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**CONFORMED COPY**

**CREDIT NUMBER 4538-SN**

# **Financing Agreement**

**(West and Central Africa Air Transport Safety and Security Program (Phase II-B))**

**between**

**REPUBLIC OF SENEGAL**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated April 15, 2009**

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**CREDIT NUMBER 4538-SN**

**FINANCING AGREEMENT**

AGREEMENT dated April 15, 2009 between the REPUBLIC OF SENEGAL (“Recipient”) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

**ARTICLE I – GENERAL CONDITIONS AND DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral 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, on the terms and conditions set forth or referred to in this Agreement, a Credit in an amount equal to four million seven hundred thousand Special Drawing Rights (SDR 4,700,000) 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 IV of Schedule 2 to this Agreement.
- 2.03. 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 January 15 and July 15 of each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with repayment schedule set forth in Schedule 3 to this Agreement.

- 2.05 The Payment Currency is the Euro.

### **ARTICLE III — PROJECT**

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause the Project to be carried out by the ANACS in accordance with the provisions of Article IV of the General Conditions and the Project Agreement.
- 3.02. 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 Event of Suspension consists of the following: the Project Implementing Entity's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the ANACS to perform any of its obligations under the Project Agreement.

### **ARTICLE V – EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The ANACS has recruited one procurement specialist and one administrative and financial director with qualifications, experience and terms of reference satisfactory to the Association in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement;
  - (b) An external auditor to the ANACS, with qualifications, experience and terms of reference satisfactory to the Association has been appointed by the Recipient in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement in order to audit the ANACS's financial statements and the Project accounts, and to audit the Airport Security Fees collection and management in Senegal.
  - (c) The ANACS has adopted the Administrative, Financial, and Accounting Manual and Project Implementation Manual, both in form and substance, satisfactory to the Association.

- (d) The Subsidiary Agreement has been executed on behalf of the Recipient and the ANACS.

5.02 The Additional Legal Matter consists of the following:

The Subsidiary Agreement has been duly authorized or ratified by the Recipient and the ANACS, and is legally binding upon the Recipient and the ANACS, in accordance with its terms.

5.03. The Effectiveness Deadline is the date 90 days after the date of this Agreement.

**ARTICLE VI – REPRESENTATIVE; ADDRESSES**

6.01. The Recipient’s Representative is the minister at the time responsible for the economy and finance.

6.02. The Recipient’s Address is:

Ministry of Economy and Finance  
Rue René N’diaye  
B.P. 4017  
Dakar, Senegal

Cable:	Telex:	Facsimile:
MINIFINANCES	32034	221-33-821-1630

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 Washington, D.C.	248423 (MCI) or 64145 (MCI)	1-202-477-6391

AGREED at Dakar, Republic of Senegal, as of the day and year first above written.

**REPUBLIC OF SENEGAL**

**By:** */s/ Abdoulaye Diop*  
**Authorized Representative**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By:** */s/ Habib Fetini*  
**Authorized Representative**

## SCHEDULE 1

### Project Description

The objective of the Project is to support the Recipient in improving compliance of its civil aviation sector and its international airports with International Civil Aviation Organization (ICAO) safety and security standards.

The Project consists of the following parts:

1. **Strengthening of Recipient's sectoral policy and of ANACS's safety and security oversight capacity**
  - (a) strengthening of the Recipient's transport sector policy in the areas of civil aviation and airports through the provision of technical advisory services;
  - (b) strengthening of the ANACS's safety and security oversight capacity through: (i) improvement of its technical library; (ii) carrying out of staff training programs to address issues relating to airport and aircraft safety and security, and (iii) the provision of medical equipment for ANACS' medical center;
  - (c) support for institutional reforms, including: (i) setting up of an Accident Investigation Unit, and (ii) the review of the system for the collection and management of Airport Security Fees; and
  - (d) preparation of a revised draft Civil Aviation Code for submission to Parliament.
  
2. **Strengthening of Dakar Léopold Sedar Senghor international airport security standards, through:**
  - (a) implementation of training programs for security personnel;
  - (b) installation of a closed circuit television system; and
  - (c) acquisition of communication and radio equipments.

3. **Project Coordination, Management, and Oversight**

- (a) provision of support in the form of technical advisory services and Operating Costs financing for the benefit of the ANACS and the UCP to support them in the coordination, management and oversight activities under the Project; and
- (b) provision of Training to Project fiduciary and procurement staff.

**SCHEDULE 2**

**Project Execution**

**Section I. Implementation Arrangements**

**A. Institutional Arrangements**

- 1. The Recipient shall maintain at all times during Project implementation, the following entities, with an institutional framework, functions, and resources satisfactory to the Association, including, where applicable, staff with qualifications, experience, and terms of reference satisfactory to the Association and recruited in accordance with the provisions of Section III of this Schedule.
  - (a) The Steering Committee which shall be responsible for supervision of Project implementation shall maintain through the duration of the Project the composition and functions described in the Steering Committee *Arrêté* which Steering Committee *Arrêté* shall not be modified without the Association's prior written consent.
  - (b) The ANACS which shall be responsible for overall Project implementation.
  - (c) The UCP which shall be responsible for day-to-day Project implementation.

**B. Subsidiary Agreement**

- 1. To facilitate the implementation of the Project by the ANACS, the Recipient shall make the proceeds of the Financing available to the ANACS on a Grant basis under a subsidiary agreement between the Recipient and the ANACS, under terms and conditions approved by the Association ("Subsidiary Agreement").

2. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

**C. Manuals**

1. Except as the Association shall otherwise agree, the Recipient: (i) shall ensure, and cause the ANACS to ensure, that the Project is implemented in accordance with the Administrative, Financial, and Accounting Manual and Project Implementation Manual; and (ii) except as the Association shall otherwise agree, shall not amend, abrogate, or waive, or permit to be amended, abrogated, or waived, the aforementioned, or any provision thereof.
2. In the event of any inconsistency between the provisions of the Administrative, Financial, and Accounting Manual, and Project Implementation Manual and those of this Agreement, the latter shall prevail.

**D. Anti-Corruption**

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

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

**A. Project Reports**

- (a) The Recipient shall monitor and evaluate, or cause the ANACS to 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 set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Association no later than 45 days after the end of the period covered by such report.
- (b) The performance indicators referred to above in sub-paragraph (a) consist of the following:



- (A) By the Closing Date, the compliance rate of the civil aviation of Senegal with ICAO safety standards has increased from 58% to at least 85%.
- (B) By the Closing Date, the compliance rate of the civil aviation of Senegal with ICAO security standards has increased from 28% to at least 80%.
- (C) By the Closing Date, the proportion of technical personnel of the ANACS complying with ICAO safety standards has increased from 39% to 85%.
- (D) By the Closing Date, the proportion of security inspectors employed by the ANACS having received security training compliant with ICAO standards has increased from 45% to at least 80%.
- (E) By the Closing Date, the budget of the ANACS has increased to at least FCFA 4.76 billion and the Recipient has allocated at least FCFA 3.3 billion to security activities.
- (F) By the Closing Date, the proportion of Dakar Léopold Sedar Senghor international airport security personnel with at least three (3) years of experience has increased from 72% to at least 80%.
- (G) By the Closing Date, the number of serious problems recorded during crisis simulation exercises at Dakar Léopold Sedar Senghor international airports has decreased to less than three (3).
- (H) By the Closing Date, the rate of seizure of illegal objects (as defined by the ICAO.) from passengers at Dakar Léopold Sedar Senghor international airport by private airline security personnel, by private airport security personnel and/or by the police has decreased to less than 2%.

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

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

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish, or cause to be prepared and furnished, to the Association as part of the Project Report no later than 45 days after the end of each calendar quarter, interim un-audited financial reports for the Project covering that quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have the Financial Statements for the Project 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 (1) Fiscal Year. The audited Financial Statements for each such period shall be furnished to the Association no later than six (6) months after the end of such period.

### **Section III. Procurement**

#### **A. General**

1. **Goods and Works.** All goods and works required for the Project 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 Schedule.
2. **Consultants' Services.** All consultants' services required for the Project 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 Schedule.
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:

<b>Procurement Method</b>
(a) National Competitive Bidding (*)
(b) Shopping
(c) Limited International Bidding
(d) Direct Contracting

(\*) Subject to complementing the rules applicable to National Competitive Bidding to ensure that: (i) bids are advertised in national newspapers with wide circulation; (ii) bid evaluation, bidder qualification and award criteria are specified clearly in the bidding documents; (iii) bidders are given adequate response time (minimum four weeks) to prepare and submit bids; (iv) bids are awarded to the lowest evaluated bidder provided that this bidder is qualified; (v) eligible bidders, including foreign bidders, are not precluded from participating; and (vi) no preference margin is granted to domestic contractors.

**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.

<b>Procurement Method</b>
(a) Quality Based Selection
(b) Least Cost Selection
(c) Selection based on Consultants' Qualifications
(d) Single Source Selection
(e) Selection of Individual Consultants

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

- (a) Except as the Association shall otherwise determine by notice to the Recipient, or otherwise provided in the Procurement Plan approved in writing by the Association, the following contracts shall be subject to Prior Review by the Association: (a) each contract for goods estimated to cost the equivalent of \$500,000 or more procured on the basis of International Competitive Bidding;

(b) each contract for goods procured on the basis of Direct Contracting; (c) each contract for consultants' services provided by a firm estimated to cost the equivalent of \$200,000 or more; (d) each contract for consultants' services provided by an individual as specified in the procurement plan; (e) each contract for consultants' services procured on the basis of Single Source Selection; and (f) the first two contracts procured pursuant to each of the above procurement methods.

- (b) All other contracts shall be subject to Post Review by the Association.
- (c) Each terms of reference for consultants' services and each technical specification and standards for the procurement of goods, shall be subject to Prior Review by the Association.
- (d) All Training activities will be carried out on the basis of annual programs submitted annually for the prior written approval of the Association, identifying the general framework of the Training activities for the year, including: (i) the type of Training; (ii) the justifications for the Training; (iii) the content of the Training; (iv) the personnel to be trained; (v) the selection method of the institutions or individuals conducting the Training; (vi) the location of the Training; (vii) the individual or firm which will conduct the Training; (viii) the duration of the proposed Training; and (ix) the estimated cost of the Training. Upon completion of each Training, the Recipient shall cause the trainee to prepare, and shall transfer to the Association, a report on the Training received.

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

##### **A. 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:

	<b>Category</b>	<b>Amount of the Financing Allocated (Expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed</b>
(1)	Goods, Small Works, Consultant Services et Training	4,400,000	100%
(2)	Operating Costs	100,000	100%
(3)	Unallocated	200,000	
	<b>TOTAL AMOUNT</b>	<b>4,700,000</b>	

**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, except that withdrawals up to an aggregate amount not to exceed 5% of the credit amount equivalent may be made for payments made prior to this date but on or after September 1<sup>st</sup>, 2008, for Eligible Expenditures under Categories (1), and (2).
2. The Closing Date is December 31, 2012.

**Section V. Other Undertakings**

The Recipient shall:

1. Cause the ANACS to submit to the Association throughout Project implementation, reports, containing information pertaining to rate of illegal objects, as defined by the ICAO, seized from passengers at Dakar Léopold Sedar Senghor international airport by private airline security personnel, by private airport security personnel and/or by the police. This submission to the Bank should be done on a quarterly basis, starting with the quarter ending on June 30, 2009.
2. Cause the ANACS to provide to the Association independently audited financial reports on the activities of the ANACS, no later than six months after the end of each fiscal year. To this end, the audit reports shall include statements of revenues collected and the detail of the expenditures incurred, with details of the percentage of expenditures used for safety and security activities.
3. Provide to the Association no later than six months after the end of each fiscal year an annual report of the Airport Security Fees collection and transfer to

ANACS carried out by an independent auditor with qualifications, experience and recruited pursuant to terms of reference satisfactory to the Association.

4. Cause the ANACS to submit to the Association, no later than three months after each airport crisis-exercise, a report describing the results of each exercise carried out at Dakar Léopold Sedar Senghor airport, as well as qualified expert's comments on the report from qualified consultants who observed the exercises. First crisis exercise is to be carried out by no later than December 31<sup>st</sup>, 2009 at Dakar Léopold Sedar Senghor airport, and the second and final crisis exercise is to be carried out by no later than 24 months after the accomplishment of the first exercise.
5. Provide to the Association for analysis, mid-term and end of Project security and safety audits carried out by qualified consultants to review the implementation of ICAO's recommendations and/or action plan.
6. Cause the ANACS to submit to the Association, no later than 18 months after the Effective Date and six (6) months prior to the Closing Date, ICAO safety and security audit reports.
7. No later than eighteen (18) months after the Effective Date, or such later date as may be agreed upon by the Recipient and the Association in writing, the Recipient shall, in conjunction with the Association and the ANACS, carry out a mid-term review of the Project, covering the progress achieved in the implementation of the Project. The Recipient shall prepare, or cause the ANACS to prepare, under terms of reference satisfactory to the Association, and furnish to the Association three months prior to the beginning of such mid-term review of the Project, or on such other date agreed upon with the Association in writing, 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 objectives of the Project during the period following such date.

**SCHEDULE 3****Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each January 15 and July 15:	
commencing July 15, 2019 to and including January 15, 2029	<b>1</b>
commencing July 15, 2029 to and including January 15, 2049	<b>2</b>

\* 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****Definitions**

1. “Administrative, Financial and Accounting Manual” means the manual adopted by the ANACS outlining administrative, financial, and accounting procedures and guidelines, as shall have been agreed with the Association for purposes of Project implementation, as the same may be amended from time to time with the concurrence of the Association, and such term includes any schedules thereto.
2. “Airport Security Fee” means the fee levied by the Recipient for purposes of financing expenditures related to airport security equipment and infrastructure, acquisition maintenance and operations and payable by passengers leaving through any of the Recipient’s airports.
3. “ANACS” or “Project Implementing Entity” means the Civil Aviation Authority of Senegal (*Agence Nationale de l’Aviation Civile du Sénégal*).
4. “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.
5. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
6. “Civil Aviation Code” means the law of the Recipient L.2002-31 dated December 24, 2002.
7. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Recipients” published by the Bank in May 2004 and revised in October 2006.
8. “Fiscal Year” means the Recipient’s fiscal year beginning on January 1 in any one calendar year and ending on December 31 in the same calendar year.
9. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).
10. “International Civil Aviation Organization” or “ICAO” means the organization established pursuant to the International Civil Aviation Convention of



September 7, 1944, and whose objective is to promote the secure and organized development of international civil aviation across the world.

11. “Operating Costs” means the incremental expenses incurred by the Recipient on account of Project implementation, management, and monitoring, including for office space rental, utilities and supplies, bank charges, communications, vehicle operation, maintenance and insurance, building and equipment maintenance, advertising expenses, travel and supervision, salaries of contractual and temporary staff, but excluding salaries, fees, honoraria, and bonuses of members of the Recipient’s civil service.
12. “Procurement Guidelines” means the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.
13. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated September 18, 2008 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.
14. “Project Agreement” means the agreement between the Association and the ANACS of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement.
15. “Project Implementation Manual” means the manual adopted by the Recipient, outlining the implementation procedures and guidelines, adopted by the Recipient in accordance with Section 5.01 (c) of this Agreement, as shall have been agreed with the Association for purposes of Project implementation, as the same may be amended from time to time in consultation with the Association, and such term includes any annexes thereto.
16. “Project Implementing Entity’s Legislation” means the Recipient’s Law No. 2002-31 of December 24, 2002 and the Recipient’s Decree No. 2003-384 of May 28, 2003.
17. “Small Works” means minor office refurbishment such as painting, plastering and any other small works with the prior written approval of the Association.
18. “Steering Committee” means the committee referred to in Section I.A.1 of Schedule 2 to this Agreement, established and operating pursuant to the Steering Committee *Arrêté*.

19. “Steering Committee *Arrêté*” means the Recipient’s *Arrêté* No.10395/MITTTA/ANACS/DTA *portant création du Comité de Pilotage de la composante sénégalaise du Programme Régional de Sécurité et de Sûreté du Transport Aérien en Afrique de l’Ouest et du Centre*, dated November 11, 2008.
20. “Subsidiary Agreement” means the agreement referred to in Section I.B.1 of Schedule 2 to this Agreement pursuant to which the Recipient shall make the proceeds of the Financing available to the ANACS.
21. “Training” means the training of persons involved in Project-supported activities, carried out on the basis of annual programs specified in Section III.D.(d) of Schedule 2 to this Agreement, and such term includes seminars, workshops and study tours, and costs associated with such activity including travel and subsistence costs for training participants, costs of securing the services of trainers, rental of training facilities, preparation and reproduction of training materials and other costs directly related to course preparation and implementation related to the Project.
22. “UCP” means the team referred to in Section I.A.1(c) of Schedule 2 to this Agreement, established and operating pursuant to the ANACS’s Decision No. 01155/ANACS/DG/CJ *portant mise en place de l’Unité de Coordination pour l’exécution du Programme Régional de Sécurité et de Sûreté du Transport Aérien en Afrique de l’Ouest et du Centre*, dated October 24, 2008.