Financing Agreement

(Improving Senegal Youth Employability through Informal Apprenticeship Project)

between

REPUBLIC OF SENEGAL

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
CREDIT NUMBER 6347-SN

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date 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) apply to and form 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 a credit, which is deemed as Concessional Financing for purposes of the General Conditions, in the amount of forty-five million eight hundred thousand Euros (EUR45,800,000) (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 III of Schedule 2 to this Agreement.

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

2.04. The Service Charge is the greater of: (a) the sum of three-fourths of one percent (3/4 of 1%) per annum plus the Basis Adjustment to the Service Charge; and (b) three-fourths of one percent (3/4 of 1%) per annum; on the Withdrawn Credit Balance.

2.05. The Payment Dates are April 15 and October 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 through MFPAA in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension consists of the following, namely that the Payment Agency has breached any of its obligations under the contracts to which it is a party, in a manner which, in the opinion of the Association, has or may have an adverse impact on the compliance by the Recipient with its obligations under this Agreement, the implementation of the Project or the achievement of its objective.

4.02. The Additional Event of Acceleration consists of the following, namely that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following, namely that the Recipient has hired a financial and administrative officer with qualification and experience satisfactory to the Association.

5.02. The Effectiveness Deadline is the date one hundred twenty (120) days after the Signature Date.

5.03. For purposes of Section 10.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is Minister in charge of Economy, Finance and Planning.
6.02. For purposes of Section 11.01 of the General Conditions:

(a) the Recipient’s address is:
Ministère de l’Économie, des Finances et du Plan
Rue René N’diaye
B.P. 4017
Dakar
Sénégal

(b) the Recipient’s Electronic Address is:
Telex: Facsimile:
3203 G 221-33-821-1630

6.03. For purposes of Section 11.01 of the General Conditions:

(a) The Association’s address is:
International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

(b) the Association’s Electronic Address is:
Telex: Facsimile:
248423 (MCI) 1-202-477-6391
AGREED as of the Signature Date.

REPUBLIC OF SENEGAL

By

Authorized Representative

Name: __________________________
Title: __________________________
Date: 17 DEC 2018

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Louise Cord
Title: Country Director
Date: December 17, 2018
SCHEDULE 1

Project Description

The objectives of the Project are to strengthen the apprenticeship system and improve the employability of selected apprentices.

The Project consists of the following parts:

Part A: **Strengthen the system of informal apprenticeship**

1. **Analysis and selection of trades**
   
   Implementing a program of activities, including: (a) carrying out diagnostic analysis, formulating selection criteria, and selecting trades for informal apprenticeship; (b) assessing the professional associations of craftspersons operating in the selected trades.

2. **Development of integrated competency-based apprenticeship training programs for selected trades**
   
   Developing training programs and instructional materials for selected trades, including: (a) developing new or adapting existing integrated competency-based training programs, including the trade and job analysis, preparation of trade competency and certification framework documents, and development of training manuals for master craftspersons; (b) verifying the Outputs achieved; and (c) developing instructional materials, including ICT enabled training tools, for selected trades.

3. **Development of regulatory and operational frameworks for certifying informally-acquired competences and occupational skills**
   
   Developing regulatory and operational frameworks for certification, including: (a) developing a system for assessing, validating, and certifying informally-acquired competences and occupational skills of apprentices and master craftspersons, based on the existing system of certificate of professional aptitude; (b) providing technical assistance for preparation of relevant legislation, regulations, and standard operational procedure for the certification; and (c) capacity building to carry out the certification.

4. **Periodic organization of examinations**
   
   Supporting periodic examinations for certifying informally-acquired competencies and occupational skills.
5. **Strengthening of capacities of relevant public agencies in charge of informal apprenticeship and professional associations of craftspersons**

Implementing a program of activities, including: (a) carrying out capacity building activities for relevant public agencies in charge of informal apprenticeship to regulate, guide, monitor and provide oversight to the informal apprenticeship sector, and provide support to improving key systems including information management system, monitoring and evaluation, and grievances redress mechanism; and (b) supporting the organizational development of and providing capacity building to selected professional associations of craftspersons in the informal apprenticeship sector.

6. **Promotion of apprenticeship**

Promoting informal apprenticeship, including: (a) developing and implementing a national communication strategy; (b) organizing consultations; and (c) conducting annual competitions for apprentices certified under the Project and providing cash prizes to winners of such annual competitions.

**Part B: Improve the quality of apprentices' skills formation processes**

1. **Strengthening of selected master craftspersons' skills**

Strengthening the pedagogical and technical skills of master craftspersons selected in accordance with the eligibility criteria and procedures established in the PIM, including on their use of competency-based training programs and instructional materials developed under Component A.2 of the Project, and their knowledge about modern technologies.

2. **Upgrading of the technology used in informal apprenticeship workshops**

Supporting the eligible master craftspersons to upgrade the technology used in informal apprenticeship workshops, including: (a) providing technical assistance to the eligible master craftspersons for the preparation of business plans; (b) providing a Capital Grant to the eligible master craftspersons for the acquisition and the use of the technology; and (c) carrying out periodic monitoring of such acquisition and use.
3. **Strengthening the literacy, social-emotional, and business skills of apprentices**

Strengthening the literacy, social-emotional, and business skills of the apprentices selected in accordance with the eligibility criteria and procedures established in the PIM, including: (a) supporting the provision of optional literacy classes; (b) supporting the provision of training in social-emotional skills and business management skills; and (c) providing career guidance and conducting monitoring visits.

4. **Provision of cash transfers to selected trained apprentices**

Providing conditional cash transfers to selected apprentices who received training under Part B.3 for: (a) Economic Inclusion Cash Transfers; and/or (b) Performance Based Cash Transfer.

**Part C: Project management**

Providing goods, consultants’ services, including audit, and Operating Costs to the Recipient for purposes of Project management and implementation, including financial management, communication, planning, and monitoring and evaluation.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall vest in its MFPAA the responsibility of implementing the overall Project. To that end, the Recipient shall maintain a project implementation team until the completion of the Project, with terms of reference and staffing satisfactory to the Association, to be specifically responsible for Project management and day to day planning, coordination and Project implementation, including monitoring and evaluation, preparation of AWP&B and Project Reports, and preparation of MOUs with other Implementing Partners.

2. The Recipient shall maintain the Directorate of Administration and Equipment, with staffing satisfactory to the Association, to be responsible for the overall fiduciary aspects of the Project, including procurement, financial management and reporting, and accounting for the Project.

3. The Recipient shall establish and maintain until the completion of the Project, a Project Steering Committee with terms of reference and composition satisfactory to the Association, to be responsible for providing strategic guidance for the Project, overseeing the implementation of the Project, review of progress and financial reports and audits, approval of AWP&B, promotion of use of the new tools and systems developed under the Project, and external communication and Project branding.

4. The Recipient shall establish and maintain until the completion of the Project a grievance redress mechanism, with terms of reference and staffing satisfactory to the Association.

5. The Recipient shall take all measures on its part to ensure that the Project is carried out: (a) in coordination with the relevant ministries and agencies, including the Implementing Partners, as further set forth in the MOUs, the PIM, and the Tripartite Agreement; and (b) to commit its own resources, as necessary, to carry out the activities under Component B.3 of the Project.

6. The Recipient shall ensure that the Implementing Partners: (a) comply with the provisions of the MOU to which they are a party; (b) maintain a dedicated team for the implementation of Project activities, with adequate staffing with qualifications and responsibilities satisfactory to the Association; and (c) carry out the Project activities and their respective obligations under their respective MOUs in accordance with the PIM and this Agreement.
7. The Recipient: (a) shall ensure that the Project is carried out in accordance with the PIM; provided, however, that in case of any conflict between the provisions of the PIM and the provisions of this Agreement, the provisions of this Agreement shall prevail; and (b) except as the Association shall otherwise agree, shall not amend, abrogate or waive any provision of the PIM.

8. The Recipient shall ensure that the master craftspersons and the professional associations of craftspersons: (a) comply with the provisions of the Tripartite Agreement; and (b) carry out the Project activities and their respective obligations under the Tripartite Agreement in accordance with the PIM and this Agreement.

9. The Recipient shall, no later than two (2) months after the Effective Date, update the existing PIM to include the Project specifications including detailed arrangements for the output-based financing for Part A.2(a) of the Project, Capital Grants under Part B.2(b) of the Project, and Cash Transfers under Part B.4 of the Project.

10. The Recipient shall, no later than four (4) months after the Effective Date: (a) hire an accountant with qualification and experience satisfactory to the Association; (b) updating accounting and reporting systems, satisfactory to the Association; and (c) hire an external auditor with qualifications and experience satisfactory to the Association.

11. The Recipient shall, no later than six (6) months after the Effective Date, hire an internal auditor with qualifications and experience satisfactory to the Association.

12. The Recipient shall:

   (a) prepare a draft AWP&B for each Fiscal Year, setting forth: (i) a detailed description of planned activities for the Project for the following Fiscal Year; (ii) the sources and uses of funds therefor; and (iii) responsibility for execution of said Project activities, budgets, start and completion dates, outputs, and monitoring indicators to track progress of each activity;

   (b) not later than November 30 of each Fiscal Year, furnish to the Association for its comments and approval, a Project Steering Committee-approved AWP&B; and

   (c) adopt the final version of the AWP&B in the form approved by the Association not later than December 31 of such Fiscal Year. The AWP&B may be revised as needed during Project implementation, subject to the Association’s prior approval.
B. Capital Grants

1. For purposes of the provision of Capital Grants under Part B.2(b) of the Project, the Recipient, through the MFPAA, shall, upon selection of eligible master craftspersons pursuant to the criteria and procedures established in the PIM, enter into a standard agreement with such eligible master craftspersons, under terms and conditions acceptable to the Association ("Capital Grant Agreement"), including, \textit{inter alia}: (a) the Capital Grant shall be made on a non-reimbursable grant basis, and each Capital Grant amount shall not exceed two thousand United States Dollars (US$2,000); (b) the eligible master craftsperson's obligation to: (i) acquire and use the technology for the informal apprenticeship workshops, in accordance with the approved business plan, and ensure safety of workshop participants; (ii) report to the MFPAA on the progress of the acquisition and use of the technology, and to enable the MFPAA, the Recipient and the Association, if the Association shall so request, to visit the workshops where the acquired technology is used; and (iii) maintain records and accounts for expenditures incurred and financed with the Capital Grant; and (c) the right of the Recipient to suspend, cancel or request a refund of the Capital Grant or a portion thereof in case of the failure of the eligible master craftspersons to perform any of its obligations under the Capital Grant Agreement.

2. The Recipient shall exercise its rights and carry out its obligations under each Capital Grant Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Credit. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Capital Grant Agreement or any of their provisions.

C. Economic Inclusion Cash Transfers and Performance Based Cash Transfers

1. To facilitate the carrying out of Economic Inclusion Cash Transfers and the Performance Based Cash Transfers under Part B.4 of the Project, the Recipient, through MFPAA, shall retain a Payment Agency with qualifications and experience and under terms of reference acceptable to the Association, and shall make the proceeds of the Credit allocated to Category (5) of the table set forth in Section III.A of this Schedule available to the Payment Agency under a contract to be entered between MFPAA and the Payment Agency under terms and conditions approved by the Association as set forth in the PIM.

2. The Recipient shall exercise its rights under the contracts in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Credit. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any of said contracts or any provisions thereof.
3. The Recipient shall ensure that the amount of each Economic Inclusion Cash Transfer and the Performance Based Cash Transfers is paid by the Payment Agency, to the intended Beneficiaries, in accordance with the eligibility criteria and procedures acceptable to the Association, and as described in the PIM.

Section II. **Project Monitoring, Reporting and Evaluation**

The Recipient shall furnish to the Association each Project Report not later than one month after the end of each calendar semester, covering the calendar semester.

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

A. **General**

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in EUR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services, and consulting services, including Training and Operating Costs for the Project, except Parts A.2(a), B.2(b) and B.4 of the Project</td>
<td>21,800,000</td>
<td>100 %</td>
</tr>
<tr>
<td>(2) Output-based financing under Part A.2(a) of the Project based on Unit Costs</td>
<td>180,000</td>
<td>100% of amount disbursed</td>
</tr>
<tr>
<td>(3) Cash prizes under Part A.6(c) of the Project</td>
<td>120,000</td>
<td>100% of amount disbursed</td>
</tr>
<tr>
<td>(4) Capital Grants under Part B.2(b) of the Project</td>
<td>13,800,000</td>
<td>100% of amount disbursed</td>
</tr>
<tr>
<td>(5) Cash Transfers under Part B.4 of the Project</td>
<td>9,900,000</td>
<td>100% of amount disbursed</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>45,800,000</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:

   (a) for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed € 1,000,000 may be made for payments made prior to this date but on or after October 22, 2018, for Eligible Expenditures under Category 1;

   (b) for payments made under Category 2 until and unless the Recipient, through MFPAA, has verified the number of Outputs achieved by ONFP, namely the number of new integrated competency-based training programs developed, and the number of existing integrated competency-based training programs revised;

   (c) for payments made under Category 4, until and unless the Recipient has updated the relevant sections of the PIM, and unless the payments are made in accordance with the procedures and eligibility criteria set forth in the PIM; and

   (d) for payments made under Category 5, until and unless: (i) the Recipient has updated the relevant sections of the PIM; (ii) hired and entered into a contract with a Payment Agency as set forth in Section 1.C.1 of this Schedule; and (iii) the payments are made in accordance with the procedures and eligibility criteria set forth in the PIM and the contracts with the Payment Agency.

2. The Closing Date is March 31, 2024.
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 April 15 and October 15, commencing April 15, 2025, to and including October 15, 2056</td>
<td>1.5625%</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 3.05 (b) of the General Conditions.
APPENDIX

Section I. Definitions

1. “Annual Work Plan and Budget” or “AWP&B” means each annual work plan, together with the related budget, for the Project approved by the Association pursuant to the provisions of Section I.A.12 of Schedule 2 to this Agreement.

2. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, 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 and as of July 1, 2016.

3. “Basis Adjustment to the Service Charge” means the Association’s standard basis adjustment to the Service Charge for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association, and expressed either as a positive or negative percentage per annum.

4. “Beneficiary” means any of the Cash Transfer recipients under Part B.4 of the Project.

5. “Capital Grants” means a portion of the Credit’s proceeds to finance the payments to the selected master craftspersons under Part B.2(b) of the Project.

6. “Capital Grant Agreement” means an agreement between the Recipient and the selected master craftspersons providing for a Capital Grant, referred to in Section I.B.1 of Schedule 2 to this Agreement.

7. “Cash Transfer” means a transfer of funds in the form of grants on behalf of the Recipient to a Beneficiary, made or to be made in accordance with the provisions of the PIM and a contract between the Recipient and the Payment Agency.

8. “Cash Transfers” means the Economic Inclusion Cash Transfers and Performance Based Cash Transfers.

9. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.


11. “Economic Inclusion Cash Transfers” means a portion of the Credit’s proceeds to finance the payments to the selected Beneficiaries under Part B.4(a) of the Project.
12. "Fiscal Year" or "FY" means the Recipient’s Fiscal Year, starting January 1st and ending December 31st.

13. “Fund for Professional Training” or “3FPT” is a semi-autonomous agency under the MFPAA, established by Decree 2014-1264.


15. “Implementing Partners” means ONFP, 3FPT, DANL, and any other agencies involved in Project implementation as agreed with the Association and set forth in the PIM.

16. “Ministry of Education” means the Recipient’s ministry responsible for education, or any successor thereto.

17. “Ministry of Vocational Training, Apprenticeship, and Craftpersons” or “MFPAA” means the Recipient’s ministry responsible for vocational training, apprenticeship and craftpersons, or any successor thereto.

18. “MOUs” means the memoranda of understanding which MFPAA will enter into for the Project and referred to in this Agreement, with the Implementing Partners and other agencies implementing the Project.

19. “National Agency for Vocational Training” or “ONFP” means a semi-autonomous agency under the MFPAA established by Law N. 86-44 of August 11, 1986.

20. “Operating Costs” means the incremental expenses incurred by the Recipient, based on the Annual Work Plans and Budget as approved by the Association, on account of Project implementation, management, and monitoring and evaluation, including the reasonable costs for utilities and supplies, bank charges, communications, office space rental, building and equipment maintenance, travel (including per diem) and supervision, and salaries of contractual and temporary staff, but excluding salaries, fees, honoraria, and bonuses of members of the Recipient’s civil service.

21. “Output” means the outputs eligible for financing out of the proceeds of the Credit as set forth in Section IV.B.1(b) of Schedule 2 to this Agreement.

22. “Payment Agency” means an entity that has entered into a contract with the Recipient in accordance with the provisions of Section I.C.1 of Schedule 2 to this Agreement.
23. "Performance Based Cash Transfers" means a portion of the Credit’s proceeds to finance the payments to the selected Beneficiaries under Part B.4(b) of the Project.

24. Procurement Plan" means the Recipient’s procurement plan for the Project, and provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the Association.


26. "Project Implementation Manual" or “PIM” means the project implementation manual prepared and adopted by the Recipient in accordance with the provisions of Section I.A.5 of Schedule 2 to this Agreement, and includes: (i) administrative, financial management, procurement and accounting procedures for the Project; (ii) monitoring and evaluation, reporting, and information of Project activities; (iii) description of the output-based financing arrangements for Part A.2(a) of the Project and the related definitions of Unit Costs; (iv) implementation procedures and eligibility criteria of the Capital Grant and the Cash Transfers; and (v) such other technical and organizational arrangements and procedures as shall be required for the Project.

27. "Project Steering Committee" means the project’s steering committee referred to in Section I.A.3 of Schedule 2 to this Agreement.

28. "Signature Date" means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.

29. "Training" means the reasonable cost of training under the Project, based on Annual Work Plans and Budget, including costs associated with seminars, workshops, conference and study tours, travel and subsistence costs for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials and other activities directly related to course preparation and implementation.

30. "Tripartite Agreement" means an agreement among the selected master craftpersons, professional associations of craftpersons, and MFPAA for implementing the Project activities.

31. "Unit Costs" means costs per activity as defined in the PIM for all output-based financing in Part A.2 of the Project.