Development Credit Agreement

(Electricity Services for Rural Areas Project)

between

REPUBLIC OF SENEGAL

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated March 31, 2005
DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated March 31, 2005, between REPUBLIC OF SENEGAL (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Association has received from the Borrower the “Lettre de Politique de Développement de l’Electrification Rurale”, dated July 23, 2004, describing a program of actions, objectives and policies designed to provide electricity services for rural areas in the territory of the Borrower (the Program) and declaring the Borrower’s commitment to the execution of such program;

(B) the Borrower has requested that the Association support the Borrower’s execution of the Program through a series of credits over a period of approximately twelve (12) years to be utilized by the Borrower in the implementation of the Program; and

(C) the Borrower has also requested the International Bank for Reconstruction and Development (the Bank), acting as implementing agency of the Global Environment Facility (GEF) in respect of grant funds provided to the Global Environment Facility Trust Fund (GEF Trust Fund) by certain members of the Bank as participants of the GEF, to provide additional assistance towards the financing of the Project and by the Global Environment Facility Trust Fund Grant Agreement (the GEF Trust Fund Grant Agreement) of even date herewith, the Bank is agreeing to provide such assistance in an aggregate principal amount equivalent to five million United States Dollars (US$ 5,000,000) (the GEF Trust Fund Grant);

(D) Parts A, B, and C of the Project will be carried out by the Agence Sénégalaise d’Electrification Rurale (ASER) with the Borrower’s assistance and, as part of such assistance, the Borrower will make the proceeds of the Credit provided for in Article II of this Agreement (the Credit) available to ASER, as set forth in this Agreement; and

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend the Credit to the Borrower upon the terms and conditions set forth in this Agreement and in the agreement of even date herewith between the Association and Agence Sénégalaise d’Electrification Rurale (ASER) (the Project Agreement);
NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The “General Conditions Applicable to Development Credit Agreements” of the Association, dated January 1, 1985 (as amended through May 1, 2004), with the modifications set forth below (the General Conditions), constitute an integral part of this Agreement:

Paragraph (c) of Section 9.06 of the General Conditions is modified to read as follows:

“(c) Not later than six months before the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Association, the Borrower shall prepare and furnish to the Association a report, of such scope and in such detail as the Association shall reasonably request, on the execution of the Project, its cost and the benefits derived and to be derived from it, the performance by the Borrower and the Association of their respective obligations under the Development Credit Agreement and the accomplishment of the purposes of the Credit.”

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) “Affected Persons” means persons who, on account of the execution of the Project, had or would have their: (i) standard of living adversely affected; or (ii) right, title, interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business, occupation, work or place of residence or habitat adversely affected; and “Affected Person” means any of the Affected Persons;

(b) “ASER” means Agence Sénégalaise d’Electrification Rurale (the Rural Electrification Agency of the Borrower) established by the Electricity Reform Law No. 98-029 of the Borrower;

(c) “Bank” means the International Bank for Reconstruction and Development (the Bank), acting as implementing agency of the Global Environment Facility (GEF) and referred to in Paragraph (C) of the Preamble to this Agreement;
(d) “CRSE” means Commission de Régulation du Secteur de l’Electricité, the Electricity Sector Regulatory Commission of the Borrower;

(e) “CPRSE” means the Borrower’s Cellule de Préparation des Réformes du Secteur de l’Energie, or any successor thereto;

(f) “DAF” means the Administrative and Financial Division of ASER;

(g) “Development Credit Agreement” means this Agreement;

(h) “DFER” means the Directorate of Financing of ASER;

(i) “EMF” means the Environmental Management Framework of the Borrower, dated February 2004, including issues related to forests and affected Persons, specific to the Project which defines the principles: (i) for preliminary screening; (ii) for scooping; and (iii) for detailed impact analysis and the institutional arrangement together with adequate institutional, budgetary, monitoring and reporting arrangements capable of ensuring proper implementation of the EMF for when the physical activities to be implemented under the Project would have been identified; and referred to in Section II of Schedule 4 to this Agreement;

(j) “ERIL means Initiative Locale d’Electrification Rurale, the Local Initiative of Rural Electrification of the Borrower;

(k) “ERIL projects” means small concessions for rural electrifications developed by capable local communities and stakeholders (Local governments, Consumer or Emigrant Associations, Village Groups and other community-based Associations, etc);

(l) “ESMF” or “Environmental and Social Management Framework” means the Borrower’s document dated February 2004 setting forth, inter alia, mitigation enhancement, monitoring, and institutional measures having been identified by the Borrower as feasible to offset adverse environmental and social impacts related to Project activities, or to reduce them to acceptable levels, or to enhance positive impacts, including resettlement of the Affected Person and reduction of deforestation and other issues related to forests;

(m) “FCFA” means Franc de la Communauté Financière Africaine, the currency of the Borrower;

(n) “FER” means the Rural Electrification Fund of the Borrower, or any successor thereto;

(o) “Financial Monitoring Report” or “FMR” means each report prepared in accordance with Section 4.02 of this Agreement and 4.02 of the project Agreement;
“Fiscal Year” or “FY” means the fiscal year of the Borrower and of ASER commencing January 1 and ending December 31 in the same year;

“Initial Deposit” means the amount to be deposited in the Project Account pursuant to Section 3.03 of this Agreement;

“MEM” means the Borrower’s Ministry of Energy and Mines;

“MEPN” means the Borrower’s Ministry of Environment and Protection of Nature;

“NRM” means the National Resource Management of the Borrower;

“PPER” means the Borrower’s priority programs of rural electrification;

“PIM” means the Project Implementation Manual referred to in Paragraph 1 of Schedule 4 to this Agreement;

“primary targeted concession areas” means the PPER areas under the Project;

“PREMs” means Multi-sectoral Energy Projects of the Borrower identified as (a) social-oriented PREMs, (b) production-oriented PREMs, and (c) specific “micro-finance” PREMs;

“Procurement Plan” means the Borrower’s procurement plan, dated June 23, 2004 covering the initial 18 month period (or longer) of Project implementation, as the same shall be updated from time to time in accordance with the provisions of Section 3.02 to this Agreement, to cover succeeding 18 month periods (or longer) of Project implementation;

“PROGEDE” means the Sustainable and Participatory Energy Management Project financed under the Association’s Credit No. 2963-SE;

“Project Accounts” means the accounts 1 and 2 referred to in Section 3.03 of this Agreement;

“Project Agreement” means the agreement between the Association and ASER of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement;

“Project Preparation Advance” means the project preparation advances granted by the Association to the Borrower pursuant to the letters of agreement signed on behalf of the Association on July 27, 2001, August 6, 2003, and January 29, 2004, and on behalf of the Borrower on July 27, 2001, August 21, 2003 and February 11, 2004, respectively;
(dd) “Recurrent costs” means office consumables, fuel, utilities and communication expenses incurred for the implementation of Part D of the Project;

(ee) “RPF” means Resettlement Policy Framework of the Borrower dated February 2004 for compensation payments to be made under the Project to Affected Persons and referred to in Section II of Schedule 4 to this Agreement;

(ff) “Special Accounts” means the special deposit accounts A, B and C referred to in Section 2.02 (b) of this Agreement, and in its singular from the term means any one such accounts; and

(gg) “Subsidiary Grant Agreement” means the agreement to be entered into between the Borrower and ASER pursuant to Section 3.01 (c) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the Subsidiary Grant Agreement.

ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to twenty million six hundred thousand Special Drawing Rights (SDR 20,600,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit.

(b) The Borrower may, for the purposes of the Project, open and maintain in FCFA three special deposit accounts:

(i) Special Account A for Parts A.1 and A.2 of the Project, managed by ASER;

(ii) Special Account B for Parts B and C of the Project, managed by ASER; and

(iii) Special Account C for Part D of the Project, managed by the Borrower;

in a commercial bank or commercial banks acceptable to the Association, on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, each respective Special
Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

(c) Promptly after the Effective Date, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and pay to itself the amount required to repay the principal amount of the Project Preparation Advance withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn balance of the authorized amount of the Project Preparation Advance shall thereupon be canceled.

Section 2.03. The Closing Date shall be June 30, 2009 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or canceled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year specified in Section 2.06 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semiannually on January 15 and July 15 in each year.

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each January 15 and July 15, commencing January 15, 2015 and ending July 15, 2044. Each installment to and including the installment payable on July 15, 2024 shall be one percent
(1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever: (i) the Borrower's per capita gross national product (GNP), as determined by the Association, shall have exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the repayment of installments under paragraph (a) above by:

(A) requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid; and

(B) requiring the Borrower to commence repayment of the principal amount of the Credit as of the first semiannual payment date referred to in paragraph (a) above falling six months or more after the date on which the Association notifies the Borrower that the events set out in this paragraph (b) have occurred, provided, however, that there shall be a grace period of a minimum of five years on such repayment of principal.

(c) If so requested by the Borrower, the Association may revise the modification referred to in paragraph (b) above to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(d) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the Association may, if so requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments as provided in paragraph (a) above.

Section 2.08. The currency of the French Republic is hereby specified for the purposes of Section 4.02 of the General Conditions.
ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end:

(i) shall carry out Part D of the Project as set forth in Schedule 2 to this Agreement through MEM and MEPT with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering, public utility and environmental practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project; and

(ii) without limitation or restriction to any of its other obligations under the Development Credit Agreement, the Borrower shall cause ASER to carry out Parts A, B and C of the Project as set forth in Schedule 2 to this Agreement, with due diligence and efficiency and in conformity with appropriate administrative, financial, public utility, technical and environmental practices, and to perform in accordance with the provisions of the Project Agreement all its obligations therein set forth, take and cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable ASER to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Association shall otherwise agree, the Borrower shall, and shall cause ASER to, carry out the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement and the provisions of the Project Agreement.

(c) The Borrower shall make available to ASER: (i) the proceeds of Credit allocated, from time to time, to Categories 3 (a), (b), and (c), 4 (a), (b), and (c), and 5 under Paragraph 1 of Schedule 1 to this Agreement, under a subsidiary grant agreement to be entered into between the Borrower and ASER, under terms and conditions which shall have been approved by the Association; and (ii) the proceeds of GEF Trust Fund Grant under a subsidiary grant agreement to be entered into between the Recipient and ASER, under terms and conditions which shall have been approved by the Bank and the Association.

(d) The Borrower shall exercise its rights under the Subsidiary Grant Agreement in such manner as to protect the interests of the Borrower, the Association and the Bank, and to accomplish the purposes of the Credit and the GEF Trust Fund Grant, and, except as the Association and the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Subsidiary Grant Agreement or any provision thereof.
Section 3.02. (a) Except as the Association shall otherwise agree, procurement of the goods, works and consultants’ services required for the Project and to be financed out of the proceeds of the Credit and the GEF Trust Fund Grant shall be governed by the provisions of Schedule 3 to this Agreement, as said provisions may be further elaborated in the Procurement Plan.

(b) The Borrower shall, in cooperation with ASER, update the Procurement Plan in accordance with guidelines acceptable to the Association, and furnish such update to the Association not later than 12 months after the date of the preceding Procurement Plan, for the Association’s approval.

Section 3.03. Without limitation to its obligations under Section 3.01 of this Agreement, the Borrower shall:

(a) open and maintain in FCFA, in a commercial bank and until the completion of the Project, a Project Account 1 for Parts A, B and C of the Project; and open and maintain in its Treasury Books, a Project Account 2 for Part D of the Project, both under terms and conditions satisfactory to the Association, to finance the Borrower’s contribution to the expenditures for the Project;

(b) before the end of March 2005 and September 2005, make two initial deposits of the equivalent in FCFA of $500,000 each, and before the end of March 2006, 2007 and 2008, and September 2006, 2007 and 2008, make deposits of the equivalent in FCFA of $900,000 each into Project Account 1;

(c) before the end of March 2005 and the end of March 2006, a deposit of the equivalent in FCFA of $250,000 each into Project Account 2;

(d) deposit into each Project Account amounts in FCFA as are estimated to be required at any given time for the ensuing three-month period and as shall be agreed upon between the Borrower and the Association to finance the Borrower’s contribution for the expenditures for the respective Parts of the Project referred to in paragraph (a) of this Section; and

(e) ensure that the funds deposited into the Project Account in accordance with paragraphs (b) and (c) of this Section shall be used exclusively to finance the Borrower’s contribution to the expenditures for respective Parts of the Project which are not otherwise financed from the proceeds of the Credit.

Section 3.04. For the purposes of Section 9.06 of the General Conditions and without limitation thereto, the Borrower shall:

(a) prepare, on the basis of guidelines acceptable to the Association, and furnish to the Association not later than six (6) months before the Closing Date or such
later date as may be agreed for this purpose between the Borrower and the Association, a plan designed to ensure the continued achievement of the Project’s objectives; and

(b) afford the Association a reasonable opportunity to exchange views with the Borrower and ASER on said plan.

Section 3.05. The Borrower and the Association hereby agree that the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of Parts A, B, and C of the Project shall be carried out by ASER pursuant to Section 2.03 of the Project Agreement.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall establish and maintain a financial management system, including records and accounts, and prepare financial statements, all in accordance with consistently applied accounting standards acceptable to the Association, adequate to reflect its operations, resources and expenditures related to the Project.

(b) The Borrower shall:

(i) have the financial statements referred to in paragraph (a) of this Section for each fiscal year (or other period agreed to by the Association), audited, in accordance with consistently applied auditing standards acceptable to the Association, by independent auditors acceptable to the Association;

(ii) furnish to the Association as soon as available, but in any case not later than six months after the end of each such year (or such other period agreed to by the Association), (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year (or such other period agreed to by the Association), as so audited, and (B) an opinion on such statements by said auditors, in scope and detail satisfactory to the Association; and

(iii) furnish to the Association such other information concerning such records, accounts and the audit of such financial statements, and concerning said auditors, as the Association may from time to time reasonably request.
(c) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of statements of expenditure, the Borrower shall:

(i) ensure that all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures are retained until at least one year after the Association has received the audit report for, or covering, the fiscal year in which the last withdrawal from the Credit Account was made;

(ii) enable the Association’s representatives to examine such records; and

(iii) ensure that such statements of expenditure are included in any audit that the Association may have requested pursuant to paragraph (b) of this Section.

Section 4.02. (a) Without limitation upon the Borrower’s reporting obligations set out in Section III of Schedule 4 to this Agreement, the Borrower shall prepare and furnish to the Association a financial monitoring report, in form and substance satisfactory to the Association which:

(i) sets forth sources and uses of funds for the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the Credit, and explains variances between the actual and planned uses of such funds;

(ii) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and explains variances between the actual and planned Project implementation; and

(iii) sets forth the status of procurement under the Project, as at the end of the period covered by said report.

(b) The first FMR shall be furnished to the Association not later than 45 days after the end of the first calendar quarter after the Effective Date, and shall cover the period from the incurrence of the first expenditure under the Project through the end of such first calendar quarter; thereafter, each FMR shall be furnished to the Association not later than 45 days after each subsequent calendar quarter, and shall cover the period not covered by the previous FMR until the end of such calendar quarter.
ARTICLE V

Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (l) of the General Conditions, the following additional events are specified:

(a) ASER shall have failed to perform any of its obligations under the Project Agreement.

(b) As a result of events which have occurred after the date of the Development Credit Agreement, an extraordinary situation shall have arisen which shall make it improbable that ASER will be able to perform its obligations under the Project Agreement.

(c) Electricity Reform Law No. 98-029 of the Borrower shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of ASER to perform any of its obligations under the Project Agreement.

(d) the Policy Letter referred to in Paragraph (A) of the Preamble to this Agreement shall have been modified by the Borrower without the Association’s prior agreement.

Section 5.02. Pursuant to Section 7.01(h) of the General Conditions, the following additional event is specified: any event specified in paragraphs (a), (b), (c) and (d) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty (60) days after notice thereof shall have been given by the Association to the Borrower.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions:

(a) the GEF Trust Fund Grant Agreement has entered into force and effect;

(b) the Subsidiary Grant Agreement has been executed on behalf of the Borrower and ASER;

(c) ASER has recruited: (i) a director of the Directorate of Finance of ASER; (ii) an expert (firm or individual) in organization and management; (iii) a chief accountant; (iv) an external auditor; (v) one procurement specialist; (vi) one specialist in concession awarding; and (vi) an expert to deal with the issues related to withdrawals
from the Credit Account and the GEF Trust Fund Grant Account, all of the qualifications, experience and, under terms of reference and in accordance with procedures satisfactory to the Association;

(d) ASER has modified and updated its accounting system, including its accounting and financial manual, for proper management of the accounting of the Project resources and expenditure, satisfactory to the Association; and

(e) the Borrower has adopted the Project Implementation Manual, in form and substance satisfactory to the Association.

Section 6.02. The following are specified as additional matters, within the meaning of Section 12.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association:

(a) that the Project Agreement has been duly approved by ASER, and is legally binding upon ASER in accordance with its terms; and

(b) the GEF Trust Fund Grant Agreement has been duly approved or ratified by the Borrower, and is legally binding upon the Borrower in accordance with its terms;

(c) that the Subsidiary Grant Agreement has been duly approved or ratified by the Borrower and ASER and is legally binding upon the Borrower and ASER in accordance with its terms.

Section 6.03. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.
ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Minister of the Borrower at the time responsible for finance is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

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

Cable address: MINIFINANCES
Telex: 3203 G
Fascimile: 221-821-1630

For the Association:

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

Cable address: INDEVAS
Telex: 248423 (MCI) or 64145 (MCI)
Fascimile: (202) 477-6391
IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF SENEGAL

/s/ Amadou Lamine Bâ
By
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

/s/ Mahmood A. Ayub
By
Authorized Representative
SCHEDULE 1
Withdrawal of the Proceeds of the Credit

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit, the allocation of the amounts of the Credit to each Category and the percentage of expenditures for items so to be financed in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (Expressed in SDR Equivalent)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Grants for concession(^1) for Part A</td>
<td>8,760,000</td>
<td>100% of foreign expenditures, 90% of local expenditures,</td>
</tr>
<tr>
<td>(2) Works for Part D</td>
<td>310,000</td>
<td>100% of foreign expenditures, 90% of local expenditures</td>
</tr>
<tr>
<td>(3) Goods</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Part A.1</td>
<td>1,900,000</td>
<td>100% of foreign expenditures,</td>
</tr>
<tr>
<td>(b) Part B</td>
<td>210,000</td>
<td>90% of local expenditures,</td>
</tr>
<tr>
<td>(c) Part C</td>
<td>70,000</td>
<td></td>
</tr>
<tr>
<td>(d) Part D</td>
<td>900,000</td>
<td></td>
</tr>
<tr>
<td>(4) Consultants’ services, Training</td>
<td></td>
<td>100% of foreign expenditures, 90% of local expenditures</td>
</tr>
<tr>
<td>(a) Part A.1</td>
<td>350,000</td>
<td></td>
</tr>
<tr>
<td>(b) Part B</td>
<td>1,550,000</td>
<td></td>
</tr>
<tr>
<td>(c) Part C</td>
<td>1,480,000</td>
<td></td>
</tr>
<tr>
<td>(d) Part D</td>
<td>1,100,000</td>
<td></td>
</tr>
<tr>
<td>(5) Grants Micro Financing</td>
<td></td>
<td>100% of</td>
</tr>
</tbody>
</table>

\(^1\) Grants for concession means “Subsidies allocated on an OBA basis to “Concessionaires” of PPER concessions and ERIL concessions”
PREM for Part A.1  
180,000 amounts disbursed

(6) Recurrent Costs for Part D:  
550,000 90% of local expenditures

(7) Refunding of Project Preparation Advance:  
1,380,000 Amount due pursuant to Section 2.02 (c) of this Agreement

(8) Unallocated:  
1,860,000

TOTAL:  
20,600,000

2. For the purposes of this Schedule:

   (a) the term “foreign expenditures” means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower; and

   (b) the term “local expenditures” means expenditures in the currency of the Borrower for goods or services supplied from the territory of the Borrower; provided, however, that, if the currency of the Borrower is also that of another country from the territory of which goods or services are supplied, expenditures in such currency for such goods or services shall be deemed to be “foreign expenditures.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures under contracts for: (a) goods costing less than $150,000 equivalent per contract; (b) works costing less than $150,000 equivalent per contract; (c) services of individual consultants costing less than $50,000 equivalent per contract; (d) services of consulting firms under contracts costing less than $100,000 equivalent per contract; and (e) training and workshops, all under such terms and conditions as the Association shall specify by notice to the Borrower.
SCHEDULE 2

Description of the Project

Program objectives: The program’s expected development outcome is to increase access to modern energy services to the rural population and ensure the supply of wood fuel to the urban and peri-urban areas on an environmentally and socially sustainable basis, which will have an impact on alleviating poverty and achieving specific national poverty reduction objectives as well as contributing to achieve the United Nations Millennium Development goals. The objectives of the Project are to support the progressive transformation and improvement in the living conditions of rural population of the Borrower by: (i) providing lighting and access to modern communication and other domestic to rural households; (ii) improving delivery of social services by providing electricity to potable water delivery system, health clinics, schools, etc; and (iii) enhancing economic productivity through the provision of electricity for productive purposes.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Association may agree upon from time to time to achieve such objectives:

Part A: Investments

1. Provision for output-based-capital subsidies, refinancing and guarantees through competitive concession bidding to ensure economic sustainability of rural electrification in primary targeted concession areas (Concession PPER) and support multi-sectoral energy projects (PREMs) in same areas than primary concession: (i) to ensure adequate energy provision to other sectoral programs, which require it to enhance their impacts in terms of poverty reduction, and (ii) to increase productive use of electricity, in order to increase productivity of small and medium enterprises and to enhance the quality and efficiency of sectoral programs.

2. Provision for the financing of smaller concessions (ERIL projects).

Part B: Capacity Development and Institutional Strengthening

1. Provision for operational support, technical assistance, training and goods for ASER to enable it to carry out the overall rural electrification program.

2. Provision, for operational support, technical assistance and training for eligible staff of CRSE, including relevant overseas travel to build the capacity of its staff to enable CRSE to carry out its responsibilities of contract oversight, monitoring and compliance more effectively, in particular for rural concessions.
3. Provision for technical assistance, staff training, organization of workshops and seminars and relevant staff overseas travel to support institutional strengthening of MEM to monitor implementation progress of the Program to ensure its implementation in accordance with the energy sector strategy and reform policy of the Borrower.

4. Provision to support the institutional strengthening of the multi sectoral committee (the Committee) through technical assistance for preparation of a national workshop in line with the the “Energy and Poverty” dated February 2003 regional workshop, field study trips related to PREMs, organization of national workshop(s) and technical assistance to support the Committee in developing necessary actions to ensure that energy needs are appropriately integrated in Poverty Reduction Strategy Paper of the Borrower (PRSP).

5. Provision for assistance to enhance the participation of international and local private stakeholders in the rural electrification concession bidding processes and ERIL projects.

6. Provision to support implementation, capacity development and institutional strengthening of the FER through the banking sector.

Part C: Implementation, Communication, Monitoring & Evaluation (M&E)

1. Technical assistance for PREMs.

2. Technical assistance for ASER.

3. Support for information, education and communication under the Project.

4. Monitoring and impact assessment under the Project through formulation and implementation of a specific methodology, and monitoring of contracts with operators and the entities responsible for the program.

Part D: Sustainable Wood Fuel Supply Management, Demand Management and Inter-fuel Substitution Options

1. Implementation of: (i) selected activities to consolidate the ongoing PROGEDE Project interventions; and (ii) sustainable community-managed forest management systems over an incremental area of approximately 230,000 ha in the Sedhiou, Bakel and Kedougou Departments (Tambacounda and (Kolda) within about two years.
2. Technical assistance and acquisition of office equipment, IT and communications equipment for the Direction de l’Energie and Direction des Eaux et Forêts for the implementation of: (i) support for increasing access to modern energy services to villages participating in Part D of the Project for Sustainable wood-fuel Management; (ii) rural community and small and medium enterprises (SME) modern biomass energy development pilot/demonstration initiatives; (iii) decentralized energy information and planning systems; (iv) selected consulting studies; and (v) continuing the supervision and technical support of the revolving fund mechanism for the promotion of private sector/NGO-based improved household cooking stoves and inter-fuel substitution initiative.

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The Project is expected to be completed by December 31, 2008.
SCHEDULE 3

Procurement

Section I. General

A. All goods, works and services (other than consultants’ services) shall be procured in accordance with the provisions of Section I of the “Guidelines for Procurement under IBRD Loans and IDA Credits” dated May 2004 (the Procurement Guidelines), and with the provisions of this Schedule.

B. All consultants’ services shall be procured in accordance with Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” dated May 2004 (the Consultant Guidelines), and with the provisions of this Schedule.

C. The capitalized terms used below in this Schedule to describe particular procurement methods or methods of review by the Association of particular contracts, have the meanings ascribed to them in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

Section II. Particular Methods of Procurement of Works, Goods and Services (other than Consultants’ Services)

A. International Competitive Bidding. Except as otherwise provided in Part B of this Section, contracts shall be awarded on the basis of International Competitive Bidding.

B. Other Procurement Procedures

1. National Competitive Bidding. Works and goods estimated to cost less than $150,000 equivalent per contract may be procured under contracts awarded on the basis of National Competitive Bidding.

2. Shopping. Works and goods estimated to cost less than $50,000 equivalent per contract, may be procured under contracts awarded on the basis of Shopping.

3. Direct Contracting. Works and procurement of specialized software, which the Association agrees meet the requirements for Direct Contracting, may be procured in accordance with the provisions of said procurement method.
Section III. Particular Methods of Procurement of Consultants’ Services

A. Quality- and Cost-based Selection. Except as otherwise provided in Part B of this Section, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection. For purposes of paragraph 2.7 of the Consultant Guidelines, the short list of consultants for services estimated to cost less than $50,000 equivalent per contract may comprise entirely national consultants.

B. Other Procedures

1. Quality-based Selection. Services for assignments which the Bank agrees meet the requirements set forth in paragraph 3.2 of the Consultant Guidelines may be procured under contracts awarded on the basis of Quality-based Selection in accordance with the provisions of paragraph 3.4 of the Consultant Guidelines.

2. Least-cost Selection. Audit services for assignments which the Association agrees meet the requirements of paragraph 3.6 of the Consultant Guidelines may be procured under contracts awarded on the basis of Least-cost Selection in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

3. Selection Based on Consultants’ Qualifications. Services of a recruiting agency and communication agencies may be procured under contracts awarded in accordance with the provisions of paragraphs 3.7 and 3.8 of the Consultant Guidelines.

4. Single Source Selection. Services for tasks in circumstances which meet the requirements of paragraph 3.10 of the Consultant Guidelines for single source selection, may, with the Association’s prior agreement, be procured in accordance with the provisions of paragraphs 3.9 through 3.13 of the Consultant Guidelines.

5. Individual Consultants. Services for assignments that meet the requirements set forth in the first sentence of paragraph 5.1 of the Consultant Guidelines may be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.2 through 5.3 of the Consultant Guidelines. Under the circumstances described in paragraph 5.4 of the Consultant Guidelines, such contracts may be awarded to individual consultants on a sole-source basis in accordance with the provisions of said paragraph 5.4, subject to prior approval of the Association.
Section IV. 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.
SCHEDULE 4

Implementation Program

Section I. Implementation: Annual Work Program and Budget

1. The Borrower and ASER shall: carry out their respective Parts of the Project in accordance with the Project Implementation Manual (PIM). Procedures, satisfactory to the Association, for awarding and financing concession for PPER and ERIL projects, shall be set forth in the PIM. The Borrower or ASER shall not amend, abrogate or waive any provision of said PIM without prior approval of the Association.

2. ASER shall for each Financial Year prepare detailed annual work plan and operating budget, in scope and form agreed with the Association. The draft annual work program and budget document shall be submitted to the Association for its review no later than 60 days before the start of the following Financial Year of the Borrower.

Section II. Environmental Management

The Borrower shall ensure that ASER shall implement Parts A of the Project in accordance with the guidelines, procedures, timetable and other specifications set forth in the ESMF and the RPF and, except as the Association shall otherwise agree, that the Borrower or ASER concerned shall not amend or waive any provision of the aforementioned ESMF and the RPF, if such amendment or waiver may, in the opinion of the Association, materially or adversely affect the implementation of the Project; and

Section III. Progress Reports and Review

1. The Borrower shall and cause ASER to:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the indicators set forth in Schedule 3 to this Agreement, the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, on or about January 31 of each year a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and
(c) review with the Association, the reports referred to in Paragraph 2(b) of this Section, on or about the date one month after the submission of said reports, or such later date as the Association shall request, the report referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Association’s views on the matter.

2. Midterm Review

(a) The Borrower and ASER shall carry out, jointly with the Association, not later than December 31, 2006, a comprehensive midterm review aimed at: (i) documenting progress toward Project objectives; (ii) identifying and resolving obstacles to Project implementation; and (iii) adjusting, in agreement with the Association, targets and corresponding programs to reflect progress achieved in the implementation of the Project as of the date of the review. The review referred to herein may include such additional participants as may be agreed among the Borrower, ASER and the Association.

(b) The Borrower and ASER shall, not later than four weeks prior to the review referred to in Paragraph 2(a) of this Section, furnish to the Association a joint midterm report, in such detail as the Association shall reasonably request, including an evaluation of the progress achieved in Project implementation.

(c) Promptly after completing the midterm review, the Borrower and ASER shall take all measures required to fulfill the recommendations arising out of said review, with due diligence and efficiency and in accordance with appropriate practices, taking into account the Association’s comments thereon.

Section IV Electric Service Tariffs

The Borrower shall ensure that the principles and adjustment mechanisms of tariffs for electric services in rural areas shall not be modified without prior approval of the Association.
SCHEDULE 5

Special Accounts

1. For the purposes of this Schedule:

(a) the term “eligible Categories” means: (i) Categories 1, 3 (a), 3 (b), 4 (a), 4 (b) and 5 (a) in respect of Special Account A, Categories 3 (c) and 4 (c) in respect of Special Account B, and Categories 2 (a), 3 (d), 4 (d) and 6 (a) in respect of Special Account C, set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term “eligible expenditures” means expenditures in respect of the reasonable cost of goods, works and services required for the Project and to be financed out of the proceeds of the Credit allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term “Authorized Allocation” means an amount equivalent to: (i) FCFA 550,000,000 in respect of the Special Account A, (ii) FCFA 165,000,000 in respect of Special Account B, and (iii) FCFA 200,000,000 in respect of the Special Account C, to be withdrawn from the Credit Account and deposited into the Special Accounts pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to: (iv) FCFA 275,000,000 in respect of the Special Account A, (v) FCFA 85,000,000 in respect of the Special Account B, and (vi) FCFA 100,000,000 in respect of the Special Account C, until the aggregate amount of withdrawals from the Credit Account plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of SDR5,000,000.

2. Payments out of the respective Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Association has received evidence satisfactory to it that the respective Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the respective Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocations, the Borrower shall furnish to the Association a request or requests for deposit into the respective Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Association shall, on
behalf of the Borrower, withdraw from the Credit Account and deposit into the respective Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the respective Special Account, the Borrower shall furnish to the Association requests for deposits into the respective Special Account at such intervals as the Association shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower withdraw from the Credit Account and deposit into the respective Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the respective Special Account for eligible expenditures. All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower or ASER, as the case may be, out of the respective Special Account, the Borrower or ASER, as the case may be, shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Association shall not be required to make further deposits into any Special Account:

(a) if, at any time, the Association shall have determined that all further withdrawals should be made by the Borrower directly from the Credit Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) if the Borrower or ASER, as the case may be, shall have failed to furnish to the Association, within the period of time specified in Section 4.01 (b) (ii) of this Agreement and Section 4.01 of the Project Agreement, any of the audit reports required to be furnished to the Association pursuant to said Section in respect of the audit of the records and accounts for the Special Accounts;
(c) if, at any time, the Association shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Credit Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Credit allocated to the eligible Categories for the respective Special Account, minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the respective Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of a Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the respective Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into a Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association shall have determined at any time that any amount outstanding in a Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

(c) The Borrower may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in the Special Accounts.

(d) Refunds to the Association made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.
SCHEDULE 6

Performance Indicators

The key performance indicators to be used during the Project implementation are as follows:

<table>
<thead>
<tr>
<th>Output indicators</th>
<th>Rural Electrification</th>
<th>Phase 1</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>At the end of Year 2</td>
</tr>
</tbody>
</table>

**Indicator 1**

<table>
<thead>
<tr>
<th></th>
<th>Number of concessions awarded</th>
<th>IDA</th>
<th>Other donors</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awarding the 18 concessions over the 3 phases of the program</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>3</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Outcome indicators</th>
<th>Rural Electrification</th>
<th>Phase 1</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>At the end of Year 2</td>
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</tbody>
</table>

**Indicator 1**

<table>
<thead>
<tr>
<th></th>
<th>Number of households electrified</th>
<th>IDA (PPER)</th>
<th>Other donors (PPER)</th>
<th>ERLs (all donors)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase the number of households benefiting directly from electricity</td>
<td>1,500</td>
<td>16,000</td>
<td>1,000</td>
<td>14,000</td>
<td>1,000</td>
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<tr>
<td>INDICATOR/TARGET (Full Implementation) For Part D – At the end of the Second Year</td>
<td>LEVEL</td>
<td></td>
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<tr>
<td>Volume of annual sustainable woodfuel production capacity established by the component for marketing in the urban and peri-urban energy markets</td>
<td>60,000 tons/yr of charcoal (equivalent to 300,000 tons/yr of fuelwood)</td>
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<tr>
<td>Number of hectares brought under community-based sustainable management systems within the project implementation zone</td>
<td>230,000 ha</td>
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<tr>
<td>Number of improved carbonization units installed by the Component</td>
<td>150 Units</td>
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<tr>
<td>Number of improved woodfuel stoves disseminated as a result of the Component</td>
<td>120,000 Units</td>
<td></td>
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<tr>
<td>Number of improved alternative fuel stoves disseminated as a result of the Component</td>
<td>30,000 Units</td>
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<td></td>
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<tr>
<td>Total sustainable incremental revenue generation capacity among participating villages (US $/yr)</td>
<td>US$6 million/yr</td>
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</tbody>
</table>