Financing Agreement

(Social Safety Net Project)

between

REPUBLIC OF SENEGAL

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated 30 MAI 2014, 2014
FINANCING AGREEMENT

AGREEMENT dated May 30, 2014, entered into between REPUBLIC OF SENEGAL ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to twenty-six million two hundred thousand Special Drawing Rights (SDR 26,200,000) (variously, "Credit" and "Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project")

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%)

2.05. The Payment Dates are March 15 and September 15 in each year.

2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is Euro.
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of Article IV of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Additional Condition of Effectiveness consists of the following, namely, that the Project Implementation Manual has been adopted in accordance with Section I.B of the Schedule 2 to this Agreement.

4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient’s Representative is its Minister in charge of finance.

5.02. The Recipient’s Address is:

Ministry of Economy and Finance
Rue René N'diaye
B.P. 4017
Dakar
Republic of Senegal

Cable: MINIFINANCES
Telex: 3203 G
Facsimile: 221-33-821-1630
Dakar
5.03. The Association’s Address is:

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

Cable: INDEVAS
Telex: 248423 (MCI)
Facsimile: 1-202-477-6391

Washington, D.C.

AGREED at Dakar, Republic of Senegal, as of the day and year first above written.

By

Authorized Representative

Name: __________________________
Title: __________________________

30 MAI 2014

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Ndiaye Sadio
Title: Country Director
SCHEDULE 1

Project Description

The objectives of the Project are to: (a) support the establishment of building blocks for the social safety net system; and (b) provide targeted cash transfers to poor and vulnerable households.

The Project consists of the following parts:

Part A. Support to the Development of the Social Safety Net System (SSNS)

1. **Tools for the SSNS**

Carrying out a program of activities to support the development of key building blocks for an efficient social safety net system through: (a) developing and implementing a unique registry of vulnerable households and an effective targeting system for identifying Beneficiaries; (b) developing and implementing a management information system; (c) establishing a grievance mechanism; (d) designing monitoring and evaluation procedures; (e) developing a communication strategy, including, *inter alia*, broad information and education campaigns about social safety net programs; (f) preparing users manuals for related instruments; and (g) providing goods required for the purpose.

2. **Institutional Capacity Building for SSNS’s actors**

(a) Carrying out a program of activities aimed at strengthening the leadership capacity of the DGPSN for better strategies and planning, including central and regional coordination of social safety net interventions; all through the provision of technical assistance, Training and goods required for the purpose.

(b) Strengthening the capacity of SSNS sectoral actors at the central, regional, departmental, and local level, including civil society and local communities, for better coordination of social safety net in the Recipient’s territory; all through the provision of technical advisory services; Training; and goods required for the purpose.

(c) (i) Carrying out of analytical studies of existing social safety net activities and assessments of institutional capacities; and (ii) provision of recommendations for improvements.

(d) Supporting the Recipient in the areas of Project coordination, supervision, financial management, procurement, supervision and implementation of the Cash Transfer Program, including through the provision of technical assistance; Training; and goods required for the purpose.
Part B. Support to the National Targeted Cash Transfers Program for Poor and Vulnerable Households

Carrying out a program of activities to support poor and vulnerable households in the Recipient's territory, through:

1. Provision of: (a) CT Grants under the Cash Transfer Program to Beneficiaries in order to promote welfare of poor and vulnerable households with: (i) children under the age of five (5); (ii) school-age children between 6 and 16 years; and (iii) members aged 60 years old or above; and (b) payments of transfer fees.

2. Delivery of accompanying measures aimed at promoting households behavioral changes and improving household practices related to nutrition, education, etc.; all through the provision of technical assistance, Training and goods required for the purpose.

3. Assisting the DGPSN in the implementation of the national CT Program through the provision of: (a) management costs at the central and local levels; (b) goods and equipment required for the purpose; and (c) Training to locals committees and communities on the CT Program.

4. Enhancing the monitoring and evaluation capacity and mechanisms for the CT Program, through: (a) the design and implementation of: (i) regular process evaluations activities; and (ii) a spot check and survey system to ensure the proper functioning of the CT Program; and (b) the carrying out of an impact evaluation.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. Inter-Ministerial Committee for the National Social Protection Strategy

The Recipient shall maintain, throughout the Project implementation period, with composition, mandate and resources satisfactory to the Association, a social protection inter-ministerial committee, to be co-chaired by the Minister in charge of finance and the executive officer (Délégué Général) of the DGPSN and comprised of representatives of key ministries, civil society and other key stakeholders to be responsible for providing overall strategic guidance support to the Project (the “Inter-Ministerial Committee”).

2. Social Safety Net Steering Committee

The Recipient shall, not later than two (2) months after the Effective Date, establish, and thereafter maintain, throughout the Project implementation period, with composition, mandate and resources satisfactory to the Association, a steering committee, to be chaired by the executive officer (Délégué Général) of the DGPSN and comprised of representatives of the ministries involved in social safety net and key stakeholders, to be responsible for providing technical supervision of the Project, including, inter alia, endorsing the proposed Annual Work Plan and budget for the Project (the “SSN Steering Committee”).

3. DGPSN

In order to ensure proper and efficient implementation of the Project, the Recipient shall maintain, at all times during Project implementation, the DGPSN, with a mandate, staffing and other resources satisfactory to the Association. To this end, the DGPSN shall: (a) be comprised of qualified and competent staff in adequate numbers; (b) not later than two (2) months after the Effective Date, employ and thereafter maintain, at all times during Project implementation or as otherwise agreed with the Association, a Project coordinator, a procurement specialist, a monitoring and evaluation specialist, and an accountant each of whose qualifications, experience, and terms of reference shall be acceptable to the Association; and (c) be responsible for day-to-day Project coordination and implementation, including: (i) carrying out Project financial management and procurement activities; (ii) preparing Annual Work Plans; (iii) monitoring and evaluating Project activities and preparing Project progress reports and
monitoring and evaluation reports; and (iv) coordinating with other stakeholders on Project implementation.

B. Project Implementation Manual

1. The Recipient shall prepare, in accordance with terms of reference acceptable to the Association, a project implementation manual, containing detailed arrangements and procedures for: (a) institutional coordination and day-to-day execution of the Project; (b) monitoring, evaluation, reporting and communication; (c) eligibility criteria, detailed rules and procedures for identification, registration and selection of Beneficiaries, (d) requirements to be fulfilled by Beneficiaries as conditions for the provision of CT Grants under Part B.1.(a) of the Project; (e) the mechanisms for verification of compliance with CT Grants conditions; the detailed procedures for coordination and collaboration among different sector actors involved in the carrying out of the Project; (f) administration, financial management and accounting; and (g) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for purposes of implementation of the Project.

2. The Recipient shall afford the Association a reasonable opportunity to review such manual, and shall thereafter adopt said manual as shall have been approved by the Association (“Project Implementation Manual” or “PIM”).

3. The Recipient shall carry out the Project in accordance with the Project Implementation Manual and shall not amend, abrogate, waive or permit to be amended, abrogated or waived, the aforementioned manual, or any provision thereof, without the prior written consent of the Association.

4. In the event of any inconsistency between this Agreement and the PIM the provisions of this Agreement shall prevail.

C. Annual Work Plan

1. The Recipient shall prepare, in accordance with terms of references acceptable to the Association, and furnish to the Association no later than December 15 of each Fiscal Year throughout the implementation of the Project, a work plan of activities proposed for inclusion in the Project for the next calendar year, together with a budget for such activities and a timetable for their implementation.

2. The Recipient shall: (i) afford the Association a reasonable opportunity to exchange views with the Recipient on such proposed work plan; and, thereafter, (ii) carry out such work plan during the period covered by said plan, according to such budget, both as shall have been approved by the Association (“Annual Work Plan”).
3. Only such activities as shall have been included in the Annual Work Plan shall be eligible for inclusion in the Project and for financing out of the proceeds of the Financing.

D. Cash Transfer Program

1. In order to achieve the objectives of Part B of the Project, the Recipient shall provide CT Grants to Beneficiaries in accordance with eligibility criteria and procedures acceptable to the Association and further detailed in the PIM. Said eligibility criteria to include, inter alia, that: (a) the Beneficiary shall have been identified as a vulnerable household in the unique registry; and (b) the Recipient shall have confirmed the Beneficiaries’ compliance with any applicable conditionality.

2. Each CT Grant shall: (a) be in an amount acceptable to the Association and the Recipient; and (b) reflect the reasonable cost of decreasing the Beneficiary level of poverty while promoting investment in human capital.

3. The Recipient shall ensure that the amount of each CT Grant is paid for its intended Beneficiary; and that Beneficiaries participate in the accompanying measures provided for under Part B.2 of the Project.

4. The Recipient shall conclude and thereafter implement, until it has expired in accordance with its terms, a payment agreement, in form and substance satisfactory to the Association and in accordance with criteria and procedures set forth in the Project Implementation Manual, with one or more Payment Service Provider, selected on the basis of terms of reference, qualifications and experience satisfactory to the Association and in accordance with the provisions of Section III of Schedule 2 of this Agreement, for the payment of CT Grants to Beneficiaries (each a “Payment Agreement”). The Recipient shall ensure that each Payment Agreement is: (a) submitted to the Association for its review and approval prior to its signature between the Recipient and a Payment Service Provider; (b) signed and effective before any proceeds of the Financing are transferred to the Payment Service Provider; and (c) carried out with due diligence and efficiency and in accordance with sound technical, financial, and managerial standards and practices acceptable to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to the recipients of the CT Grants proceeds other than the Recipient.

E. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.
Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one Fiscal Year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

4. The Recipient shall recruit, not later than four (4) months after the Effective Date, in accordance with Section III of Schedule 2 of this Agreement and pursuant to terms of reference satisfactory to the Association: (a) the external auditor referred to in Section 4.09 (b) of the General Conditions; and (b) an internal auditor, whose qualifications and experience and terms of reference shall be acceptable to the Association.

5. The Recipient shall, not later than two (2) months after the Effective Date, acquire, install and thereafter maintain an accounting software acceptable to the Association, for the Project.

Section III. Procurement

A. General

1. Goods and Non-consulting Services. All goods and non-consulting services required for the Project and to be financed out of the proceeds of the Financing
shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. **Consultants’ Services.** All consultants’ services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods and Non-consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, subject to the additional provisions provided for in paragraph 3 below; (b) Shopping; and (c) Direct Contracting.

3. The following provisions apply to National Competitive Bidding: (a) bids shall be advertised in national newspapers with wide circulation; (b) bid evaluation, bidder qualification and award criteria shall be specified clearly in the bidding documents; (c) bidders shall be given an adequate response time (minimum four weeks following the date of the invitation to bid or the date of availability of the bidding documents, whichever is later) to prepare and submit bids; (d) bids shall be awarded to the lowest evaluated bidder; (e) eligible bidders, including foreign bidders, shall not be precluded from participating; and (f) no preference margin shall be granted to domestic contractors.

**C. Particular Methods of Procurement of Consultants’ Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. **Other Methods of Procurement of Consultants’ Services.** The following methods, other than Quality and Cost-based Selection, may be used for
procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Least Cost Selection; (b) Selection based on Consultants' Qualifications; (c) Single-source Selection of consulting firms; (d) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (e) Single-source procedures for the Selection of Individual Consultants.

D. **Review by the Association of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

**Section IV. Withdrawal of the Proceeds of the Financing**

A. **General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services, Training, Operating Costs, audits and consultants’ services under Parts A and B (except Part B.1(a)) of the Project</td>
<td>10,550,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) CT Grants under Part B.1(a)(i) and B.1(a)(iii) of the Project</td>
<td>7,250,000</td>
<td>100% of amounts disbursed under the respective CT Grants</td>
</tr>
<tr>
<td>(3) CT Grants under Part B.1(a)(ii) of the Project</td>
<td>8,400,000</td>
<td>100% of amounts disbursed under the respective CT Grants.</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>26,200,000</td>
<td></td>
</tr>
</tbody>
</table>

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
   (a) for payments made prior to the date of this Agreement; and
   (b) under Category (2), until and unless the Project Implementation Manual has been updated in form and substance satisfactory to the Association to reflect eligibility criteria and conditionality for the provision of CT Grants under of Part B.1(a)(i) and B.1(a)(iii) of the Project.

2. The Closing Date is June 30, 2019.

**Section V. Other Undertakings**

A. The Recipient shall ensure that a comprehensive record keeping system for the DGPSN has been established in a manner satisfactory to the Association, by not later than four (4) months after the Effective Date.
**SCHEDULE 3**

**Repayment Schedule**

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each March 15 and September 15:</td>
<td></td>
</tr>
<tr>
<td>commencing September 15, 2024 to and including March 15, 2034</td>
<td>1%</td>
</tr>
<tr>
<td>commencing September 15, 2034 to and including March 15, 2054</td>
<td>2%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.
APPENDIX

Section I. Definitions

1. "Annual Work Plan" means each annual work plan, together with the related budget for the Project approved by the Association pursuant to the provisions of Section I.C of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior written consent of the Association.


3. "Beneficiary" means a household eligible to receive CT Grant under Part B.1(a) of the Project; and "Beneficiaries" means more than one Beneficiary.

4. "Cash Transfer Grant" and "CT Grant" each means any of the grants to be provided to a Beneficiary under Part B.1(a) of the Project; and "CT Grants" means more than one CT Grant.

5. "Cash Transfer Program" and "CT Program" each means the Recipient’s "Programme National de Bourses de Securité Familiale", a program for assistance of poor families through the provision of cash transfers, established on October 4, 2013, with the objectives to reduce poverty and to promote the development of the human capital of poor and vulnerable households.

6. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


8. "Délegation Générale à la Protection Sociale et à la Solidarité Nationale" and "DGPSN" each means the Recipient’s delegation in charge of social protection created pursuant to the Recipient’s Decree no. 2012-1311, dated November 16, 2012, entitled "Décret portant organisation et fixant les règles de fonctionnement de la Délégation Générale à la Protection Sociale et à la Solidarité Nationale", as the same may be amended from time to time, responsible for the setting-up and implementation of a social protection system which would ensure coordination and shared instruments for social protection interventions in the Recipient’s territory.

9. "Fiscal Year" means the twelve (12) month period, commencing on January 1 and ending on December 31.

11. “Inter-Ministerial Committee for the National Social Protection Strategy” means the Recipient’s inter-ministerial committee referred to in Section I.A.1 of Schedule 2 to this Agreement, created pursuant to the Recipient’s executive order No. 22-07-2013-011885, dated July 22, 2013 entitled “Décret portant création et fixant les règles de fonctionnement du comité de pilotage interministériel de la stratégie nationale de protection sociale”, as the same may be amended from time to time.

12. “Operating Costs” means the reasonable incremental operating costs under the Project, based on the Annual Work Plans and budgets approved by the Association, and incurred by the Recipient, on account of utilities and supplies, bank charges, communications, vehicle operation, maintenance, and insurance, office space rental, building and equipment maintenance, public awareness-related media expenses, travel and supervision, and salaries of contractual and temporary staff, but excluding salaries of members of the Recipient’s civil service.

13. “Payment Agreement” means the agreement referred to in Section D.4 of Schedule 2 to this Agreement.

14. “Payment Service Providers” means a person or entity that has entered into a Payment Agreement with the Recipient in accordance with the provisions of Section I.D.4 of Schedule 2 to this Agreement


16. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated March 4, 2014 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

17. “Project Implementation Manual” and “PIM” each means the manual for the Project to be prepared and adopted in accordance with the provisions of Section I.B of Schedule 2 to this Agreement

18. “Social Safety Net Steering Committee” and “SSN Steering Committee” each mean the steering committee referred to in Section I.A.2 of Schedule 2 to this Agreement.
19. "Training" means the training of persons involved in Project-supported activities, such term including seminars, workshops, and study tours, and costs associated with such activity include travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to training preparation and implementation.