Financing Agreement

(Third Multi-Sectoral Structural Reforms Development Policy Financing)

between

REPUBLIC OF SENEGAL

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF SENEGAL ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Association has decided to provide this financing on the basis, inter alia, of: (i) the actions which the Recipient has already taken under the Program and which are described in Section I. of Schedule 1 to this Agreement; and (ii) the Recipient’s maintenance of an adequate macroeconomic policy framework. The Recipient and the Association therefore 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 one hundred sixty one million four hundred thousand Euros (161,400,000 Euros) (variously, “Credit” and “Financing”).

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

2.03. 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plus the Basis Adjustment to the Service Charge; and (b) three-fourths of one percent (3/4 of 1%) per annum on the Withdrawn Credit Balance.

2.04. The Payment Dates are February 15 and August 15 in each year.

2.05. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 2 to this Agreement.

2.06. The Payment Currency is Euro.

2.07. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Recipient shall promptly furnish to the Association such
information relating to the provisions of this Article II as the Association may, from time to time, reasonably request.

ARTICLE III — PROGRAM

3.01. The Recipient declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:

(a) the Recipient and the Association shall from time to time, at the request of either party, exchange views on the Recipient’s macroeconomic policy framework and the progress achieved in carrying out the Program;

(b) prior to each such exchange of views, the Recipient shall furnish to the Association for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Association shall reasonably request; and

(c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Recipient shall promptly inform the Association of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension consists of the following, namely that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

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 Association is satisfied with the progress achieved by the Recipient in carrying out the Program and with the adequacy of the Recipient’s macroeconomic policy framework.

5.02. The Effectiveness Deadline is the date ninety (90) 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 its minister in charge of finance.

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

(a) the Recipient’s address is:

Ministère des Finances et du Budget
Rue René Ndiaye x Avenue Carde
BP 4017
Dakar
Republic of Senegal; and

(b) the Recipient’s Electronic Address is:

Telex: 221-33822-4195
E-mail: andong@minfinances.sn

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: 248423 (MCI)
Facsimile: 1-202-477-6391

AGREED as of the Signature Date.

REPUBLIC OF SENEGAL

By

[Signature]

Authorized Representative

Name: MAME QUMAR THIANE
Title: Charge d'Affaires ai, Ambassador
Date: 12/18/2019

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: VASIL VELEV
Title: Country Program Coordinator
Date: 12-18-2019
SCHEDULE 1

Program Actions; Availability of Financing Proceeds

Section I. Actions under the Program

The actions taken by the Recipient under the Program include the following:

1. To enhance transparency in the electricity sector, the Recipient’s Ministry of Petroleum and Energy has instructed Senelec to reorganize, through the creation of: (i) the Senelec holding company; (ii) separate subsidiaries for the generation, transmission and distribution of electricity; and (iii) a subsidiary associated with the natural gas segment to carry out a gas aggregator role.

2. Under a detailed financial plan for the electricity sector that includes payment of public sector arrears and coverage of funds needed by Senelec for tariff compensation, (i) the Recipient’s Ministry of Petroleum and Energy has requested the CRSE and the CRSE has agreed to modify the maximum allowed revenue tariff formula to include an ex-post adjustment of actual investment achievements; (ii) the Recipient has modified the decree (décret sur le fond de préférence pour la compensation tarifaire des concessionnaires de l’électrification rurale) to apply a "passthrough" element corresponding to the shortfall for rural concessionaires as a result of tariff harmonization; and (iii) the CRSE has increased the level of tariffs.

3. To enable development of the gas-to-power strategy, the Recipient’s Council of Ministers has adopted and submitted to the National Assembly the draft gas law, which provides for planning, regulation and institutional arrangements for the gas subsectors in their midstream and downstream segments.

4. To enable development of the gas-to-power strategy, (i) PETROSEN has formed a company (special purpose vehicle) that will build and operate the gas transportation system; (ii) the Council of Ministers has discussed the gas-to-power implementation plan and the Recipient’s Ministry of Petroleum and Energy has published on its website the main points of implementation, notably the percentage of private/public ownership of the company, identified PETROSEN as the principal public institution that will hold the public sector’s participation in the company; and the decision on the source of gas; and (iii) the Recipient’s Ministry of Petroleum and Energy has approved an updated electricity masterplan to fully integrate planned use of gas generation and includes renewables forming at least 29% of the energy mix in 2025.

5. To open access to dominant players’ essential infrastructure, the Recipient’s ARTP has adopted regulatory decrees strengthening regulation obligations for the dominant operators for the years 2018 and 2019.
6. To increase incentives for all telecom operators and new ISPs to expand mobile networks, the Recipient has adopted a decree on radio frequencies introducing a 20% decrease in the total amount of fees payable by all telecom players and including discount rates for the use of frequencies by ISPs and in underserved areas.

7. To activate the Universal Service Fund pursuant to the Universal Service Decree, the Recipient has: (i) established the new governance bodies namely a strategic committee and a fund coordinator; (ii) adopted the Universal Service strategy’s action plan with a focus on closing the digital divide and gender gap in women’s access to internet; and (iii) had its first consultation with private operators to cover rural areas.

8. To promote open access to ADIE’s fiber optic network, the Recipient has published a competitive tender process (avis d’appel à pré-qualification) to select a private concessionaire to operate and expand said network in the Recipient’s territory.

9. To enhance efficiency and transparency of e-government services, reduce compliance costs for taxpayers and strengthen domestic resource mobilization, the Recipient’s Ministry of Finance has: (i) operationalized digital consultation of taxes (through the Ministry of Finance’s personalized taxpayer webpage, "my personal space"), which covers at least 10% of eligible taxpayers; and (ii) operationalized a risk-based audit selection system, which encompasses at least 50% of relevant verifications.

10. To create a business environment conducive to entrepreneurship and innovation, the Recipient’s Council of Ministers has adopted and submitted to the National Assembly: (i) a draft law on the creation and promotion of start-ups in Senegal; and (ii) amendments to the General Tax Code to streamline MSME taxation through the draft finance law 2020.

Section II. Availability of Financing Proceeds

A. General. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient.

B. Allocation of Financing Amounts. The Financing is allocated in a single withdrawal tranche, from which the Recipient may make withdrawals of the Financing proceeds. The allocation of the amounts of the Financing to this end is set out in the table below:
### Allocations

<table>
<thead>
<tr>
<th>Allocations</th>
<th>Amount of the Financing Allocated (expressed in EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Single Withdrawal Tranche</td>
<td>161,400,000</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>161,400,000</td>
</tr>
</tbody>
</table>

### C. Withdrawal Tranche Release Conditions.

1. No withdrawal shall be made of the Single Withdrawal Tranche unless the Association is satisfied: (a) with the Program being carried out by the Recipient; and (b) with the adequacy of the Recipient’s macroeconomic policy framework.

### D. Deposit of Financing Amounts.

1. The Recipient, within thirty (30) days after the withdrawal of the Financing from the Financing Account, shall report to the Association: (a) the exact sum received into the account referred to in Section 2.03 (a) of the General Conditions; (b) the details of the account to which the CFA Francs equivalent of the Financing proceeds will be credited; (c) the record that an equivalent amount has been accounted for in the Recipient’s budget management systems; and (d) the statement of receipts and disbursement of the account referred to in Section 2.03 (a) of the General Conditions.

### E. Audit. Upon the Association’s request, the Recipient shall:

1. have the account referred to in Section 2.03 (a) of the General Conditions audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association;

2. furnish to the Association as soon as available, but in any case not later than four (4) months after the date of the Association’s request for such audit, a certified copy of the report of such audit, of such scope and in such detail as the Association shall reasonably request, and make such report publicly available in a timely fashion and in a manner acceptable to the Association; and

3. furnish to the Association such other information concerning the account referred to in Section 2.03 (a) of the General Conditions and their audit as the Association shall reasonably request.

### F. Closing Date. The Closing Date is December 31, 2020.
SCHEDULE 2

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 February 15 and August 15, commencing February 15, 2026 to and including August 15, 2057</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

Definitions

1. “ADIE” means Agence de l'Informatique de l'Etat, the Recipient’s State Informatics Agency.

2. “ARTP” means Autorité de Régulation des Télécommunications et des Postes, the Recipient’s Regulatory Authority of Telecommunications and Posts.

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.


7. “ISP” means Internet Service Provider.


10. “Program” means the program of objectives, policies, and actions set forth or referred to in the letter dated November 18, 2019 from the Recipient to the Association declaring the Recipient’s commitment to the execution of the Program, and requesting assistance from the Association in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the Program’s objectives.

11. “Senelec” means the Recipient’s national power utility, established as a corporation (société anonyme à participation publique majoritaire), pursuant to the Law No. 98-06 of January 28, 1998, authorizing Senelec’s transformation into a corporation, and Senelec’s Statutes dated 31 mars 1999, as said law and
statutes may have been amended from time to time, and operating under the laws of the Recipient.

12. "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.

13. "Single Withdrawal Tranche" means the amount of the Financing allocated to the category entitled "Single Withdrawal Tranche" in the table set forth in Part B of Section II of Schedule 1 to this Agreement.

14. "Universal Service Decree" means the Recipient’s Decree No. 2019-593 of February 14, 2019, as said decree may have been amended from time to time.

15. "Universal Service Fund" means the fund referred to at Article 8 et seq. of the Universal Service Decree.