January 17, 2014

H. E. Amadou Ba  
Minister of Economy and Finance  
Ministry of Economy and Finance  
Dakar, Senegal  

Re: MDTF-EITI Grant No. TF016205  
Republic of Senegal: Support to the Implementation of the Extractive Industries Transparency Initiative Project  

Excellency:

In response to the request for financial assistance made on behalf of the Republic of Senegal ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("IBRD") and the International Development Association ("IDA") (collectively, the "World Bank"), acting as administrator of grant funds provided by Australia, Belgium, Canada, Denmark, the European Union, represented by the European Commission, Finland, France, Germany, Japan, the Netherlands, Norway, Spain, Switzerland, the United Kingdom and the United States ("Donors") under the Multi Donor Trust Fund for the Extractive Industries Transparency Initiative ("EITI"), proposes to extend to the Recipient a grant in an amount not to exceed five hundred thousand United States Dollars (U.S.$500,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

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

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

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and return it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the notice of effectiveness from the World Bank to the Recipient, confirming in accordance with the provisions of Section 4.02 of the Annex to this Agreement.
Article I
Standard Conditions; Definitions


1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement and the following additional terms shall have the following meanings:

(a) “CSOs” means civil society organizations.

(b) “EITI Annual Report” means the EITI Reconciliation Report to be published by the Recipient.

(c) “EITI National Committee” means the committee established by the Recipient through Decree 2013-881 of June 20, 2013 pursuant to which the committee comprising representatives of the Recipient, industry operators and members of the civil society shall be responsible to prepare and manage the EITI process in the Recipient’s territory.

(d) “EITI Secretariat” means the Recipient’s EITI secretariat established by the Recipient through to Decree 2013-881 dated June 20, 2013.

(e) “Extractive Industries Transparency Initiative” and “EITI” each means the standard adopted by the Association for the Extractive Industries Transparency Initiative, an association established by Articles of Association adopted February 16, 2009, as the same may be amended from time to time.

(f) “Operating Costs” means reasonable operating costs required for the Project including consumable materials and supplies, communications, mass media and printing services, vehicle rental, operation and maintenance, charges for the opening and operation of bank accounts required for the Project, and travel, lodging and per diems, but excluding salaries of officials of the Recipient’s civil service.

(g) “Project Operational Manual” means the manual satisfactory to the World Bank to be prepared and adopted by the Recipient for the purposes of the Project and referred to in Section 2.03(c) of this Annex, as the same may be amended from time to time with the prior written agreement of the World Bank.

(h) “Reconciler” means a validated consultant in charge of the preparation of the annual EITI Annual Report.

(i) “Training” means the reasonable costs of: (i) training materials and rental of training facilities and equipment; (ii) tuition fees, travel, accommodation and *per diem* of trainers and trainees; and (iii) any other expenses related to training to be carried out under the Project.
Article II
Project Execution

2.01. Project Objectives and Description. The objective of the Project is to support the Recipient’s EITI National Committee in its implementation of EITI by producing a first EITI reconciliation report before October 2015. The Project consists of the following parts:

1. Support the Functioning of the National Secretariat

Carrying out a program of activities to support the Recipient’s EITI Secretariat, including, inter alia, the recruitment of: (i) specialists with expertise in the areas of EITI implementation management, communication and outreach, mining and hydrocarbons sector management; (ii) administrative staff; and (iii) a Reconciler to be in charge of the preparation of the first EITI Annual Report.

2. Capacity Building of National Committee Members on Sector Management Issues and EITI Best Practices

Carrying out a program of activities aimed at organizing local and overseas training events for EITI National Committee members and other stakeholders in areas related to legal, financial, and contract analysis under the Recipient’s current legal and administrative regime for oil, gas and mining through coordination with external speakers and resource persons from EITI peer countries in the region.

3. Awareness, Outreach Campaigns and Dissemination of Reports

Carrying out a program of activities, in collaboration with national CSOs, to support awareness-raising and outreach events, including: (i) the preparation of EITI booklets; (ii) the creation and maintenance of the EITI website; and (iii) regional promotion campaigns through animated roadshows and consultations.

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the EITI National Committee in collaboration with the EITI Secretariat in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. Institutional and Other Arrangements. Without limitations upon the provisions of Section 2.02 above:

General

(a) The Recipient shall maintain, throughout Project implementation, the EITI Secretariat with staffing, resources and mandate satisfactory to the World Bank to be responsible for the overall coordination and implementation of the Project.

(b) The Recipient shall ensure that the proceeds of the Grant are not used for the purpose of any payment to persons or entities, or for the import of goods, if such payment or

**Operational Manual**

(c) The Recipient shall prepare and adopt an operational manual for the Project ("Project Operational Manual"), satisfactory in form and substance to the World Bank, consisting of different schedules setting forth, respectively, rules, methods, guidelines, specific development plans, standard documents and procedures for the carrying out of the Project, including the following:

(i) the description of Project implementation activities, their sequencing and the prospective timetable and benchmarks in relation thereto;

(ii) the Project administrative, financial, accounting, auditing, procurement and disbursement procedures, including all relevant standard documents and the procurement thresholds in respect of the procurement methods set forth in Section 2.07 of this Annex and all associated reviews by the World Bank under this Project;

(iii) the overview of planned capacity building and training activities, including workshops and study tours, to be carried out for purposes of the Project;

(iv) the final form of the interim unaudited financial reports and Financial Statements for the Project and the terms of reference for the financial audits of the Project;

(v) the plan for the monitoring, evaluation and supervision of the Project, including all technical, environmental, and social aspects in relation thereto; and

(vi) the performance indicators for the Project.

(d) Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Project Operational Manual or any respective provisions thereof, if, in the opinion of the World Bank, such assignment, amendment, abrogation or waiver will materially and adversely affect the implementation of the Project. Any amendment to said manual shall be made with the prior written consent of the World Bank. In case of any conflict between the provisions of the Project Operational Manual and the provisions of this Agreement, the provisions of this Agreement shall govern.

**Safeguards-Compliant Terms of Reference**

(e) The Recipient shall pay due attention to and ensure that all terms of reference for any training, technical assistance or studies carried out under the Project are consistent with the World Bank’s environmental and social safeguards policies, as well as the Recipient’s own laws relating to the environment and social aspects.
**Training Programs**

(f) The Recipient shall, prior to conducting any training or workshop under the Project, furnish to the World Bank for its review, the following information relating to such training or workshop: (i) the objective and content of the training or workshop envisaged; (ii) the selection method of institutions or individuals conducting such training or workshop, and said institutions if already known; (iii) the expected duration and an estimate of the cost of said training or workshops; and (iv) the personnel selected to attend the training or the workshop.

2.04. **Donor Visibility and Visit.** (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donors’ support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, enable the representatives of the Donors to visit any part of the Recipient’s territory for purposes related to the Project.

2.05. **Project Monitoring, Reporting and Evaluation.** (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date.

2.06. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal was made under the Project. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

2.07. **Procurement**

(a) **General.** All goods and consultants’ services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:
(i) Section I of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Procurement Guidelines”), in the case of goods and non-consulting services;

(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

(b) **Definitions.** The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank 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.

(c) **Particular Methods of Procurement of Goods**

(i) Except as otherwise provided in sub-paragraph (ii) below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding.

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods for those contracts which are specified in the Procurement Plan: (A) Shopping; and (B) Direct Contracting.

(d) **Particular Methods of Procurement of Consultants’ Services**

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants’ Qualifications; (E) Single-source Selection of consulting firms; (F) Selection of Individual Consultants; and (G) Single-source procedures for the Selection of Individual Consultants.

(e) **Review by the World Bank of Procurement Decisions.** The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.
Article III
Withdrawal of Grant Proceeds

3.01. Eligible Expenditures. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (i) the Standard Conditions; (ii) this Section; and (iii) such additional instructions as the World Bank may 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 World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant 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 Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, consultants’ services, Operating Costs and Training under the Project</td>
<td>500,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>500,000</td>
<td></td>
</tr>
</tbody>
</table>

3.02. Withdrawal Conditions. Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. Withdrawal Period. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2015.

Article IV
Effectiveness; Termination

4.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the Project Operational Manual referred to in Section 2.03(c) of this Annex has been prepared and adopted by the Recipient.

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

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

**Article V**

**Recipient's Representative; Addresses**

5.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Minister in charge of finance.

5.02. **Recipient's Address.** The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

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

Facsimile:  
221-33-821-1630

5.03. **World Bank's Address.** The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable: INTBAFRAD  
Telex: 248423 (MCI) or 64145 (MCI)  
Facsimile: 1-202-477-6391
Agreement that the World Bank has accepted the supporting document provided by the Recipient to the World Bank to establish that the condition of effectiveness listed in Section 4.01 of the Annex to this Agreement has been satisfied.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Vera Songwe
Country Director for Senegal
Africa Region

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
(5) Guidelines on “Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011