 5.5, 5.6, 5.7, 5.8, 5.9, 5.10, 5.11, 5.12, 5.13 and 5.14.

Section 5.12 Information. MCC may post this Agreement, the Compact, and any amendments thereto, on the MCC Website. MCC may use and disseminate any information provided to it in any Disbursement Request, report or other document for the purpose of satisfying MCC's own reporting requirements or in any other manner.

Section 5.13 English Language. This Agreement and the Compact have been prepared and executed in English, and, in the event of any ambiguity or conflict between this official English version and any translation made for the convenience of the Parties, this official English version will prevail.

Section 5.14 Governing Law. The Parties acknowledge and agree that this Agreement is an international agreement entered into for the purpose of implementing the Compact and as such will be interpreted in a manner consistent with the Compact and will be governed by the principles of international law.

Section 5.15 Counterparts. This Agreement may be executed in one or more counterpart signatures, and each counterpart when so executed and delivered shall be an original instrument, but such counterparts together shall constitute a single agreement. Except as the Parties may otherwise agree in writing from time to time, a signature delivered by facsimile or electronic mail in accordance with Section 5.2 shall be deemed an original signature, and the Parties hereby waive any objection to such signature or to the validity of the underlying agreement on the basis of the signature's legal effect, validity or enforceability solely because it is in facsimile or electronic form. Such signature shall be accepted by the receiving Party as an original signature and shall be binding on the Party delivering such signature.

SIGNATURE PAGE FOLLOWS ON THE NEXT PAGE

IN WITNESS WHEREOF, each of the Parties has caused this Program Implementation Agreement to be executed by a duly authorized representative as of the date first written above.

**MILLENNIUM CHALLENGE
CORPORATION**

/ s /

By: _____

Name: Darius Mans

Title: Vice President of Compact
Implementation

**THE GOVERNMENT OF BURKINA
FASO**

/ s /

Represented by the **MINISTRY OF
ECONOMY AND FINANCE**

By: _____

Name: Lucien Marie Noël Bembamba

Title: Ministre de l'Economie et des Finances

**MILLENNIUM CHALLENGE ACCOUNT
- BURKINA FASO**

/ s /

By: _____

Name: Joseph Bissiri Sirima

Title: National Coordinator

SCHEDULE 1

DEFINITIONS

Account and Wire Transfer Information has the meaning provided in Section 3.1(c)(iv).

Additional Representative has the meaning provided in Section 5.1(a).

Administration Agreement has the meaning provided in Section 2.11(e).

Advisory Council has the meaning provided in the Governance Guidelines.

Affiliate means an affiliate of a party, which is a person or entity that controls, is controlled by, or is under the same control as the party in question, whether by ownership or by voting, financial or other power or means of influence. References to Affiliate herein shall include any of their respective directors, officers, employees, affiliates, contractors, sub-contractors, grantees, sub-grantees, representatives, and agents.

Agreement has the meaning provided in the Preamble.

Audit Plan has the meaning provided in Section 2.1(c).

Auditor has the meaning provided in Section 2.11(c).

Auditor / Reviewer Agreement has the meaning provided in Section 2.11(c).

Bank has the meaning provided in Section 3.1(c)(ii).

Bank Agreement has the meaning provided in Section 3.1(c)(ii).

Board means the board of directors of MCA-Burkina Faso.

BRIGHT 2 Disbursement has the meaning provided in Section 3.4.

Burkina Faso has the meaning provided in the Recitals.

CEO has the meaning provided in the Governance Guidelines.

Common Payment System means the system pursuant to which payments of MCC Funding are made directly to vendors as further described in the Fiscal Accountability Plan.

Compact has the meaning provided in the Recitals.

Compact Term means the term of the Compact as provided in Section 7.4 of the Compact.

Designated Rights and Responsibilities means the Government's right and responsibility to oversee, manage and implement the Program, including without limitation, managing the implementation of Projects and their activities, allocating resources and managing procurements.

Detailed Financial Plan has the meaning provided in Section 2.1(b).

Disbursement Period has the meaning provided in Section 3.1(a).

Disbursement Request has the meaning provided in Section 3.1(a).

Entry into Force means the entry into force of the Compact as provided in Article 7 of the Compact.

Fiscal Accountability Plan has the meaning provided in Section 2.3.

Fiscal Agent has the meaning provided in Section 2.11(b).

Fiscal Agent Agreement has the meaning provided in Section 2.11(b).

Fiscal Agent Disbursement Certificate has the meaning provided in Section 3.6(a)(v).

Fiscal Agent Initial Disbursement Certificate has the meaning provided in Section 3.5(b).

Governance Guidelines means the Guidelines for Accountable Entities and Implementation Structures provided on the MCC Website or otherwise publicly made available, as the guidelines may be amended from time to time.

Governing Document has the meaning provided in Section 2.10(h).

Government means the Government of Burkina Faso, including each of its ministries, bureaus, departments, agencies, government corporations and any other entities chartered or established by the Government, including MCA-Burkina Faso.

Government Affiliate means an Affiliate, ministry, bureau, department, agency, government, corporation or any other entity chartered or established by the Government. References to Government Affiliate shall include any of their respective directors, officers, employees, affiliates, contractors, sub-contractors, grantees, sub-grantees, representatives, and agents.

Government Principal Representative has the meaning provided in Section 5.1(a).

Government Responsibilities means all of the Government's obligations (including those of MCA-Burkina Faso) under this Agreement, the Compact, any Supplemental Agreement and the Implementation Plan, and any post-Compact Term activities, audits or other responsibilities.

Implementation Plan has the meaning provided in Section 2.1.

Implementation Plan Document has the meaning provided in Section 2.1.

Implementing Entity has the meaning provided in Section 1.4.

Implementing Entity Agreement has the meaning provided in Section 1.4.

Initial Disbursement has the meaning provided in Section 3.5.

Key Staff has the meaning provided in the Governance Guidelines.

Lien has the meaning provided in Section 1.2(b)(v).

Local Account has the meaning provided in Section 3.1(c)(i).

M&E has the meaning provided in Section 2.1(a).

M&E Plan has the meaning provided in Annex III to the Compact.

Material Agreement has the meaning provided in Section 2.10(d).

MCA Disbursement Certificate has the meaning provided in Section 3.6(a)(iv).

MCA Initial Disbursement Certificate has the meaning provided in Section 3.5(a).

MCA-Burkina Faso has the meaning provided in the Preamble.

MCA-Burkina Faso Principal Representative has the meaning provided in Section 5.1(a).

MCA-Burkina Faso Website has the meaning provided in Section 2.12(a), with the following address:
<http://www.mcaburkina.bf>.

MCC has the meaning provided in the Preamble.

MCC Indemnified Party has the meaning provided in Section 1.2(b)(viii).

MCC Gender Policy means the gender policy delivered posted on the MCC Website or otherwise publicly made available, as the policy may be amended from time to time.

MCC Monitoring and Evaluation Guidelines means the Policy for Monitoring and Evaluation of Compacts and Threshold Programs posted on the MCC Website or otherwise publicly made available, as such policy may be amended from time to time.

MCC Principal Representative has the meaning provided in Section 5.1(a).

MCC Website means the MCC website at www.mcc.gov.

Multi-Year Financial Plan has the meaning provided in Section 2.1(b).

Observer has the meaning provided in the Governance Guidelines.

Officer has the meaning provided in the Governance Guidelines.

Outside Project Manager has the meaning provided in Section 2.11(a).

Party or *Parties* has the meanings provided in the Preamble.

Periodic Report has the meaning provided in Section 2.9(a).

Permitted Account has the meaning provided in Section 2.4 of the Compact.

Permitted Designee has the meaning provided in Section 1.2(a).

Procurement Agent has the meaning provided in Section 2.11(d).

Procurement Agent Agreement has the meaning provided in Section 2.11(d).

Procurement Agent Disbursement Certificate has the meaning provided in Section 3.6(a)(vi).

Procurement Agent Initial Disbursement Certificate has the meaning provided in Section 3.5(c).

Procurement Plan has the meaning provided in Section 2.1(d).

Program Asset means any MCC Funding, any interest accrued thereon, and any assets, goods, or property (real, tangible, or intangible) purchased or financed in whole or in part (directly or indirectly) by MCC Funding.

Program Guidelines means collectively the Audit Guidelines, the MCC Environmental Guidelines, the Governance Guidelines, the MCC Monitoring and Evaluation Guidelines, the MCC Program Procurement Guidelines, the Reporting Guidelines and any other policies or guidance papers promulgated by MCC from time to time and posted on the MCC Website or otherwise publicly made available, as the same may be amended from time to time.

Reporting Guidelines means the reporting guidelines delivered by MCC to the Government or posted by MCC on the MCC Website or otherwise publicly made available, as the guidelines may be amended from time to time.

Reviewer has the meaning provided in Section 2.11(c).

Supplemental Agreement means any agreement executed in connection with the Compact.

Tax Implementation Letter has the meaning provided in Section 2.4.

USAID has the meaning provided in Section 2.11(e).

Work Plan has the meaning provided in Section 2.1(a).

Working Capital has the meaning provided in Section 3.2.

SCHEDULE 2
CONDITIONS PRECEDENT

1. Conditions for all Projects.

(a) Prior to the initial Disbursement of MCC Funding for payment under a particular works or construction contract for a given Project Activity, MCA-Burkina Faso shall have submitted to MCC satisfactory evidence, as applicable to that Project Activity, that (i) an Environmental Impact Assessment (EIA), a Environmental Management Plan (EMP) and/or a Resettlement Action Plan (RAP) (as appropriate) has been developed and adopted with respect to such Project Activity; and (ii) MCA-Burkina Faso or the appropriate Government entity is in compliance with the requirements of the EIA, EMP or RAP, as appropriate, consistent with the MCC Environmental Guidelines.

(b) Prior to the initial Disbursement of Program Funding, the Ministry of Basic Education and Literacy (“MEBA”) shall have appointed a BRIGHT 2 Schools Project Coordinator and Coordination Team and shall have implemented arrangements to ensure that a BRIGHT 2 Schools Project Coordinator and Coordination Team will remain in place for the duration of the BRIGHT 2 Schools Project, in each case in form and substance satisfactory to MCC, as evidenced by an *Arrêté Ministériel* or other appropriate pronouncement, rule or regulation of MEBA .

(c) Prior to the initial Disbursement of Program Funding, the Government shall have provided an annual budget allocation, in accordance with Section 2.6(c) of the Compact, to MEBA for teacher salaries and other recurring costs for the 132 existing BRIGHT schools (including classrooms funded under the first phase of the BRIGHT 2 Schools Project), as evidenced by an explanation letter from MEBA to MCC enclosing a copy of the relevant pages of the 2008-2009 enacted MEBA budget.

(d) Prior to the initial Disbursement of Program Funding, the Government shall have ensured the placement of, or demonstrated active recruitment for, CE2 (Fourth Grade) teachers for 73 of the 132 schools that will participate in the BRIGHT 2 Schools Project as evidenced by a collective appointment order from MEBA for 73 of the 132 CE2 teachers.

(e) Prior to the initial Disbursement of Program Funding in calendar year 2010, the Government shall have ensured the placement of, or demonstrated active recruitment for, CE2 (Fourth Grade) teachers for the remaining 59 of the 132 schools that will participate in the BRIGHT 2 Schools Project as evidenced by a collective appointment order from MEBA for the remaining 59 of the 132 CE2 teachers.

2. Conditions for the Rural Land Governance Project.

(a) Prior to the initial Disbursement of Program Funding for construction or physical works for the 17 pilot municipal buildings under Phase One of the Rural Land Governance Project (as described in Part B.2 of Annex I of the Compact), the Government shall have delivered satisfactory evidence that each relevant municipality has adopted operational and

budgetary plans for municipal building use and maintenance, and in each case approved by MCA-Burkina Faso and the Ministry of Economy and Finance (or other appropriate Government official or body) and in form and substance satisfactory to MCC.

(b) Prior to the initial Disbursement of Program Funding for construction or physical works for any municipal buildings under Land Project Phase 2, the Government shall have delivered satisfactory evidence that each relevant municipality has adopted operational and budgetary plans for municipal building use and maintenance, in each case approved by MCA-Burkina Faso and the Ministry of Economy and Finance (or other appropriate Government official or body) and in form and substance satisfactory to MCC.

3. Conditions for the Agriculture Development Project.

(a) Prior to the initial Disbursement of Program Funding for construction or physical works relating to the Agricultural Development Project, or prior to the initial Disbursement of Program Funding after the third anniversary of Entry into Force, whichever comes first, the Government shall have delivered evidence, in form and substance satisfactory to MCC, that the Government has established health infrastructure in the Sourou Valley and deployed the necessary staff to ensure proper function of this infrastructure, to a standard not less than that required or contemplated by the minimum standards of the National Health Service Plan (*Plan de Developpement Sanitaire*) then in use in Burkina Faso.

(b) Prior to the initial Disbursement of Program Funding for construction or physical works relating to the Water Management and Irrigation Project Activity, the Government shall have delivered satisfactory evidence that the Government has established an acceptable timetable and made sufficient funds available for the construction of the Di - Poura - Ourokou - Poro - Dono and Dono - Niassari – Bouna agriculture access roads in the vicinity of the Di perimeter, in each case in form and substance satisfactory to MCC, as evidenced by a timeline for the construction of such roads submitted by the Ministry of Infrastructure and a copy of the annual budget of the Ministry of Infrastructure indicating sufficient funding for such roads as a separate line item.

(c) Prior to the initial Disbursement of Program Funding for construction or physical works relating to the rehabilitation of the Léry Dam, MCC shall have received satisfactory evidence that the Government has made arrangements acceptable to MCC for the operation and maintenance of all infrastructure rehabilitated or built under or in connection with the Léry Dam sub-activity and has made sufficient funds available for such operations and maintenance, in each case in form and substance satisfactory to MCC.

(d) Prior to the initial Disbursement of Program Funding for construction or physical works on the Di irrigation scheme, the Government shall have delivered satisfactory evidence that AMVS has adopted and will implement an AMVS Action Plan in form and substance satisfactory to MCC and based upon the recommendations of the AMVS Management Audit, as evidenced by an official instrument of the Ministry of Agriculture enclosing the AMVS Action Plan and the annual budget of the AMVS indicating sufficient funding for the implementation of the AMVS Action Plan.

(e) Prior to the initial Disbursement of Program Funding for implementation of the RAP for the Di irrigation scheme, the Government shall have delivered satisfactory evidence that the Ministry of Agriculture and/or other appropriate Government bodies have issued and adopted a draft land allocation criteria and process for the eventual site-specific Cahier de Charges for Di, in form and substance satisfactory to MCC, as evidenced by a *Circulaire Reglementaire* or other appropriate pronouncement, rule or regulation of the Ministry of Agriculture and/or other appropriate Government bodies.

(f) Prior to Disbursement of Program Funding for purchase of start-up packages for beneficiaries for the initial planting season, the Government shall have delivered satisfactory evidence that the Ministry of Agriculture has adopted site-specific Cahier de Charges for Di, consistent with the Draft Land Allocation Criteria and with the revised General by-laws for managed agricultural development areas (Cahier de Charges General), and in form and substance satisfactory to MCC, as evidenced a copy of the arrêté of the Ministry of Agriculture adopting the site-specific Cahier de Charges for Di.

(g) Prior to the initial Disbursement of Program Funding to be utilized for on-lending purposes under the Access to Rural Finance Project Activity, MCA-Burkina Faso shall have adopted a credit program policies and procedures manual in form and substance satisfactory to MCC.

4. Conditions for the Roads Project.

(a) Prior to the initial Disbursement of Program Funding for construction or physical works relating to the Roads Project, the Government shall have delivered satisfactory evidence that the Road Fund is fully operational in accordance with Burkina Faso law, with all staff, management, and financial systems required for the efficient execution of road maintenance works in place, including but not limited to contract management, performance monitoring and works verification, in form and substance satisfactory to MCC.

(b) Prior to the initial Disbursement of Program Funding for construction or physical works or periodic maintenance relating to the Roads Project, the Government shall have delivered satisfactory evidence that a five-year road maintenance master plan acceptable to MCC (the "*Road Maintenance Plan*") for the implementation of both routine and periodic road maintenance work, including annual maintenance targets and maintenance prioritization, has been adopted by the Government, in form and substance satisfactory to MCC.