**CONFORMED COPY**

**CREDIT NUMBER 4759-SN**

**Financing Agreement**

**(Second Sustainable and Participatory Energy Management Project)**

**between**

**REPUBLIC OF SENEGAL**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated July 22, 2010**

**CREDIT NUMBER 4759-SN**

FINANCING AGREEMENT

AGREEMENT dated July 22, 2010, entered into 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. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
	2. 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**

* 1. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to nine million nine hundred thousand Special Drawing Rights (SDR 9,900,000) (variously, “Credit” and “Financing”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
	2. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
	3. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Payment Dates are March 15 and September 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 the Euro.

**ARTICLE III — PROJECT**

* 1. The Recipient declares its commitment to the objective of the Project and the Program. To this end, the Recipient shall carry out the Project through the DWF, in accordance with the provisions of Article IV of the General Conditions.
	2. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

**ARTICLE IV — REMEDIES OF THE ASSOCIATION**

4.01. The Additional Events of Suspension consist of the following:

(a) A situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

(b) The Co-financing Agreement has failed to become effective by December 31, 2010, or such later date as the Association shall establish by notice to the Recipient.

**ARTICLE V — EFFECTIVENESS; TERMINATION**

5.01. The Additional Conditions of Effectiveness consist of the following:

(a) The Recipient has adopted the Project Manual of Procedures, which includes the Project Implementation Plan, in form and substance satisfactory to the Association.

(b) The Recipient has recruited the following staff within the DWF in accordance with the provisions of Section III of Schedule 2 to this Agreement and pursuant to Terms of reference and with qualifications satisfactory to the Association: a head of operations (Head of Operations), a financial management manager, an accountant, a procurement specialist and an executive assistant.

5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

5.03. For purposes of Section 8.05 (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 years after the date of this Agreement.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

6.01. The Recipient’s Representative is its Minister in charge of finance.

6.02. The Recipient’s Address is:

Ministry of Economy and Finance

Rue René N'diaye

B.P. 4017

Dakar

Senegal

Cable address: Telex: Fascimile:

MINIFINANCES 3203 G 221-33-821-1630

Dakar

6.03. The Association’s Address is:

 International Development Association

 1818 H Street, N.W.

Washington, D.C. 20433

 United States of America

 Cable: Telex: Facsimile:

 INDEVAS 248423 (MCI) 1-202-477-6391

 Washington, D.C.

AGREED at the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF SENEGAL

 By //S// H.E. Fatou Danielle Diagne

Authorized Representative

 INTERNATIONAL DEVELOPMENT ASSOCIATION

 By //S// McDonald Benjamin

Authorized Representative

**SCHEDULE 1**

**Project Description**

The objective of the Project is to contribute to increase the availability of diversified household fuels in a sustainable and gender equitable way, and to contribute to increase the income of participating communities while preserving the forest ecosystems.

The Project consists of the following parts:

**Part A: The Institutional Reforms of the Charcoal Value Chain**

1. Supporting the setting up of a system of allocation of charcoal production concessions, through: (i) the organization of brainstorming workshops on needed reforms of the forestry code and forestry taxes; (ii) the implementation of an information and education campaign on climate change, the forestry sector and charcoal production concessions; (iii) the printing, dissemination and translation of the revised forestry code in two main local languages of the Project area of intervention; (iv) the carrying out of studies on wood fuels and the charcoal market; (v) the carrying out of studies to assess the capacity of local charcoal producers to access urban markets; and (vi) the training of women and men involved in the charcoal value chain in small business management.

2. Facilitate access to urban markets for local charcoal producers, through: (i) the rehabilitation of forest trails to facilitate access to charcoal production sites; and (ii) the purchase of trucks for the commercialization for urban market of locally-produced charcoal.

3. Diversify the income of charcoal traders, through: (i) the implementation of a sensitization campaign on the reform of the charcoal value chain; (ii) the carrying out of a program of business skills training for charcoal traders; (iii) the carrying out of feasibility studies for Sub-projects submitted by charcoal traders; and on the establishment of energy efficient charcoal processing units; and (iv) the provision of Sub-grants to eligible charcoal traders for eligible Sub-projects that contribute to the household energy subsector development or for the establishment of energy efficient charcoal processing units.

**Part B: The Sustainable Wood Fuels Supply Management**

1. Sustainable community forest management

1. Support for integrated and participative community forest resources management, through: (i) the opening and maintenance of fire breaks around targeted forests; (ii) the provision of equipment and training for establishing tree nurseries and tree planting in managed zones; (iii) restoration of degraded lands; (iv) the training of local communities on climate change, on tree harvesting and sustainable charcoal production techniques, bush fire fighting, administrative and financial management, and local governance; (v) the elaboration of community forest management plans; (vi) gender-sensitive rapid rural appraisals to identify basic needs and assess existing capacity of beneficiaries; (vii) the carrying out of socio-economic studies in targeted zones; and (viii) the provision of transportation means for decentralized forest offices, and local extension workers for the implementation and monitoring of Project activities.
2. Strengthening of local capacity, through the implementation of a training program for local leaders and representatives of village umbrella organizations on the reform of the charcoal value chain and climate change.
3. Institutionalization of a forestry based geographical information system (FIS), through: (i) the rehabilitation of forest control posts to trace wood fuels products; (ii) rehabilitation of an existing office to host the FIS team and for archiving purposes; and (iii) the provision of equipment, technical assistance and software for the integration of the existing FIS in DWF and its decentralized offices.
4. Capacity building and the provision of support for the implementation of Part B of the Project, through the financing of technical assistance for the civil servants involved in Project implementation.
5. Strengthening DWF’s capacity for overall Project administration, through the provision of logistical support, equipment, and training.

2. Consolidation and establishment of biodiversity community reserves, through: (i) the carrying out of forest and pastoral inventories in existing community biodiversity and wildlife reserves; (ii) the rehabilitation of ponds and trails and the restoration of natural habitats around the Niokolo-koba park; and (iii) the re-introduction of threatened forest species and restoration of degraded lands in existing community biodiversity reserves.

1. The promotion of eco-friendly agro-forestry income generating activities, through: (i) the provision of material for gardening and orchards, bee-keeping, aviculture and local production of biofuel and honey; and (ii) the implementation of a program of training and inter-community exchange visits for community-based organizations.

**Part C: Promotion and Diversification of Modern Household Energy**

1. Sensitization and promotion of efficient cooking equipment and sustainable biomass energy, through:

(a) (i) the promotion of production of improved stove manufacturing, biogas plants and charcoal briquettes through the provision of Sub-grants to eligible producers and eligible consumers, and the training of local artisans on improved stove dissemination; (ii) the carrying out of a national social marketing campaign to raise awareness on advantages of improved stoves; (iii) the provision of technical assistance to associations of stove artisans to improve production techniques and material quality; and (iv) the provision of technical assistance to the Recipient to facilitate market conditions for international high quality stove producers; and

(b) the financing of Operating Costs for the implementation and monitoring of sensitization and promotion activities.

2. Planning of demand management for cooking fuels, through: (i) the elaboration of wood fuel supply master plans for four main urban centers; (ii) the update and development of existing information systems; (iii) the carrying out of a national survey on household fuel consumption and surveys on wood flow supply sources; (iv) the carrying out of a gender-sensitive survey on household fuel prices; (v) the provision of support to DPHE to monitor gas volumes in LPG bottles; and (vi) the production and dissemination of the household fuels information bulletin produced by DPHE.

3. Institutional Strengthening of DPHE, through the provision of technical assistance and the carrying out of a training program for its civil servants involved in Project implementation on household energy related topics.

**Part D: Institutional Arrangement for Project Implementation**

Coordination, monitoring and evaluation, implementation and Project management, including preparation of Annual Work Plans, including updating procurement plans and related budgets, through the financing of Operating Costs, services and expenditures related to monitoring, financial audits, updating of the financial management system, training, communication and organization and participation in local and external workshops.

**SCHEDULE 2**

**Project Execution**

**Section I. Implementation Arrangements**

**A. Institutional Arrangements**

1. The Recipient shall establish by no later than three (3) months after the Effective Date, and thereafter maintain throughout the course of Project implementation, a technical steering committee (“SC”), with responsibilities and procedures set forth below and with composition, functions and resources satisfactory to the Association:

(a) **Steering Committee**

(i) The SC shall be chaired by the Director of DPHE, with DWF acting as its secretariat. It shall be comprised, *inter alia*, of representatives of the MoF, ME, MEN, the DEFC, the DCL, relevant private sector, civil society, and shall meet at least two times a year.

(ii) The SC shall be responsible for:

1. overseeing the execution of the Project;
2. approval of the Annual Work Plans for the Project, as well as related budgets submitted by the DWF;
3. monitoring the physical progress and the financial execution on the basis of the progress reports prepared by the DWF for the Project and the financial audits of the Project;
4. taking measures to facilitate resolution of problems or conflicts that may arise during the course of the Project; and
5. reporting to the MoF, ME and MEN.

(b) **DWF**

(i) The DWF shall be in charge of overall coordination of Project implementation under the oversight of the SC. To this end, the Recipient shall, throughout Project implementation, maintain the DWF with responsibilities set forth below and with composition (including the positions set forth in Section 5.01 (b) of this Agreement), functions and resources satisfactory to the Association:

 (A) overseeing and coordinating the day-to-day execution of the Project, through the Head of Operations;

(B) identifying necessary Project adjustments based on monitoring and evaluation results;

(C) preparation of the proposed Annual Work Plans for the Project, as well as the updated Procurement Plan and related budgets in coordination with the other implementing agencies;

(D) submission of the proposed Annual Work Plans for the Project, as well as related budgets to the SC for approval;

(E) carrying out Project financial management and procurement activities; and

(F) monitoring and evaluating the Project, through the Head of Operations, and preparing consolidated Project progress reports and monitoring and evaluation reports.

**B. Anti-Corruption**

 The Recipient shall ensure that the Project activities financed out of the Credit are carried out in accordance with the provisions of the Anti-Corruption Guidelines.

**C. Manuals**

1. The Recipient shall prepare under terms of reference acceptable to the Association, and furnish to the Association for review and comments, a Project manual of procedures (Project Manual of Procedures), including the implementation plan for the Project (Project Implementation Plan), setting forth the detailed arrangements and procedures for: (i) institutional coordination and day-to-day execution of the Project; (ii) disbursement and financial management; (iii) procurement; (iv) environmental and social safeguards management; (v) monitoring, evaluation, reporting and communication; (vi) detailed arrangements and procedures for the selection and management of eligible Sub-projects under the Project, and (vii) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.

2. The Recipient shall afford the Association a reasonable opportunity to exchange views with the Recipient on such manual, and shall adopt, and carry out the Project in accordance with, such manual as shall have been found satisfactory to the Association.

3. The Recipient shall not amend, abrogate, repeal, suspend, waive, or otherwise fail to enforce, or permit to be amended, abrogated, repealed, suspended or waived, the Project Manual of Procedures or any provision thereof without the prior written approval of the Association. In case of inconsistency between this Agreement on the one hand and the Project Manual of Procedures on the other hand, the terms of this Agreement shall prevail.

**D. Safeguards**

1. The Recipient shall ensure that the Project is implemented in accordance with the provisions of the Environmental and Social Management Framework and each of the Supplemental Social and Environmental Safeguard Instruments in a manner satisfactory to the Association.

2. The Recipient shall not amend, abrogate, repeal, suspend, waive, or otherwise fail to enforce, or permit to be amended, abrogated, repealed, suspended or waived any of the Safeguard Instruments or any provision thereof without the prior written approval of the Association. In case of inconsistency between this Agreement and any of the Safeguard Instruments, the terms of this Agreement shall prevail.

3. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall collect, compile and furnish to the Association on a semester basis reports on the status of compliance with the Environmental and Social Management Framework and Supplemental Social and Environmental Safeguard Instruments, giving details of:

(a) measures taken in furtherance of such framework and instruments;

(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such framework and instruments; and

(c) remedial measures taken or required to be taken to address such conditions.

4. The Recipient shall promptly take all remedial measures referred to in paragraph 3 of this Section as shall have been agreed by the Association.

**E. Annual Work Plans**

1. The Recipient shall prepare, under terms of reference satisfactory to the Association, and furnish to the Association not later than November 15 in each year, for the Association’s approval within a reasonable period of time, a proposed work plan of activities to be included in the Project for the following year, such plan to include an implementation schedule and budget and financing plan therefor. If any activities proposed for inclusion in the Project would, pursuant to the Environmental and Social Management Framework, require the adoption of one or more Supplemental Social and Environmental Safeguard Instruments, the Recipient shall prepare and furnish, together with such proposed work plan, a draft of each such Supplemental Social and Environmental Safeguard Instrument for review and comments by the Association, and subsequent adoption by the Recipient, subject to the applicable disclosure and consultative process requirements.

2. The Recipient shall afford the Association a reasonable opportunity to review and exchange views with the Recipient on such proposed plan and any such instruments, and thereafter, shall implement such work plan and such instruments as shall have been approved by the Association, with due diligence.

**F. Sub-projects**

1. The Recipient shall appraise (or cause to be appraised), approve (or cause to be approved), and monitor (or cause to be monitored) the activities under Parts A.3(iv) and C.1(a)(i) of the Project, and administer the Sub-grants in accordance with the provisions and procedures set forth in this Section I.F and in more detail in the Project Manual of Procedures.

2. (a) Eligibility Criteria for Extending Sub-grants

No Sub-project activity shall be eligible for financing under the Project unless the Recipient has determined, or caused to be determined, on the basis of an appraisal conducted in accordance with this Section I.F. and the guidelines set forth in the Project Manual of Procedures, that the Sub-project activity satisfies the eligibility criteria specified below and in more detail in the Project Manual of Procedures, which shall include, *inter alia*, the following:

1. the Sub-project activity shall be initiated by either an Eligible Bio-Gas User, an Eligible Producer or an Eligible Charcoal Trader;
2. the items to be financed under the Sub-grant shall be composed of goods or equipment provided under Parts A.3(iv) and C.1(a)(i) of the Project;
3. Sub-project proposals submitted by Eligible Charcoal Traders either contribute to household energy sub-sector development or seek to establish technically and economically viable charcoal processing units, as further specified in the Project Manual of Procedures;
4. Sub-project proposals submitted by Eligible Producers enhance the production of improved stoves as further specified in the Project Manual of Procedures;
5. Sub-project proposals submitted by Eligible Bio-Gas Users enhance production and use of biogas plants, as further specified in the Project Manual of Procedures; and
6. the Sub-project proposal contains an environmental assessment satisfactory to the Association, and is in compliance with environmental and social policies and standards acceptable to the Association (including the ESMF), and with all applicable laws and regulations of the Recipient relating to health, safety and environmental protection and is designed so as not to cause any involuntary resettlement of persons or loss of their income or productive capacity.

(b) Terms and Conditions of Sub-grants:

* 1. Sub-project activities shall be carried out pursuant to a Sub-grant Agreement, to be concluded between the DWF and the Beneficiary under terms and conditions described in more detail in the Project Manual of Procedures and satisfactory to the Association, which shall include, *inter alia*, the following:
1. the Beneficiary’s obligation to contribute: (i) at least 50% of the costs of a Sub-project proposed by an Eligible Charcoal Trader, (ii) at least 65% of the costs of a Sub-project proposed by an Eligible Bio-Gas User, and (iii) at least 50% of the costs of a Sub-project proposed by an Eligible Producer;
2. the Beneficiary’s obligation to carry out the Sub-project activities with due diligence and efficiency and in accordance with sound technical, environmental, social, business, financial, managerial and administrative practices (including any applicable Safeguard Instrument); and maintain adequate records to reflect, in accordance with sound accounting practices, the resources and expenditures used in carrying out the Sub-project activities;
3. the Beneficiary’s obligation to carry out the Sub-project activities financed out of the Credit in accordance with the provisions of the Anti-Corruption Guidelines;
4. the requirement that the goods and equipment to be financed from the proceeds of the Sub-grant for Sub-project activities financed out of the Credit shall be procured by Beneficiaries in accordance with the provisions of this Agreement, and in accordance with the provisions of the Project Manual of Procedures, and shall be used exclusively in the carrying out of the Sub-project activities; and
5. the right of the Recipient, through DWF and DPHE for Sub-Projects related to Part C.1(a)(i) of the Project, to: inspect by itself, or jointly with the Association, if the Association shall so request, the activities financed by the Sub-grants; obtain all information as the Recipient, through DWF and DPHE for Sub-Projects related to Part C.1(a)(i) of the Project,, or the Association shall reasonably request regarding the administration, operation and financial conditions of the Sub-project activities; and suspend or terminate the right of any Beneficiary to use the proceeds of the Sub-grant upon failure by the Beneficiary to perform any of its obligations under the Sub-grant Agreement.

(ii) The Recipient, through DWF and DPHE for Sub-Projects related to Part C.1(a)(i) of the Project, shall exercise its rights under the Sub-grant Agreement in such manner as to protect their interests and the interests of the Association and the Recipient and accomplish the purposes of the Project, and, except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Sub-grant Agreements or any provision thereof.

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

**A. Project Reports**

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators satisfactory to the Association set forth in the Project Manual of Procedures. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than 45 days after the end of the period covered by such report.

2. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than six months after the Closing Date.

**B. Financial Management, Financial Reports and Audits**

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. The Recipient shall prepare and furnish to the Association not later than 45 days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General 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 Credit. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

**Section III. Procurement**

**A. General**

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. **Consultants’ Services.** All consultants’ services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods and Works**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

|  |
| --- |
| **Procurement Method** |
| (a) National Competitive Bidding |
| (b) Shopping |
| (c) Direct Contracting |

**C. Particular Methods of Procurement of Consultants’ Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. **Other Methods of Procurement of Consultants’ Services**. The following table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

|  |
| --- |
| **Procurement Method** |
| (a) Selection Based on Consultants’ Qualifications |
| (b) Quality-Based Selection |
| (c) Individual Consultants |
| (d) Least-Cost Selection (LCS) |
| (e) Single-Source Selection (SSS) |

**D. Review by the Association of Procurement Decisions**

 The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to the Association’s Post Review.

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

1. **General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall 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 Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

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 Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

| **Category** | **Amount of the Credit Allocated (expressed in SDR)** | **Percentage of Expenditures to be Financed(inclusive of Taxes)** |
| --- | --- | --- |
| (1) Goods, works, Training and consultants’ services for Part A of the Project (except Part A.3(iv) of the Project) | 800,000 | 100% |
| (2) Goods, works, Training and consultants’ services for Part B of the Project (except Parts B.1(a)(i), (ii), (iii) and (iv) of the Project) | 5,750,000 | 100% |
| (3) Goods, Training, Operating Costs, works and consultants’ services for Part C of the Project (except Part C.1(a) of the Project) | 830,000 | 100% |
| (4) Goods, Training, Operating Costs, works and consultants’ services for Part D of the Project | 1,350,000 | 100% |
| (5) Goods and equipment under PartA.3(iv) of the Project | 170,000 | 100% of amounts disbursed through Sub-grants |
| (6) Unallocated | 1,000,000 |  |
| **TOTAL AMOUNT** | 9,900,000 |  |

**B. Withdrawal Conditions; Withdrawal Period**

1.Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.

2.The Closing Date is November 30, 2016.

**Section V. Other Undertakings**

1. The Recipient shall by not later than two (2) months after the Effective Date: (i) train BAGE staff on the Association’s financial management procedures, (ii) recruit an internal auditor on a part-time basis within DWF; and (iii) upgrade the accounting software of PROGEDE I from mono-post to multi-post and network.
2. The Recipient shall by not later than four (4) months after the Effective Date, recruit in accordance with the provisions of Section III of this Schedule, the external auditors which shall conduct the audits of the Financial Statements under Section II. B of this Schedule.
3. The Recipient shall by not later than two (2) months after the Effective Date recruit in accordance with the provisions of Section III of this Schedule, pursuant to terms of reference and with qualifications satisfactory to the Association, and thereafter use during Project implementation until at least the date of the Mid-Term Review, the following experts: three forest and biodiversity management experts, a household energy expert, an extension and communication expert, a monitoring and evaluation expert, an information system expert, an expert in capacity building and income generating activities, an expert in organization of local actors and gender, and an environmental social and climate change expert.
4. The Recipient shall ensure the training of all DWF project team in the Association’s basic procurement procedures.
5. Mid-Term Review
6. Thirty-six (36) months after the Effective Date, or such later dates as may be agreed upon by the Recipient and the Association, the Recipient shall, in conjunction with the Association, carry out a progress review of the Project (“Mid-Term Review”), covering the progress achieved in the implementation of the Project.
7. The Recipient shall prepare, under terms of reference satisfactory to the Association, and furnish to the Association 2 months prior to the beginning of the Mid-Term Review, or on such other date agreed upon with the Association in writing: (i) an assessment of the transfer of knowledge from the consultants recruited under Section 5.01(b) and Section V.3 of Schedule 2 of this Agreement to the staff of the Recipient, and (ii) a report integrating the results of the monitoring and evaluation activities performed pursuant to this Agreement, on the progress achieved in the carrying out of the Project during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective of the Project during the period following such date.
8. Following such Mid-Term Review, the Recipient shall act promptly and diligently in order to take, or cause to be taken, any corrective action deemed necessary by the Association to remedy any shortcoming noted in the carrying out of the Project in furtherance of the objective of the Project.
9. The Recipient shall provide the necessary financing for any consultancy contract referenced in Section V.3 of Schedule 2 or Section 5.01(b) of this Agreement (other than the Head of Operations), that will have been identified for renewal or extension following the assessment performed during the Mid-Term Review.

**SCHEDULE 3**

**Repayment Schedule**

|  |  |
| --- | --- |
| **Date Payment Due** | **Principal Amount of the Credit repayable (expressed as a percentage)\*** |
| On each March 15 and September 15: |  |
| commencing September 15, 2020 to and including March 15, 2030 | **1%** |
| commencing September 15, 2030 to and including March 15, 2050 | **2%** |

\* 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 3.03 (b) of the General Conditions.

**APPENDIX**

**Section I. Definitions**

1. “Annual Work Plans” means the annual work plans for the Project approved by the Association in accordance with the provisions of Section I.E of Schedule 2 to this Agreement and “Annual Work Plan” means any of the Annual Work Plans.
2. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
3. “BAGE” means *Bureau de l’Administration Générale et de l’Equipement*, the financial unit of the DWF.
4. “Beneficiary” means an Eligible Charcoal Trader, an Eligible Bio-Gas User or an Eligible Producer, as applicable, that obtains a Sub-grant.
5. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
6. “Co-financier” means the Nordic Development Fund.
7. “Co-financing” means an amount of € 3 million, to be provided by the Co-financier to assist in financing the Project.
8. “Co-financing Agreement” means the agreement to be entered into between the Recipient and the Co-financier providing for the Co-financing.
9. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
10. “DCL” means Direction des Collectivités Locales, the Local Government Directorate of the Ministry of the Recipient in charge of decentralization.
11. “DDI” means Direction de la Dette et de l’Investissement, the Debt and Investment Diretorate of the MoF.
12. “DEFC” means Direction de la Coopération Economique et Financière, the Directorate of Economic and Financial Cooperation of the MoF.
13. “DPHE” means Direction des Hydrocarbures et des Combustibles Domestiques, the Recipient’s Directorate of Petroleum and Household Energy, within the Recipient’s ME.
14. “DWF” means *Direction des Eaux, Forêts, Chasses et de la Conservation des Sols*, the Recipient’s Water and Forest Directorate, within MEN.
15. “Eligible Bio-Gas Users” means a household consumer of bio-gas within the area of the Project, selected by the DPHE pursuant to the criteria set forth in the Sub-project Manual and in Section I.F of Schedule 2 to this Agreement.
16. “Eligible Charcoal Trader” means a charcoal trader producer of wood charcoal, selected by the DWF pursuant to the criteria set forth in the Sub-project Manual and in Section I.F of Schedule 2 to this Agreement.
17. “Eligible Producer” means a private artisan producer of improved stoves or other improved cooking equipment, a producer of charcoal briquettes or a ceramist selected by the DPHE pursuant to the criteria set forth in the Sub-project Manual and in Section I.F of Schedule 2 to this Agreement.
18. “Environmental Management Plan” or “EMP” means an environmental management plan required in connection with an Annual Work Plan and consistent with the terms of the ESMF, acceptable to the Association, giving details of measures appropriate or required to maximize the benefits of the Project, eliminate, offset or mitigate any adverse environmental impacts, or reduce such impacts to acceptable levels, together with budget and costs estimates, sources of funding, adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, such environmental management plan.
19. “Environmental and Social Management Framework” or “ESMF” means the framework of the Recipient published by the Association’s *Infoshop* on February 12, 2010, in form and substance satisfactory to the Association, setting out modalities to be followed in assessing the potential adverse environmental and social impact associated with activities to be implemented under the Project.
20. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006), with the modifications set forth in Section II of this Appendix.
21. “Head of Operations” means the head of operations recruited pursuant to Section 5.01(b) of this Agreement.
22. “Local Government Directorates” means *Directions des collectivités locales*, the decentralized branches of the Ministry of the Recipient in charge of decentralization.
23. “LPG” means liquefied petroleum gas.
24. “ME” means *Ministère de l’Energie*, the Recipient’s Ministry in charge of energy.
25. “MEN” means *Ministère de l’Environnement, de la Protection de la Nature, des Bassins de Rétention et des Lacs Artificiels,* the Recipient’s Ministry of Environment and Protection of Nature.
26. “Mid-Term Review” means any of the progress reviews performed in accordance with Section V.5 of Schedule 2 of this Agreement.
27. “MoF” means the Ministry of the Recipient in charge of finance.
28. “Operating Costs” means the incremental operating expenses, based on annual budgets approved by the Association, for purposes of the Project implementation, management and monitoring, on account of rental, operation and maintenance costs of the DWF office, costs related to SC meetings (other than allowances), vehicles and office equipment, water and electricity utilities, telephone, telecommunication, office supplies, bank charges, additional staff costs, travel and supervision costs, *per diem*, but excluding the salaries of officials and public servants of the Recipient’s civil service.
29. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
30. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 29, 2010, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
31. “PROGEDE I” means the Sustainable and Participatory Energy Management Project (Credit No. SEN-2963), financed through a Development Credit Agreement dated August 27, 1997.
32. “Program” means the Recipient’s **Domestic Energy Strategy (*Stratégie Combustibles* *Domestiques),* set forth in the Recipient’s letter of sector policy dated February 2008.**
33. “Project Implementation Plan” means the plan included in the Project Manual of Procedures referred to in Section I.C.1 of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior written approval of the Association, and such term includes any schedules to the Project Implementation Plan.
34. “Project Manual of Procedures” means the manual, which includes the Project Implementation Plan, referred to in Section I.C.1 of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior written approval of the Association, and such term includes any schedules to the Project Manual of Procedures.
35. “Safeguard Instrument” means the Environmental and Social Management Framework and any Supplemental Social and Environmental Safeguard Instrument.
36. “SC” means the steering committee of the Project to be established and maintained by the Recipient in accordance with the provisions of Section I.A.1 of Schedule 2 to this Agreement.
37. “Sub-grant” means a grant to a Beneficiary to finance a Sub-project for purpose of Parts A.3(iv) or C.1(a)(i) of the Project, as described in Section I.F of Schedule 2 to this Agreement and in more details in the Sub-project Manual.
38. “Sub-grant Agreement” means the agreement, satisfactory to the Association, to be entered into between a Beneficiary and DWF for the purpose of extending a Sub-grant.
39. “Sub-project” means a sub-project to be carried out by either an Eligible Charcoal Trader, Eligible Bio-Gas User or an Eligible Producer, financed or proposed to be financed through a Sub-grant under Parts A.3(iv) et C.1(a)(i) of the Project.
40. “Supplemental Social and Environmental Safeguard Instruments” means any EMP, or other supplemental social and environmental safeguard instruments as required under the terms of the Environmental and Social Management Framework.
41. “Training” means the training of persons under in Project, including seminars, workshops, and study tours, and covers the following costs associated with such activity: travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to training preparation and implementation.

**Section II. Modifications to the General Conditions**

The modifications to the General Conditions for Credits and Grants of the Association, dated July 1, 2005 (as amended through October 15, 2006) are as follows:

1. Section 2.07 is modified to read as follows:

“Section 2.07. *Refinancing Preparation Advance*

 If the Financing Agreement provides for the repayment out of the proceeds ofthe Financing of an advance made by the Association or the Bank (“Preparation Advance”), the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Financing Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Association shall pay the amount so withdrawn to itself or the Bank, as the case may be, and shall cancel the remaining unwithdrawn amount of the advance.”

2. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:

(a) The term “Project Preparation Advance” is modified to read “Preparation Advance” and its definition is modified to read as follows:

“‘Preparation Advance’ means the advance referred to in the Financing Agreement and repayable in accordance with Section 2.07.”