His Excellency Abdoulaye Diop  
Minister of State, Minister of Economy and Finance  
Dakar, Republic of Senegal

SENEGAL: Quality Education for All Project – Phase 2  
(IDA-42310 and PHRD Grant TF056897)  
Amendment No. 1 to the Financing Agreement and Co-Financing Grant

Excellency:

For the above mentioned Project, we refer to the Financing Agreement (the “Agreement”) dated November 20, 2006, between the Republic of Senegal (“Recipient”) and the International Development Association (“Association”), the Co-financing Grant (the “Grant”) dated November 20, 2006, between the Recipient and the Association, acting as administrator of grant funds provided by Japan under the PHRD Co-Financing Grant Program and to your letter dated July 22, 2010, requesting specific amendments to the Agreement.

We are pleased to inform you that the Association agrees to your request and proposes to:

1) amend Section II (A)(1)(c) of Schedule 2 to the Agreement as follows:

“(c) The performance indicators referred to above in sub-paragraph (a) consist of the following:

i. Gross primary enrollment rate for girls and boys to reach 96 percent by December 31, 2011;

ii. Gender parity index to reach 1.0 by December 31, 2011;

iii. [Provision deleted];

iv. Primary completion rate to reach 65 percent by December 31, 2011;

v. 2,800 middle school places will be created by 2011 (about 100 places per school in 28 schools) and all will be filled by the beginning of the school year after the completion of construction;
vi. 50,000 learners, 70 percent women, will be enrolled and 80 percent of them will complete 300 hours by December 31, 2011;

vii. 100 percent of grants under Part 2.B of the Project will finance quality inputs at schools;

viii. At least 95 percent of textbooks purchased by the project will be in schools by January 2011, and will be used in classrooms as verified by classroom observations;

ix. [Provision deleted]

x. [Provision deleted]

xi. Performance management frameworks (*cadres de performance*) will be developed and implemented in at least the following departments: planning (*DPRE*), financial management (*DAGE*), human resources (*DRH*), elementary (*DEE*), middle and secondary (*DEMSG*), construction (DCES), evaluation (*INEADE*) and for at least two education structures at regional level (*IAs*) by October 2010; and in all central departments, *IAs* and education structure at district level (*IDENs*) by October 2011; and

xii. Results of annual statistical campaigns will be available by April of each year.”

2) amend Section IV(A)(2) of Schedule 2 to the Agreement as follows:

“2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Credit to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Categories</th>
<th>Amount of the Financing Allocated (Expressed in SDR)</th>
<th>Percentage of Expenditures to be financed</th>
</tr>
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</table>

2
(Expressed in SDR)

1. Improving access and retention (Part 1.A et 1.B) 6,470,000 100% excluding taxes

2. Improving education quality (Part 2.C, 2.D, 2.E, 2.F) 4,300,000 100% excluding taxes

3. Strengthening management of the education system (Part 3 except 3.D) 2,000 100% excluding taxes

4. Grants and support to deconcentrated levels (Part 1.C, 2.A and 2.B) 6,364,000 100% of amounts disbursed

5. Operating costs (Part 3.D) 2,686,000 100%

6. Reimbursement of the Avance (PPF) 543,100 Amount payable pursuant to Section 2.07 of the General Conditions

7. Unallocated 134,900

**Total** 20,500,000

3) amend Section IV(B)(2) of Schedule 2 to the Agreement as follows:

“1. The Closing Date is December 31, 2011.”

4) amend Section V of Schedule 2 to the Agreement as follows:

“The Recipient shall:

(a) Finance, from its budget resources, the construction and equipment of at least 1,500 classrooms, in the elementary level, per year during the implementation of the project;

(b) Allocate to the education sector at least 40% of its recurrent budget excluding debt service and “dépenses communes”, representing not less that 32% of its recurrent budget excluding debt service in each of its annual budgets during the implementation of the Project;

(c) For each classroom constructed under the Project in middle schools, construct, under financing from its own budget one classroom at the same level, and ensure that adequate water and sanitation services are available for said schools;

(d) Each year during the implementation of the Project, spend at least 1 billion FCFA, from its annual budget, for the acquisition of textbooks;
(e) Each year during the implementation of the Project, allocate at least CFAF 700 million, in its annual recurrent budget for support to schools; and

(f) No later than thirty days after the end of each quarter during the implementation of the Project, furnish to the Association all necessary information on the execution of its budget for the education sector (including budget data on central and “déconcentré” levels)”

5) amend Article 3.03 of the Grant as follows:

“1. The Closing Date is December 31, 2011.”

All other provisions of the Agreement and the Grant, except amended herein, shall remain in full force and effect.
Please confirm your agreement to the above by signing, dating and returning to us the enclosed copy of this amendment letter. Upon receipt by the Association of a copy of the countersigned amendment letter, this amendment letter will become effective as of the date of countersignature.

Sincerely,
INTERNATIONAL DEVELOPMENT ASSOCIATION

/s/ Habib Fetini
Country Director for Senegal
Africa Region

CONFIRMED:

REPUBLIC OF SENEGAL

By:  /s/ Abdoulaye Diop
Minister of State, Minister of Economy and Finance
Date:  November 10, 2010