
CREDIT NUMBER 76030-SN

Financing Agreement
(Additional Financing for the Municipal and Agglomerations Support Program)

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”).

WHEREAS (A) Pursuant to a Financing Agreement dated July 9, 2018, as amended from time to time up to the date of this Agreement, the Association provided Credit number 6179-SN, in an amount of Euros 87,100,000 to the Recipient, to contribute to the financing of its Program (“Original Program Financing Agreement”).

(B) Pursuant to a Financing Agreement dated July 9, 2018, the Association provided Credit number 6180-SN, in an amount of Euros 6,000,000 to the Recipient, to contribute to the financing of its Project in support of the Program (“Original Project Financing Agreement”).

(C) Pursuant to a loan agreement dated July 9, 2018, the Agence Française de Développement provided two loans in an amount of Euros 73,000,000 and Euros 7,000,000 respectively, to the Recipient, to contribute to the financing of the Operation.

(D) The Recipient wishes to incorporate in its Program the implementation of activities needed to achieve its objective with respect to climate change and has requested additional financing to the Association and Agence Française de Développement to continue supporting the implementation of the Program as so modified for a longer period of time.

NOW, THEREFORE, the Recipient and the Association 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 forty-six million seven hundred thousand Euros (€46,700,000), as such amount may be converted from time to time through a Currency Conversion (variously, “Credit” and “Financing”), to assist in financing the program described in Schedule 1 to this Agreement (“Program”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement. All withdrawals from the Financing Account shall be deposited by the Association into an account specified by the Recipient and acceptable to the Association.
- 2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.04. 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, or such rate as may apply following a Currency Conversion; on the Withdrawn Credit Balance.
- 2.05. The Interest Charge is the greater of: (a) the sum of one and a quarter percent (1.25%) per annum plus the Basis Adjustment to the Interest Charge; and (b) zero percent (0%) per annum, or such rate as may apply following a Currency Conversion; on the Withdrawn Credit Balance.
- 2.06. The Payment Dates are February 15 and August 15 in each year.
- 2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

ARTICLE III — PROGRAM

- 3.01. The Recipient declares its commitment to the objectives of the Operation. To this end, the Recipient shall carry out the Program in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 4.02. 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 V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient's Representative is its minister responsible for finance.

5.02. 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
Senegal; and

(b) the Recipient's Electronic Address is:

Facsimile: E-mail:
+221-33822-4195 sfall@minfinances.sn

5.03. 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: Facsimile: E-mail:
248423 (MCI) 1-202-477-6391 worldbank-senegal@worldbank.org

AGREED as of the Signature Date.

REPUBLIC OF SENEGAL

By

Cheikh DIBA

Authorized Representative
Cheikh DIBA

Name: _____

Title: _____ Ministre des Finances et du Budget

Date: _____ 29-Jul-2024

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Keiko Miwa

Authorized Representative
Keiko Miwa

Name: _____

Title: _____ Country Director

Date: _____ 26-Jun-2024

SCHEDULE 1

Operation Description

The objectives of the Operation are to: (i) improve local government financing; and (ii) enhance the performance of participating urban local governments in managing public investments.

The Operation described below includes the Program and the Project.

I. The Program consists of activities to achieve the results in Part A and B of the Operation:

Part A: Enhancing the Financial Viability of Local Governments

1. Supporting the gradual restructuring of two existing transfer funds (the FECT and the FDD) and of the LVATF to enhance the objectivity, transparency, and predictability of the existing grant allocations to enable LGs to better plan and manage resources from the central government.
2. Strengthening institutional coordination with respect to local revenue mobilization, together with progressive improvements to the legal and regulatory framework on local taxes.
3. Harmonizing procedures and strengthening the capacity of selected institutions to enhance the quality of budget controls and expedite budget approvals and the timely allocation of resources to LGs and establishing an on-line platform to consolidate and ensure public access to financial information on LGs and strengthening internal and external controls over target LGs public spending.

Part B: Enhancing the Performance of Selected Local Governments in Managing Public Investments

1. Supporting the Recipient's ministry responsible for territorial governance: (i) to incentivize the LGs to adhere to standardized local government organigrams through the development of human resources management tools; and (ii) to establish and apply the following national level support mechanisms to accompany the select Urban LGs: a continuous training program and a continuous territorial coaching.
2. Creating and operating a performance evaluation system for the allocation of conditional capital grants to selected LGs by: (a) incentivizing good governance based upon the satisfaction of a set of defined mandatory minimum conditions for urban LG and performance indicators for principal urban LGs; and (b) putting in place the necessary institutional arrangements to evaluate and verify LGs'

performance and prepare annual performance assessment on the attainment of the minimum mandatory conditions and performance indicators.

3. Enhancing urban local governments capacity to integrate climate change in planning, budgeting and management.

II. The Project consists of the following activities listed in Part C of the Operation:

Part C: Capacity Building and Institutional Strengthening

Provision of technical assistance to:

1. verify results achieved, carry out audits, strengthen the management and coordination of the activities included in the Operation, their monitoring and evaluation; and support compliance with the Recipient's obligations in connection with the use of the Financing; and
2. carry out studies, assessments and analyses.

SCHEDULE 2

Program Execution

Section I. Implementation Arrangements

A. Operation Institutions

The Recipient shall maintain or cause to be maintained at all times during the period of implementation of the Operation, the following institutional arrangements:

1. Steering Committee

- (a) The Recipient shall maintain the Strategic Steering Committee (“SSC”), with composition and attributions acceptable to the Association, throughout the period of implementation of the Operation.
- (b) Without limitation to the generality of Section I.A.1 of this Schedule, the SSC shall: (i) include members representing the key ministries involved in the implementation of the Operation, as well as LG and civil society associations; and shall be chaired by the Recipient’s ministry responsible for territorial governance; and (ii) be responsible for the general oversight of the implementation of the Operation, the provision of strategic guidance and the facilitation of the coordination among stakeholders.

2. Technical Committee

- (a) The Recipient shall maintain the Operational Technical Committee (“OTC”), with composition and attributions acceptable to the Association, throughout the period of implementation of the Operation.
- (c) Without limitation to the generality of Section I.A.2 of this Schedule, the OTC shall: (i) be chaired by the Recipient’s ministry responsible for territorial governance; and (ii) be responsible for the provision of technical advice and support to the SSC.

3. Recipient’s ministry responsible for territorial governance

The Program shall be implemented by the Recipient’s ministry responsible for territorial governance.

4. ADM

ADM shall: (a) provide support to the LGs for the implementation of the Operation in accordance with its mandate, and (b) ensure that the Recipient's obligations included or referred to in this Agreement, deriving from the use of the Financing, are complied with, including those related to coordination of the activities, monitoring, evaluation, and reporting on the implementation of the Operation, verification of results, financial management and environmental and social management.

B. Program Action Plan

1. The Recipient shall carry out all its obligations under the Program Action Plan and shall ensure that each entity under whose mandate one or more obligations stipulated in the Program Action Plan falls, complies with such obligations, all in a manner consistent with the deadline and sequencing of such obligations.
2. In case of inconsistencies between the Program Action Plan and this Agreement, this Agreement shall prevail.

C. Operations Manual

1. The Recipient shall ensure that the POM is updated no later than June 26, 2024 to reflect, in a manner acceptable to the Association, the revisions of the Program, its results and the disbursement of the amounts allocated to the results achieved and the methods for their verification including, among other things, the inclusion of the climate change related provisions, with respect to training and coaching, minimum mandatory conditions and performance indicators and assessments, and the regulatory framework for LG investments and standards for NDC implementation.
2. The Recipient: (a) shall ensure that the Program is carried out in accordance with the Operations Manual; and (b) shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, any of its provisions without the prior written agreement of the Association. In case of inconsistencies between the Operations Manual and this Agreement, this Agreement shall prevail.

Section II. Excluded Activities

The Recipient shall ensure that the Program excludes any activities which:

- A. in the opinion of the Association, are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people; or

- B. involve the procurement of: (1) works, estimated to cost US\$75,000,000 equivalent or more per contract; (2) goods, estimated to cost US\$50,000,000 equivalent or more per contract; (3) non-consulting services, estimated to cost US\$50,000,000 equivalent or more per contract; or (4) consulting services, estimated to cost US\$20,000,000 equivalent or more per contract.

Section III. Program Monitoring, Reporting and Evaluation

- A. Program Reports.

The Recipient shall furnish to the Association each Program Report not later than one (1) month after the end of each calendar semester, covering the calendar semester.

- B. Independent Verification Agency

The Recipient shall revise the terms of reference and extend the term of the agreement for the services of the verification agent, or appoint a new verification agent on the basis of terms of reference, qualification and experience acceptable to the Association, for the purpose of, among other things, reviewing once a year the satisfaction of the results achieved by the Recipient and the PACASEN LGs under the Program on the basis of the verification protocol included in the Operations Manual and providing annual verification reports to document compliance with the verification protocol and certify the achievement of such results.

Section IV. Withdrawal of the Proceeds of the Financing

- A. **General**

1. Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Program Expenditures (inclusive of Taxes), on the basis of the results (“Disbursement Linked Results” or “DLRs”) achieved by the Recipient, as measured against specific indicators (“Disbursement Linked Indicators” or “DLIs”); all as set forth in the table in paragraph 2 of this Part A and Schedule 4 to this Agreement.
2. The following table (as complemented by Schedule 4) specifies each category of withdrawal of the proceeds of the Financing (including the Disbursement Linked Indicators as applicable) (“Category”), the Disbursement Linked Results for each Category (as applicable), and the allocation of the amounts of the Financing to each Category:

Category (including Disbursement Linked Indicator as applicable)	Amount of the Financing Allocated (expressed in EUR)
(1) DLI #1(a)	7,005,000
(2) DLI #2(a)	4,670,000
(3) DLI #4(a)	7,005,000
(4) DLI #5(a)	7,005,000
(5) DLI #6(a)	2,335,000
(6) DLI #8	9,340,000
(7) DLI #9	2,335,000
(8) DLI #10	7,005,000
TOTAL AMOUNT	46,700,000

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) on the basis of DLRs achieved prior to the Signature Date; or/and
 - (b) for any DLR under Category (1) to (8), until and unless the Recipient has furnished evidence satisfactory to the Association that said DLR has been achieved.
2. Notwithstanding the provisions of Part B.1(b) of this Section, the Recipient may withdraw: an amount not to exceed €11,675,000 as an advance; provided, however, that if the DLRs in the opinion of the Association, are not achieved (or only partially achieved) by the Closing Date, the Recipient shall refund such advance (or portion of such advance as determined by the Association in accordance with the provisions of Schedule 4) to the Association promptly upon notice thereof by the Association. Except as otherwise agreed with the Recipient, the Association shall cancel the amount so refunded. Any further withdrawals requested as an advance under any Category shall be permitted only on such terms and conditions as the Association shall specify by notice to the Recipient.
3. Notwithstanding the provisions of Part B.1(b) of this Section, if any of the DLRs under Category (1) to (8), except DLRs 1.7(a), 1.7(b), 1.8(b) and 8.7 which are expressly timebound, has not been achieved by the date by which the said DLR is set to be achieved (or such later date as the Association has established by notice to the Recipient), the Association may, by notice to the Recipient: (a) authorize the withdrawal of such lesser amount of the unwithdrawn proceeds of the Financing then allocated to said Category which, in the opinion of the Association, corresponds to the extent of achievement of said DLR, said lesser amount to be calculated in accordance with the formula set out in the table of DLI/DLRs included in Schedule 4 to this Agreement (in the column Financing Amount);

(b) reallocate all or a portion of the proceeds of the Financing then allocated to said DLR to any other DLR; and/or (c) cancel all or a portion of the proceeds of the Financing then allocated to said DLR.

4. The Closing Date is December 31, 2026.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each February 15 and August 15:	
commencing August 15, 2029, to and including February 15, 2049	1.65%
commencing August 15, 2049, to and including _ February 15, 2054	3.40%

* 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.

SCHEDULE 4

Disbursement-Linked Indicators, Disbursement-Linked Results and Allocated Amounts Applicable to the Program

	<i>Total DLI Financing (EUR million)</i>	<i>DLRs and Indicative timeline for DLR achievement</i>		<i>Verification Protocol</i>	<i>Financing amount</i>
		<i>Year 7: 2025</i>	<i>Year 8: 2026</i>		
DLI 1(a) Modalities for the repartition of state transfers to LGs for recurrent and investment spending (FECT and FDD) and for the repartition of the LVATF reformed and applied in the timely transfer of resources to LGs		DLR 1.7a: Promulgated decree on allocation criteria for FDD by December 31, 2025 DLR 1.7b: Allocations from FECT and FDD according to current decrees transmitted on time	DLR 1.8a: Decree reforming the FECT Special window, integrating a mechanism to finance projects to combat CC effects DLR 1.8b: Allocations from FECT and FDD according to current decrees transmitted on time.	For DLR 1.7a, 1.8a: Submission to the Association of relevant promulgated decrees as published in the official gazette. Verification of the achievement of the annual target include review of compliance of the promulgated decrees with the commitments earlier agreed. For DLR 1.7b, 1.8b: Submission to the Association of (i) the annual inter-ministerial order (<i>arrêté</i>), adopted by December 31 of each year, allocating the FECT resources (i.e. global FECT, performance FECT, and other FECT windows that may apply) to LGs based on the formula outlined in the decree;	For each of DLRs 1.7a, 1.7b, 1.8a, 1.8b fully met, 50% of total annual allocation for each respective DLR will be disbursed.
<i>Allocated amount:</i>	7,005,000	3,736,000	3,269,000	(ii) proof of inscription of FECT resources (i.e. global FECT, performance FECT, and other FECT windows that may apply) into the annual national budget (of each year) as per the FECT decree; and (iii) proof of actual receipt by LGs of global FECT,	

				performance FECT (and other FECT windows that may apply) transfers to LGs by March 31 of each year.	
DLI 2(a) State-financed intergovernmental capital and recurrent grants (FECT and FDD) to LGs (in billion CFAF)		93	98	ADM will share with the Association the approved annual national budget reflecting the annual allocations to the FECT and FDD. Verification of the achievement of the annual target includes a review of the FECT and FDD allocations inscribed in the approved annual national budget.	The DLI is scalable proportionate to the increase in total government allocations to both, FECT and FDD grant transfers to LGs– with a minimum disbursement threshold of an annual CFAF 2.5 billion increase on top of the previous year’s target. D= annual disbursement A= annual allocation G= annual target T= annual amount inscribed I= total annual increase on top of previous year’s target (*) = multiplied (/) = divided (>) = greater than (<) = lesser than D = A*(T/G) If I < CFAF 2.5 billion, D = 0 If I ≥ CFAF 5 billion, D=A
<i>Allocated amount:</i>	4,670,000	2,335,000	2,335,000		

<p>DLI 4(a) Proportion of Urban LGs that satisfied the annual Minimum Mandatory Conditions (“MMC”)</p>		70%	80%	<p>Years 7 to 8: This DLI will be measured by the percentage of Urban LGs that have met the MMCs in the given year, as verified through the annual performance assessment carried out by the court of auditors, or another designated entity, acceptable to IDA, for years 7 to 8. Verification includes a review of the documents produced under the annual performance assessment (questionnaires, individual reports, results tables, global report) and interviews of stakeholders (including field visits). It should result in an assessment of the scoring methodology’s solidity, and the consistency with which it was applied.</p>	<p>Years 7 to 8: The DLI is scalable proportionate to the percentage of Urban LGs that meet all MMCs, as provided by the Operations Manual – above the minimum threshold of twenty percent (20%). D= annual disbursement A= annual allocation C= number of Urban LGs compliant T= total number of Urban LGs G= annual target (*) = multiplied (/) = divided (>) = greater than (<) = lesser than D = A*(C/T)/G If C/T < 0.2, D = 0 If C/T ≥ G, D=A</p>
<p><i>Allocated amount:</i></p>	7,005,000	3,502,500	3,502,500		
<p>DLI 5(a) Principal Urban Center LGs that satisfied the annual Performance Indicators (PI)</p>		60%	70%	<p>Years 7 to 8: This DLI will be measured by the percentage of Principal Urban Center LGs that have met all MMCs and have achieved a PI score above the agreed satisfactory performance score in the given year, as confirmed through the annual PE carried out, by the court of auditors, or another designated entity, acceptable to IDA, for years 7 to 8. The agreed satisfactory PI score is provided in the Operations Manual and any change is subject to IDA’s prior approval.</p>	<p>Years 7 to 8: The DLI is scalable proportionate to the percentage of Principal Urban Center LGs that have met all MMCs, as provided by the Operations Manual, and have also achieved a PI score above the agreed satisfactory performance score – with a minimum percentage of Principal Urban Center LGs of twenty percent (20%). D = annual disbursement A = annual allocation</p>
<p><i>Allocated amount:</i></p>	7,005,000	3,502,500	3,502,500		

				<p>Verification includes a review of the documents produced under the annual performance evaluation (questionnaires, individual reports, results tables, global report) and interviews of stakeholders (including field visits). It should result in an assessment of the scoring methodology's solidity, and the consistency with which it was applied.</p>	<p>C = number of Principal Urban Center LGs above satisfactory performance score T = total number of Principal Urban Center LGs G = annual target (*) = multiplied (/) = divided (>) = greater than (<) = lesser than $D = A * (C/T) / G$ If $C/T < 0.2$, $D = 0$ If $C/T \geq G$, $D = A$</p>
<p>DLI 6(a) Principal Urban Center LGs that have executed their annual investment plans (AIPs) on schedule in terms of expenditures</p>		30%	50%	<p>In Year N+1, Principal Urban Center LGs will prepare a progress report on the percentage of their AIPs executed in terms of expenditures in Year N (January to December). In Year N+1, ADM will compile: (i) the LGs progress reports in a consolidated AIP progress report for Year N; and (ii) data from the MFB for Year N, pertaining to investment budget execution by Principal Urban Center LGs. Verification includes sample audits, review of the consolidated AIP execution report.</p>	<p>The DLI is scalable proportionate to the number of principal urban center LGs that achieve the annual target –with a minimum disbursement threshold of fifteen percent (15%). D = annual disbursement A = annual allocation C = number of Principal Urban Center LGs compliant T = total number of Principal Urban Center LGs G = annual target (*) = multiplied (/) = divided (>) = greater than (<) = lesser than $D = A * (C/T) / G$ If $C/T < 0.15$, $D = 0$</p>
<p><i>Allocated amount:</i></p>	2,335,000	1,167,500	1,167,500		

					If $C/T \geq G$, $D = A$
DLI 8 Deployment of the National Determined Contribution at the LG level		DLR 8.7: Standards for LGs to deploy NDC at LG level developed, and adopted by inter-ministerial arrêté before June 30, 2025.	DLR 8.8.a: 30% of 124 PACASEN LGs have adopted a climate action plan (CAP) in line with the LGs' NDC standards specified in inter-ministerial arrêté. DLR 8.8.b: 50% of 124 PACASEN LGs have validated a climate risk vulnerability study (CRVS) in line with the LGs' NDC standards specified in inter-ministerial arrêté	For DLR 8.7 : Submission to the Association of the promulgated inter-ministerial arrêté as published in the official gazette, which will include standards to deploy the NDC at LG-level . Verification of the achievement of the annual target include review of compliance of the promulgated arrêté with the commitments earlier agreed, and the date of publication. For DLR 8.8a: ADM will collect municipal council decisions of adoption of CAPs among the 124 Urban LGs and establish the percentage of these LGs that have adopted such plans. To be accounted for in the calculation of the DLR, the said CAPs will have to (i) have been technically validated by the DCCTEFV as being in line with the standards set by the inter-ministerial arrêté, and (ii) adopted before June 30, 2025. For DLR 8.8b: ADM will collect evidence of CRVS having been formally validated by the President of the Municipal Council among the 124 Urban LGs and establish the percentage of LGs where these plans have been validated. To be accounted for in the calculation of the DLR, the said CRVS will have to (i) have been technically validated by the DCCTEFV as	DLR 8.7 amount will be disbursed in its entirety once fully met. DLR 8.8.a is scalable proportionate to the number of Urban LGs that have adopted a climate plan – with a minimum disbursement threshold of fifteen percent (15%). D = annual disbursement A = annual allocation C = number of Urban LGs which have adopted a climate plan T = total number of Urban LGs (124) G = annual target (*) = multiplied (/) = divided (>) = greater than (<) = lesser than $D = A * (C/T) / G$ If $C/T < 0.15$, $D = 0$
<i>Allocated amount:</i>	9,340,000	4,670,000	4,670,000		If $C/T \geq G$, $D = A$ DLR 8.8.b is scalable proportionate to the number of Urban LGs that have validated their vulnerability study – with a minimum disbursement threshold of fifteen percent (15%). D = annual disbursement A = annual allocation C = number of Urban LGs which have validated their vulnerability study T = total number of Urban LGs (124)

				being in line with the standards set by the inter-ministerial arrêté, and (ii) validated before June 30, 2026.	G = annual target (*) = multiplied (/) = divided (>) = greater than (<) = lesser than D = A*(C/T)/G If C/T < 0.15, D = 0 If C/T ≥ G, D = A
DLI 9 Local Property Tax Assessments in the principal Urban Center LGs		44%	49%	In year N+1 and N+2, verification includes a review of the consolidated table of the percentage per LGs with distinguished into built/unbuilt/'surtaxe' and 'TEOM", compared with the baseline year N (2024, 39%). Decision on results achievement is Yes/No	Disbursement for DLR 9.7 if results are fully achieved. Disbursement for DLR 9.8 if results are fully achieved. Disbursement of undisbursed amounts is made in the following year if results are fully achieved.
<i>Allocated amount:</i>	2,335,000	1,167,500	1,167,500		
DLI 10 Urban LGs that received a minimum of Coaching, incl on climate change, identified in their Annual Capacity Building Plans		DLR 10.7a: 85% of the 124 PACASEN LGs have received at least 80% of their coaching which includes one-third coaching interventions relating to CC. DLR 10.7b: 50% of the 124 PACASEN LGs have benefited	DLR 10.8a 90% of the 124 PACASEN LGs received at least 100% of their coaching, which includes two-thirds coaching interventions relating to CC. DLR 10.8b 70% of the 124 PACASEN LGs have benefited from capacity-	In Year N, each Urban LG, supported by the respective ARD, conducts a capacity assessment and prepares an annual capacity building plan (PARCA), including a continuous territorial coaching action plan, for Year N+1 and submits it to ADM by the required date of Year N. In Year N+1, each Urban LG prepares a progress report on the percentage of the territorial coaching it has received in Year N (January to December). Verification includes a review of supporting documents (including coaching mission documentation signed by LGs) and bi-annual satisfaction surveys of	The DLI is scalable proportionate to the percentage of Urban LGs that have met the annual target—with a minimum disbursement threshold of fifteen percent (15%). D = annual disbursement A = annual allocation C = number of Urban LGs compliant T = total number of Urban LGs G = annual target (*) = multiplied (/) = divided (>) = greater than (<) = lesser than D= A*(C/T)/G

		from coaching dedicated to the development of CRVS and CAPs	building on the development of CRVS and CAPs	participating urban LGs, as well as a verification of the execution report on the territorial coaching actions plans.	If $C/T < 0.15$, $D = 0$ If $C/T \geq G$, $D = A$
<i>Allocated amount:</i>	7,005,000	3,502,500	3,502,500		
Total Financing allocated (USD million):	46,700,000	23,583,500	23,116,500		

APPENDIX

Definitions

1. “ADM” means Agence de Développement Municipal, the Recipient’s agency in charge of local development.
2. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, the Association’s “Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing,” dated February 1, 2012, and revised July 10, 2015.
3. “ARD” means *Agence Régionale de Développement*.
4. “Basis Adjustment to the Interest Charge” means the Association’s standard basis adjustment to the Interest 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.
5. “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 as a percentage per annum.
6. “Category” means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
7. “CC” means climate change.
8. “CFAF” means Franc of the African Financial Cooperation, the currency having legal tender on the Recipient’s territory.
9. “DCCTEFV” means *Direction du changement climatique, de la transition écologique et des financements verts*, the Recipient’s directorate responsible for climate change matters.
10. “Disbursement Linked Indicator” or “DLI” means in respect of a given Category, the indicator related to said Category as set forth in the Disbursement Table.
11. “Disbursement Linked Result” or “DLR” means in respect of a given Category, the result under said Category as set forth in the Disbursement Table, on the basis of the achievement of which, the amount of the Financing allocated to said result may be withdrawn in accordance with the provisions of said Section IV.

12. “Disbursement Table” means the table in Section IV.A.2 of Schedule 2 to this Agreement.
13. “FECT” means *Fonds d’Equippement des Collectivités Territoriales*, a fund established by the Recipient for the financing of the equipment of LGs, by Decree no 2018-1250 dated July 6, 2018, setting its allocation modalities and criteria.
14. “FDD” means *Fonds de Dotation à la Décentralisation*, a fund established by the Recipient for the financing of the decentralization of responsibilities and budgets to the LGs, governed by the Recipient’s decree 2008-209 dated March 4, 2008, setting its allocation criteria.
15. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Program-for-Results Financing”, dated December 14, 2018 (Last revised on July 15, 2023).
16. “LG” means the government of a local subdivision of the Recipient’s territory created in accordance with the laws and regulations of the Recipient, which includes Urban LGs and LGs for subdivision of the largest cities (“*arrondissement*”).
17. “LVTAFF” means *contribution économique locale sur la valeur ajoutée (CEL-VA)*, a local value added tax created and governed by the Recipient’s law no. 2019-12 dated July 8, 2019, modifying and completing law n° 2013-10 of December 28, 2013, on the General Code of Local Governments.
18. “NDC” means nationally determined contribution, the contribution to the climate actions determined by each country in accordance with the Paris Accord on climate adopted among its parties on December 12, 2015, and effective since November 4, 2016.
19. “Operations Manual” means, collectively, the set of manuals adopted by the Recipient for the implementation of the Operation, “Manuel Operationnel du Programme d’Appui aux Communes et Agglomérations du Sénégal (PACASEN)” which includes Volume 1 Texte et Annexes Principale, dated May 2019; Volume 2 Manuel de l’Evaluation Annuelle de la Performance, dated September 2022; Manuel d’Opérations du Fonds d’Equippement des Collectivités Territoriales, dated September 2018, Manuel Technique de Gestion Environnementale et Sociale, undated; and Volume 5 Manuel de Renforcement des Capacités de Collectivités Territoriales, undated; all as may be amended from time to time in accordance with Section I.C.2 of Schedule 2 to this Agreement..
20. “Operational Technical Committee” or “OTC” means the operational technical committee established for the Operation by Recipient’s arrêté no.

013923/MGTDAT/ADM portant création, organisation et fonctionnement du Dispositif de politage stratégique et de suivi opérationnel du Programme d'Appui aux Communes et Agglomérations du Sénégal (PACASEN), dated April 3, 2019, Volume 2 Manuel de l'Evaluation Annuelle des Performances, dated September 2022,

21. "PACASEN LGs" means, collectively, the 124 LGs identified to measure the results of the Program, and listed in the Operations Manual.
22. "PE" means performance evaluation.
23. "Principal Urban Center LGs" means, collectively, the following communes: *Dakar, Diourbel, Fatick, Guédiawaye, Kaffrine, Kaolack, Kédougou, Kolda, Louga, Matam, Mbour, Pikine, Rufisque, Saint-Louis, Sédhiou, Tambacounda, Thiès, Touba Mosquée, Ziguninchor*, as such list may be revised from time to time in the Operations Manual
24. "Program Action Plan" means the Recipient's plan included in the Operations Manual which contains the obligations of the Recipient and other entities involved in the implementation of the Program to strengthen their systems to be eligible to receive the Financing.
25. "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.
26. "Strategic Steering Committee" or "SSC" means the strategic steering committee established for the Operation by Recipient's arrêté no. 013923/MGTDAT/ADM portant création, organisation et fonctionnement du Dispositif de politage stratégique et de suivi opérationnel du Programme d'Appui aux Communes et Agglomérations du Sénégal (PACASEN), dated April 3, 2019.
27. "TEOM" means *taxe d'enlèvement des ordures ménagères*, a tax for the collection of households' waste.
28. "Urban LGs" means, collectively the urban communities in the Recipient's territories, including the cities of *Dakar, Thiès, Rufisque, Guédiawaye, and Pikine*, as well as all regional and departmental capitals, all communes with more than 30,000 inhabitants and a density per hectare above 10, and all communes previously included in the Recipient's urban projects financed by the Association and the Co-financier, listed as urban LGs in the [Manual]; and "Urban LG" means any one of the Urban LGs.