February 8, 2013

H. E. Amadou Kane  
Minister of State  
Minister of Economy and Finance  
Ministry of Economy and Finance  
Dakar  
Republic of Senegal

Re: State and Peace-Building Fund Grant for the Community  
Peacebuilding Initiatives in Casamance  
SPF Grant TF 13474

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 International Development Association ("World Bank"), acting as administrator of grant funds provided by various donors under the State-and Peace-Building Fund, proposes to extend to the Recipient a grant in an amount not to exceed two million three hundred thousand United States Dollars (U.S.$2,300,000) ("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 returning 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effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within ninety (90) days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,

INTERNATIONAL DEVELOPMENT BANK

[Signature]

Vera Songwe
Country Director for Senegal
Africa Region

AGREED:

REPUBLIC OF SENEGAL

[Signature]

Amarou Kane
Authorized Representative

Name: ____________________________
Title: ____________________________
Date: ____________________________

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
(3) “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
Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 201* (“Standard Conditions”) constitute an integral part of this Agreement.

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 have the following meanings:

(a) “Consultative Group” or “Cadre de Concertation” means a consultative group created by a Rural Council to engage in dialogue on local development with such Rural Council’s constituency.

(b) “Investment” means a monetary allocation equivalent to fifty thousand United States Dollars (US$50,000) of the Grant for the implementation of a Peacebuilding Project by the Recipient.

(c) “Operating Costs” mean the reasonable costs, as shall have been approved by the World Bank, for the incremental expenses incurred on account of Project implementation, consisting of vehicle operation and maintenance, communication and insurance costs, banking charges, rental expenses, office (and office equipment) maintenance, utilities, document duplication/printing, consumables, travel cost and per diem for Project staff for travel linked to the implementation of the Project, and salaries of contractual staff for the Project (but excluding consultants’ services and salaries of officials of the Recipient’s civil service).

(d) “Peacebuilding Project” means a targeted set of measures to reduce Rural Community’s vulnerability to conflict and hamper its development, which has been designed by the Rural Community’s Consultative Group and approved by its Rural Council.

(e) “Rural Communities” or “Communauté Rurale” means one of the 25 local government entities in the rural area of the Ziguinchor region, as defined by Law no. 96-06 of March 22, 1996 entitled “Codes des Collectivités Locales”.

(f) “Rural Council” or “Conseil Rural” means the deliberative assembly of a Rural Community as defined by Law no. 96-06 of March 22, 1996 entitled “Codes des Collectivités Locales”.

(g) “Service Agreement” or “Convention de Maîtrise d’Ouvrage Déléguée”) means the agreement referred to in Article 2.03.B.1.

(h) “SPF Operation Manual” means an annex to the existing administrative and financial manual of the Recipient which details implementation and reporting arrangements for the Project.
"Training and Workshop:" means the reasonable costs, as shall have been approved by the World Bank, for training and workshops conducted under the Project, including tuition, travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course and workshop preparation and implementation (but excluding goods and consultants' services).

Article II
Project Execution

2.01. Project Objectives and Description. The objective of the Project is to support peace-building initiatives of Rural Communities in Casamance. The Project consists of the following parts:

Part A. Capacity Building for Peace

Carrying out a program of activities to strengthen the capacity of Rural Communities and their respective Consultative Groups to promote peace, increase their technical expertise in peace building projects and public information. Such program to include activities such as (i) collecting data and information and disseminating the results to local stakeholders, (ii) providing training in peacebuilding activities, and (iii) holding public consultations on different proposals prepared by Consultative Groups and assisting in project design.

Part B: Catalytic Investments

1. Strengthening management capacity of Rural Councils and their respective Consultative Groups by providing training on topics such as planning, contracting, financial management and accounting.

2. Carrying out peace-building investments, such investments to include, but not be limited to activities such as: (a) education campaign on landmines risk; (b) start-up kits for young farmers; (c) vocational training; (d) rehabilitation of small public infrastructures; and (e) community radio equipment.

3. Monitoring and supervision of the Project implementation activities through collaborative community oversight.

Part C: Project Management

Project coordination, supervision, financial management, communication and outreach, including (i) strengthening the capacity of the Recipient, (ii) monitoring and evaluation of the Project, and (iii) provision of Training, Operating Costs, goods and services required for the purpose.

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 Agence Régionale de Développement de Ziguinchor (ARDEZ) 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**

A. Institutional Arrangements

In order to ensure prompt and efficient implementation of the Project, the Recipient shall, throughout the Project implementation period: (i) maintain ARDZ with competent and qualified staff in adequate number to be responsible for Project implementation and management, such staff to include a director, a civil engineer, an agronomist, an accountant and a procurement specialist, and (ii) no later than three (3) months after the Effective Date, recruit and thereafter maintain at all times during Project implementation, a Project coordinator specialized in peace-building and a Project assistant each of whose qualifications, experience and terms of reference shall be acceptable to the World Bank.

B. Other Institutional Arrangements

1. **Service Agreement:** To facilitate the proper carrying out of Part B of the Project, the Recipient shall, no later than twelve months (12) after the Effective Date, enter into an agreement with each of the Rural Communities ("Service Agreement") pursuant to which (a) each Rural Council delegates the implementation of an Investment, including technical, economic, financial, managerial, and all fiduciary aspects, to the Recipient, and (b) the Recipient agrees to implement such Investment on behalf of the Rural Council.

2. **SPF Operation Manual:** The Recipient shall (a) within four (4) months of the Effective Date, update the SPF Operation Manual in form and substance satisfactory to the World Bank, (b) ensure that the Project is carried out in accordance with the SPF Operation Manual, and shall not amend or waive any of its provisions without the prior written agreement of the World Bank, and (c) notwithstanding the foregoing, in the event of inconsistency between the provisions of the SPF Operation Manual and those of this Agreement, the provisions of this Agreement shall prevail.

2.04. **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 three (3) months, and shall be furnished to the World Bank not later than fifteen (15) 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 semester, covering the semester, 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 (1) 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.** All goods, works, non-consulting services, and/or consulting services required for the Project and to be financed, fully or partially, out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in 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"), and the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers", dated January 2011 ("Consultant Guidelines").

2.08. Any contract for Eligible Expenditures to be financed in full or in part out of the proceeds of the Grant shall be included in the procurement plan prepared by the Recipient and approved by the Bank in accordance with the Procurement Guidelines and the Consultant Guidelines, prior to initiating the procurement process for any such contract.

**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) Article II of 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 100% of Eligible Expenditures consisting of goods, works, consultants' services, Training and Workshops, and Operating Costs inclusive of Taxes.

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 March 31, 2014.

**Article IV**

**Recipient's Representative; Addresses**

4.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its minister of finance.

4.02. **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
4.03. **World Bank's Address.** The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

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

Facsimile:  
1-202-77-6391