

Date: 09-Nov-2023

H.E. Silhem Boughdiri Nemsia
Acting Minister of Economy and Planning
Ministry of Economy and Planning
Avenue Mohamed Fadhel Ben Achour
Centre Urbain Nord
1082-Tunis Belvedere
Republic of Tunisia

Re: Republic of Tunisia: Urban Development and Local Governance Program

Amendment No. 5 to the Original Loan Agreement (Loan No. 8413-TN)

Amendment No. 3 to the Additional Financing Loan Agreement (Loan No. 8887-TN)

Excellency:

We refer to: (i) the loan agreement between the Republic of Tunisia (the “Borrower”) and the International Bank for Reconstruction and Development (the “Bank”), dated October 8, 2014, as amended (the “Original Loan Agreement”); and (ii) the additional financing loan agreement between the Borrower and the Bank, dated June 29, 2018, as amended (the “Additional Financing Loan Agreement”) for the above-referenced Program (collectively, the “Agreements”).

The capitalized terms used in this amendment letter (the “Amendment Letter”) and not defined herein have the meanings ascribed to them in the Agreements.

In reference to your letters dated June 7, 2023, requesting an extension of the Closing Date, and June 26, 2023, requesting changes to the table of DLIs, the Bank proposes to amend the table under Section IV A. 2. of Schedule 2 of the Agreements as set out in Annex 1 and 2 to this Amendment Letter. A notice extending the closing date has been issued separately.

1. *Original Loan No. 8413-TN*

The table under Section IV A. 2. of Schedule 2 is amended as set out in Annex 1 to this Amendment Letter.

The Table -Disbursement Linked Results Calculation Formula- in Schedule 4 is amended as set out in Annex 3 to this Amendment Letter.

2. Additional Financing Loan No. 8887-TN

The table under Section IV A. 2. of Schedule 2 is amended as set out in Annex 2 to this Amendment Letter.

The Table -Disbursement Linked Results Calculation Formula- in Schedule 4 is amended as set out in Annex 3 to this Amendment Letter.

All the terms and conditions of the Agreements that have not been amended hereby shall remain unchanged and in full force and effect.

Please confirm your agreement with the foregoing, on behalf of the Borrower, by signing, dating and returning to the Bank the enclosed copy of this Amendment Letter.

This Amendment Letter shall be executed in two (2) counterparts each of which shall be an original. This Amendment Letter shall become effective as of the date of its countersignature upon receipt by the Bank of the countersigned copy.

Sincerely,

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

Alexandre Arrobbio

Alexandre Arrobbio
Country Manager for Tunisia
Middle East and North Africa Region

CONFIRMED AND AGREED
REPUBLIC OF TUNISIA

By: 

Name: Sihem Boughdiri Nemsia

Title: Ministre de l Economie et de la Planification par interim

Date: 27-Nov-2023

Loan No. 8413-TN

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Loan Allocated (expressed in EUR)
(1) DLI #1: The Borrower has replaced Decree No 97-1135 and restructured its capital grant system accordingly	DLR #1: Decree published in the National Gazette in FY 14	DLR#1: 21,157,500
(2) DLI #2: Timely communication to LGs of the indicative Capital Block Grants (CBGs) allocation and timely transfer of CBGs to eligible LGs by the Borrower	DLR #2.1: Timely communication of the CBG allocation to LGs and timely transfer of CBGs to eligible LGs, in FY 15	DLR#2.1: 0
	DLR #2.2: Timely communication of the CBG allocation to LGs and timely transfer of CBGs to eligible LGs, in FY 16	DLR#2.2: 3,625,000
	DLR #2.3: Timely communication of the CBG allocation to LGs and timely transfer of CBGs to eligible LGs, in FY 17	DLR#2.3: 3,625,000
	DLR #2.4: Timely communication of the CBG allocation to LGs and timely transfer of CBGs to eligible LGs, in FY 18	DLR#2.4: 3,625,000
	DLR #2.5: Timely communication of the CBG allocation to LGs and timely transfer of	DLR# 2.5: 3,625,000

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Loan Allocated (expressed in EUR)
	CBGs to eligible LGs, in FY 19	
	<i>DLR #2.6:</i> Timely communication of the CBG allocation to LGs and timely transfer of CBGs to eligible LGs, in FY 20	DLR#2.6:0
	<i>DLR #2.7:</i> Timely communication of the CBG allocation to LGs and timely transfer of CBGs to eligible LGs, in FY 21	DLR#2.7: 0
	<i>DLR #2.8:</i> Timely communication of the CBG allocation to LGs and timely transfer of CBGs to eligible LGs, in FY 22	DLR#2.8: 0
(3) DLI #3: Acceptable percentage of LGs have met the MMCs and received CBGs	<i>DLR #3.1:</i> 60% in FY 15	DLR#3.1: 0
	<i>DLR #3.2:</i> 70% in FY 16	DLR#3.2: 5,500,000
	<i>DLR #3.3:</i> 80% in FY 17	DLR#3.3: 5,500,000
	<i>DLR #3.4:</i> 90% in FY 18	DLR#3.4: 5,500,000
	<i>DLR #3.5:</i> 90% in FY 19	DLR#3.5: 5,500,000
	<i>DLR #3.6:</i> 90% in FY 20	DLR#3.6: 0
	<i>DLR#3.7:</i> 90% in FY 21	DLR#3.7: 0

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Loan Allocated (expressed in EUR)
	DLR#3.8: 90% in FY 22	DLR#3.8: 0
(4) DLI #4: The Borrower has designed and implemented an independent LG performance assessment (PA) system and required percentage of LGs have met the threshold PA scores	DLR #4.1: PA Manual adopted by circular (<i>circulaire</i>) from the Borrower's Minister of Interior, FY15	DLR#4.1: 14,500,000
	DLR # 4.2: PA is tested and implemented in FY 16	DLR#4.2: 14,500,000
	DLR #4.3: 50% of LGs achieved threshold PA scores set forth in the PA Manual in FY 17	DLR#4.3: 18,000,000
	DLR #4.4: (a) 60% of LGs achieved threshold PA scores set forth in the PA Manual in FY 18; and (b) the Borrower has revised the PA system under terms and conditions acceptable to the Bank and set forth in the Performance Assessment Manual through the issuance and publication of a Ministerial order (<i>arrêté ministériel</i>) by December 31, 2018	DLR#4.4 (a) 9,360,000 (b) 5,040,000
	DLR#4.5: 70% of LGs achieved threshold PA scores set forth in the PA Manual in FY 19	DLR#4.5: 3,600,000
	DLR#4.6: 60% of LGs achieved the revised	DLR#4.6: 0

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Loan Allocated (expressed in EUR)
	threshold PA scores in FY 20 set forth as a result of the revision of the PA system undertaken under DLR#4.4 (b).	
	DLR#4.7: 70% of LGs achieved the revised threshold PA scores in FY 21 set forth as a result of the revision of the PA system undertaken under DLR#4.4 (b).	DLR#4.7: 0
	DLR#4.8: 80% of LGs achieved the revised threshold PA scores in a given FY set forth as a result of the revision of the PA system undertaken under DLR#4.4 (b).	DLR#4.8: 0
(5) DLI #5: Required percentage of LGs have executed their Annual Investment Plans on schedule in terms of expenditures	DLR #5.1: 40% in FY 15	DLR#5.1:0
	DLR #5.2: 50% in FY 16	DLR#5.2: 5,706,818
	DLR #5.3: 60% in FY 17	DLR#5.3: 2,977,144
	DLR #5.4: 60% in FY 18	DLR#5.4: 14,818,310
	DLR #5.5: 60% in FY 19	DLR#5.5: 8,897,728
	DLR #5.6: 70% in FY 20	DLR#5.6: 0

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Loan Allocated (expressed in EUR)
	<i>DLR #5.7:</i> 70% in FY 21	DLR#5.7: 0
	<i>DLR #5.8:</i> 80% in a given FY	DLR#5.8: 0
(6) DLI #6: Required percentage of LGs have received capacity building support in accordance with their annual capacity development plan	<i>DLR #6.1:</i> 50% in FY 15	DLR#6.1:0
	<i>DLR #6.2:</i> 60% in FY 16	DLR#6.2: 4,393,940
	<i>DLR #6.3:</i> 70% in FY 17	DLR#6.3: 8,603,030
	<i>DLR #6.4:</i> 70% in FY 18	DLR#6.4: 5,003,030
	<i>DLR#6.5:</i> 70% in FY 19	DLR#6.5: 0
	<i>DLR#6.6:</i> 70% in FY 20	DLR#6.6: 0
	<i>DLR#6.7:</i> 80% in FY 21	DLR#6.7: 0
(7) DLI #7: Targeted number of people living in targeted disadvantaged neighborhoods have benefited from improved municipal infrastructure	<i>DLR#7.1:</i> Eligible LGs have been selected pursuant to selection criteria and transparent and objective procedures as defined in the POM	DLR#7.1: 0
	<i>DLR#7.2:</i> Work contracts covering 500,000 people have been tendered and completed by the end of FY19 If target is not met, the undisbursed amount will be disbursed in the next FUs, when the target is met	DLR#7.2: 29,000,000

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Loan Allocated (expressed in EUR)
	<i>DLR#7.3:</i> Work contracts covering additional 140,000 people have been tendered by the end of FY21	DLR#7.3: 0
	<i>DLR#7.4:</i> Work contracts covering additional 140,000 people tendered under DLR#7.3 have been completed	DLR#7.4: 0
(8) DLI #8 DLI#8.a: transparency and access to information have been improved	<i>DLR #8.a.1:</i> E-portal designed and populated in FY 15	DLR#8.a.1: 7,200,000
	<i>DLR#8.a.2:</i> LGs' key information and data listed in the POM has been made publicly available through E-portal in FY19	DLR#8.a.2: 0
	<i>DLR#8.a.3:</i> LGs' key information and date listed in the POM has been made publicly available through E-portal in FY20	DLR#8.a.3: 0
	<i>DLR#8.a.4:</i> LGs' key information and date listed in the POM has been made publicly available through E-portal in FY21	DLR#8.a.4: 0
	<i>DLR#8.a.5:</i> LGs' key information and date listed in the POM has	DLR#8.a.5: 0

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Loan Allocated (expressed in EUR)
	been made publicly available through E-portal in FY22	
DLI#8.b: LGs financial management and reporting have been improved	DLR #8.b.1: At least 60% of LG annual financial accounts legally received by the <i>Cour des Comptes</i> are audited by December 31 of current year in FY16	DLR#8.b.1: 2,200,000
	DLR #8.b.2: At least 70% of LG annual financial accounts legally received by the <i>Cour des Comptes</i> are audited by December 31 of current year in FY 17	DLR#8.b.2: 2,200,000
	DLR #8.b.3: At least 80% of LG annual financial accounts legally received by the <i>Cour des Comptes</i> are audited by December 31 of current year in FY 18	DLR#8.b.3: 2,800,000
	DLR#8.b.4: 100% of LGs' annual financial accounts legally received by the <i>Cour des Comptes</i> are audited by December 31 of current year in FY 19	DLR#8.b.4: 0
	DLR#8.b.5: At least 90% of LGs' annual financial accounts legally received by the <i>Cour des Comptes</i> are audited pursuant to the	DLR#8.b.5: 0

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Loan Allocated (expressed in EUR)
	methodology defined in the POM by December 31 of current year in FY 20	
	DLR#8.b.6: 100% LGs' annual financial accounts legally received by the <i>Cour des Comptes</i> are audited pursuant to the methodology defined in the POM s by December 31 of current year in FY 21	DLR#8.b.6: 0
	DLR#8.b.7: 100% LGs' annual financial accounts legally received by the <i>Cour des Comptes</i> are audited pursuant to the methodology defined in the POM by December 31 of current year in FY 22	DLR#8.b.7: 0
(9) DLI#9: DLI#9.a: Improved human resource management -Staffing Measure	DLR#9.a.1: The Borrower has issued a governmental decree approving financial and non-financial incentives to facilitate the redeployment of Borrower's civil servants to LGs, in FY19	DLR#9.a.1: 0
DLI#9.b: Improved human resource management – human resource management tools	DLR#9.b.1: The Borrower has prepared and validated standard job description for key	DLR#9.b.1: 0

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Loan Allocated (expressed in EUR)
	managerial and technical positions in FY19, as further defined in the POM	
	<i>DLR#9.b.2:</i> The Borrower has operationalized an online job market platform to link potential candidates with vacant positions in LGs, in FY20	DLR#9.b.2: 0
(10) Front-end Fee to be paid pursuant to Section 2.03 of this Agreement in accordance with Section 2.05 (b) of the General Conditions	Not applicable	542,500
TOTAL AMOUNT		217,000,000

Loan No. 8887-TN

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Loan Allocated (expressed in EUR)
(1) DLI #1: The Borrower has replaced Decree No 97-1135 and restructured its capital grant system accordingly	DLR #1: Decree published in the National Gazette in FY 14	DLR#1: 0
(2) DLI #2: Timely communication to LGs of the indicative Capital Block Grants (CBGs) allocation and timely transfer of CBGs to eligible LGs by the Borrower	DLR #2.1: Timely communication of the CBG allocation to LGs and timely transfer of CBGs to eligible LGs, in FY 15	DLR#2.1: 0
	DLR #2.2: Timely communication of the CBG allocation to LGs and timely transfer of CBGs to eligible LGs, in FY 16	DLR#2.2: 0
	DLR #2.3: Timely communication of the CBG allocation to LGs and timely transfer of CBGs to eligible LGs, in FY 17	DLR#2.3: 0
	DLR #2.4: Timely communication of the CBG allocation to LGs and timely transfer of CBGs to eligible LGs, in FY 18	DLR#2.4: 0

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Loan Allocated (expressed in EUR)
	<i>DLR #2.5:</i> Timely communication of the CBG allocation to LGs and timely transfer of CBGs to eligible LGs, in FY 19	DLR# 2.5: 0
	<i>DLR #2.6:</i> Timely communication of the CBG allocation to LGs and timely transfer of CBGs to eligible LGs, in FY 20	DLR#2.6: 1,654,000
	<i>DLR #2.7:</i> Timely communication of the CBG allocation to LGs and timely transfer of CBGs to eligible LGs, in FY 21	DLR#2.7: 1,654,000
	<i>DLR #2.8:</i> Timely communication of the CBG allocation to LGs and timely transfer of CBGs to eligible LGs, in FY 22	DLR#2.8: 1,654,000
(3) DLI #3: Acceptable percentage of LGs have met the MMCs	<i>DLR #3.1:</i> 60% in FY 15	DLR#3.1: 0
	<i>DLR #3.2:</i> 70% in FY 16	DLR#3.2: 0
	<i>DLR #3.3:</i> 80% in FY 17	DLR#3.3: 0
	<i>DLR #3.4:</i> 90% in FY 18	DLR#3.4: 0
	<i>DLR #3.5:</i> 90% in FY 19	DLR#3.5: 0
	<i>DLR #3.6:</i> 90% in FY 20	DLR#3.6: 2,481,000

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Loan Allocated (expressed in EUR)
	<i>DLR#3.7:</i> 90% in FY 21	DLR#3.7: 2,481,000
	<i>DLR#3.8:</i> 90% in FY22	DLR#3.8: 4,548,000
(4) DLI #4: The Borrower has designed and implemented an independent LG performance assessment (PA) system and required percentage of LGs have met the threshold PA scores	<i>DLR #4.1:</i> PA Manual adopted by circular (<i>circulaire</i>) from the Borrower’s Minister of Interior, FY15	DLR#4.1:0
	<i>DLR # 4.2:</i> PA is tested and implemented in FY 16	DLR#4.2:0
	<i>DLR #4.3:</i> 50% of LGs achieved threshold PA scores set forth in the PA Manual in FY 17	DLR#4.3:0
	<i>DLR #4.4:</i> (a) 60% of LGs achieved threshold PA scores set forth in the PA Manual in FY 18; and (b) the Borrower has revised the PA system under terms and conditions acceptable to the Bank and set forth in the Performance Assessment Manual through the issuance and publication of a Ministerial order (<i>arrêté ministériel</i>) by December 31, 2018	DLR#4.4 (c) 0 (d) 0
	<i>DLR#4.5:</i> 70% of LGs achieved threshold PA scores set forth in the	DLR#4.5:0

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Loan Allocated (expressed in EUR)
	PA Manual in FY 19	
	<i>DLR#4.6:</i> 60% of LGs achieved the revised threshold PA scores in FY 20 set forth as a result of the revision of the PA system undertaken under DLR#4.4 (b).	DLR#4.6: 0
	<i>DLR#4.7:</i> 70% of LGs achieved the revised threshold PA scores in FY 21 set forth as a result of the revision of the PA system undertaken under DLR#4.4 (b).	DLR#4.7a: 13,644,000
	<i>DLR#4.8:</i> 80% of LGs achieved the revised threshold PA scores in a given FY set forth as a result of the revision of the PA system undertaken under DLR#4.4 (b).	DLR#4.7b: 5,787,000
(5) DLI #5: Required percentage of LGs have executed their Annual Investment Plans on schedule in terms of expenditures	<i>DLR #5.1:</i> 40% in FY 15	DLR#5.1:0
	<i>DLR #5.2:</i> 50% in FY 16	DLR#5.2:0
	<i>DLR #5.3:</i> 60% in FY 17	DLR#5.3:0
	<i>DLR #5.4:</i> 60% in FY 18	DLR#5.4:0
	<i>DLR #5.5:</i> 60% in FY 19	DLR#5.5:0

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Loan Allocated (expressed in EUR)
	<i>DLR #5.6:</i> 70% in FY 20	DLR#5.6: 8,683,000
	<i>DLR #5.7:</i> 70% in FY 21	DLR#5.7: 8,683,000
	<i>DLR #5.8:</i> 80% in a given FY	DLR#5.8: 8,683,000
(6) DLI #6: Required percentage of LGs have received capacity building support in accordance with their annual capacity development plan	<i>DLR #6.1:</i> 50% in FY 15	DLR#6.1:0
	<i>DLR #6.2:</i> 60% in FY 16	DLR#6.2:0
	<i>DLR #6.3:</i> 70% in FY 17	DLR#6.3:0
	<i>DLR #6.4:</i> 70% in FY 18	DLR#6.4:0
	<i>DLR#6.5:</i> 70% in FY 19	DLR#6.5: 4,134,000
	<i>DLR#6.6:</i> 70% in FY 20	DLR#6.6: 4,134,000
	<i>DLR#6.7:</i> 80% in FY 21	DLR#6.7: 4,134,000
	(7) DLI #7: Targeted number of people living in targeted disadvantaged neighborhoods have benefited from improved municipal infrastructure	<i>DLR#7.1:</i> Eligible LGs have been selected pursuant to selection criteria and transparent and objective procedures as defined in the POM
<i>DLR#7.2:</i> Work contracts covering 500,000 people have been tendered and completed by the end of FY 20		DLR#7.2:0
<i>DLR#7.3:</i> Work contracts covering additional 140,000 people have been		DLR#7.3: 4,961,000

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Loan Allocated (expressed in EUR)
	<p>tendered by the end of FY 21</p> <p><i>DLR#7.4:</i> Work contracts covering additional 120,000 people tendered under DLR#7.3 have been completed</p>	<p>DLR#7.4: 4,134,000</p>
<p>(8) DLI #8 DLI#8.a: transparency and access to information have been improved</p>	<p><i>DLR #8.a.1:</i> E-portal designed and populated in FY 15</p>	<p>DLR#8.a.1: 0</p>
	<p><i>DLR#8.a.2:</i> LGs' key information and data listed in the POM has been made publicly available through E-portal in FY 19</p>	<p>DLR#8.a.2: 2,480,000</p>
	<p><i>DLR#8.a.3:</i> LGs' key information and data listed in the POM has been made publicly available through E-portal in FY 20</p>	<p>DLR#8.a.3: 2,480,000</p>
	<p><i>DLR#8.a.4:</i> LGs' key information and data listed in the POM has been made publicly available through E-portal in FY 21</p>	<p>DLR#8.a.4: 1,654,000</p>
	<p><i>DLR#8.a.5:</i> LGs' key information and data listed in the POM has been made publicly available through E-portal in FY 22</p>	<p>DLR#8.a.5: 1,240,000</p>
<p>DLI#8.b: LGs financial management and reporting have been improved</p>	<p><i>DLR #8.b.1:</i> At least 60% of LG annual financial accounts legally received by the <i>Cour des Comptes</i> are audited by December 31 of current year in FY 16</p>	<p>DLR#8.b.1: 0</p>

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Loan Allocated (expressed in EUR)
	<i>DLR #8.b.2:</i> At least 70% of LG annual financial accounts legally received by the <i>Cour des Comptes</i> are audited by December 31 of current year in FY 17	DLR#8.b.2: 0
	<i>DLR #8.b.3:</i> At least 80% of LG annual financial accounts legally received by the <i>Cour des Comptes</i> are audited by December 31 of current year in FY 18	DLR#8.b.3: 0
	<i>DLR#8.b.4:</i> 100% of LGs' annual financial accounts legally received by the <i>Cour des Comptes</i> are audited by December 31 of current year in FY 19	DLR#8.b.4: 2,067,000
	<i>DLR#8.b.5:</i> At least 90% of LGs' annual financial accounts legally received by the <i>Cour des Comptes</i> are audited pursuant to the methodology defined in the POM by December 31 of current year in FY 20	DLR#8.b.5: 2,067,000
	<i>DLR#8.b.6:</i> 100% LGs' annual financial accounts legally received by the <i>Cour des Comptes</i> are audited pursuant to the methodology defined in the POM by December 31 of current year in FY 21	DLR#8.b.6: 827,000

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Loan Allocated (expressed in EUR)
	<i>DLR#8.b.7:</i> 100% LGs' annual financial accounts legally received by the <i>Cour des Comptes</i> are audited pursuant to the methodology defined in the POM by December 31 of current year in FY 22	DLR#8.b.7: 827,000
(9) DLI#9: DLI#9.a: Improved human resource management -Staffing Measure	<i>DLR#9.a.1:</i> The Borrower has issued a governmental decree approving financial and non-financial incentives to facilitate the redeployment of Borrower's civil servants to LGs, in FY 19	DLR#9.a.1: 1,654,000
DLI#9.b: Improved human resource management – human resource management tools	<i>DLR#9.b.1:</i> The Borrower has prepared and validated standard job description for key managerial and technical positions in FY 19, as further defined in the POM	DLR#9.b.1: 2,480,000
	<i>DLR#9.b.2:</i> The Borrower has operationalized an online job market platform to link potential candidates with vacant positions in LGs, in FY 20	DLR#9.b.2: 827,000
(10) Front-end Fee to be paid pursuant to Section 2.03 of this Agreement in accordance with Section	Not applicable	268, 750

Category (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Loan Allocated (expressed in EUR)
2.05 (b) of the General Conditions		
TOTAL AMOUNT		107,500,000

SCHEDULE 4

Disbursement Linked Results Calculation Formula

Category (including Disbursement Linked Indicator as applicable)	Scalable	Calculation Formula	Notes
(1) DLI #1: The Borrower has replaced Decree No 97-1135 and restructured its capital grant system accordingly	No	N/A	N/A
(2) DLI #2: Timely communication to LGs of the indicative Capital Block Grants (CBGs) allocation and timely transfer of CBGs to eligible LGs by the Borrower	No	N/A	If the target is not met for a given FY, the undisbursed amount will be redistributed equally in the projected disbursement of the following FYs.
(3) DLI #3: Acceptable percentage of LGs have met the MMCs and received CBGs	Yes	$D=A*(C/T)/G$	D= annual disbursement A= annual allocation C= number of LGs compliant T= total number of LGs G= annual goal in percentage (*)= multiplied (/)= divided (>)= greater than

			(<)= lesser than If $C/T < 0.3$, $D = 0$ If $C/T > G$, $D=A$ If the target is not met for a given FY, the undisbursed amount will be redistributed equally in the projected disbursement of the following FYs.
(4) DLI #4: The Borrower has designed and implemented an independent LG performance assessment (PA) system and required percentage of LGs have met the threshold PA scores	DLR 4.1 and DLR 4.2 – No	N/A	If the target is not met for a given FY, the undisbursed amount will be disbursed in the next FYs, when the target is met.
	DLR 4.3 and DLR 4.4(a) - Yes	$D=A*(C/T)/G$	D= annual disbursement A= annual allocation C= number of LGs compliant T= total number of LGs G= annual goal in percentage (*)= multiplied (/)= divided (>)= greater than (<)= lesser than If $C/T < 0.15$, $D = 0$ If $C/T > G$, $D=A$ If the target is not met for a given FY, the undisbursed amount will be redistributed equally in the projected disbursement of next FYs.
	DLR 4.4(b) - No	N/A	If the target is not met by December 31, 2018, the undisbursed amount will be disbursed in the next FYs, when the target is met.

	DLR 4.5, DLR 4.6 DLR 4.7 and 4.8- Yes	$D=A*(C/T)/G$	<p>D= annual disbursement</p> <p>A= annual allocation C= number of LGs compliant T= total number of LGs G= annual goal in percentage (*)= multiplied (/)= divided (>)= greater than (<)= lesser than</p> <p>If $C/T < 0.15$, $D = 0$ If $C/T > G$, $D=A$</p> <p>If the target is not met for a given FY, the undisbursed amount will be redistributed equally in the projected disbursement of next FYs.</p>
(5) DLI #5: Required percentage of LGs have implemented their annual investment plans on schedule	Yes	$D=A*(C/T)/G$	<p>D= annual disbursement</p> <p>A= annual allocation C= number of LGs compliant T= total number of LGs G= annual goal in percentage (*)= multiplied (/)= divided (>)= greater than (<)= lesser than</p> <p>If $C/T < 0.15$, $D = 0$ If $C/T > G$, $D=A$</p> <p>If the target is not met for a given year, the undisbursed amount will be redistributed equally in the projected disbursement of next years.</p>
(6) DLI #6: Required percentage of	Yes	$D=A*(C/T)/G$	<p>D= annual disbursement</p> <p>A= annual allocation</p>

<p>LGs have received capacity building support in accordance with their annual capacity development plan</p>			<p>C= number of LGs compliant pursuant to the criteria established in the POM T= total number of LGs G= annual goal in percentage (*)= multiplied (/)= divided (>)= greater than (<)= lesser than</p> <p>If $C/T < 0.15$, $D = 0$ If $C/T >$ yearly target, $D=A$</p> <p>If the target is not met for a given FY, the undisbursed amount will be redistributed equally in the projected disbursement of next FY.</p>
<p>(7) DLI #7: Targeted number of people living in targeted disadvantaged neighborhoods have benefited from improved municipal infrastructure</p>	<p>DLR 7.1 NO</p>	<p>DLR 7.1: N/A</p>	<p>If the target is not met, the undisbursed amount will be disbursed in the next FYs, when the target is met.</p>

	<p>DLR 7.2</p> <p>Yes</p>	<p>DLR 7.2:</p> <p>For the first evaluation period:</p> $D = P_s * 0.2 * U + P_c * 0.8 * U$ <p>For each subsequent evaluation period:</p> $D = P_s * 0.2 * U + P_c * 0.8 * U$ <p>less amount(s) disbursed from the previous period(s)</p>	<p>D= annual disbursement Ps= Sum of population in disadvantaged neighborhoods for which the contracts have been tendered Pc=Sum of population in disadvantaged neighborhoods for which the works have been completed U= A/Pt A=total allocation for DLR 7.2 Pt= total target population in disadvantaged neighborhoods (*)= multiplied (/)= divided (>)= greater than (<)= lesser than</p> <p>If $(P_s * 0.2) + (P_c * 0.8) < 20,000$, D=0</p> <p>If $(P_s * 0.2) + (P_c * 0.8) > P_t$, D=A</p>
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	DLR 7.3 Yes	For the first evaluation period: $D=A1*Ps/Pt$ For each subsequent evaluation period: $D=A1*Ps/Pt$ less amount(s) disbursed from the previous period(s)	D= annual disbursement A1= total allocation for DLR 7.3 Ps= Sum of additional population in disadvantaged neighborhoods for which the works contracts have been tendered Pt= total target additional population in disadvantaged neighborhoods (*)= multiplied (/)= divided
	DLR 7.4 yes	For the first evaluation period: $D=A2*Pc/Pt$ For each subsequent evaluation period: $D=A2*Pc/Pt$ less amount(s) disbursed from the previous period(s)	D= annual disbursement A2= total allocation for DLR 7.4 Pc= Sum of additional population in disadvantaged neighborhoods for which the works have been completed Pt= total target additional population in disadvantaged neighborhoods (*)= multiplied (/)= divided
(8) DLI #8 DLI#8.a: transparency and access to information have been improved	DLR 8.a.1 – NO	N/A	If the target is not met, the undisbursed amount will be disbursed in the next FYs, when the target is met.
	DLR8.a. 2 DLR8.a. 3 DLR8.a. 4	$D=A*(K/T)$	D = Annual disbursement A= Annual allocation K= Number of information published for

	DLR8.a. 5 YES		the given FY as defined in the POM T= Total required number of information to be published for the given FY as defined in the POM
DLI#8.b: LGs financial management and reporting have been improved	DLR 8.b.1, DLR 8.b.2 and DLR 8.b.3 – YES	$D=A*(K/T)/G$	D = Annual disbursement A= Annual allocation K = Number of annual Audits completed by December 31 of each FY T = Total Number of LG financial statement legally submitted by LG to the <i>Cour des Comptes</i> G = Annual goal (expressed in percentage of audits completed) (*)= multiplied (/)= divided (>)= greater than (<)= lesser than If $K/T < 0.3$, $D = 0$ If $K/T > G$, $D=A$ If the target is not met for a given FY, the undisbursed amount will be redistributed equally in the projected disbursement of next FYs.
DLI#9 DLI#9.a: Improved human resources- Staffing Measures	DLR9.a. 1 NO	N/A	If the target is not met, the undisbursed amount will be disbursed in the next FYs, when the target is met.

DLI#9.b: Improved human resources- human resources management tools	DLR9.b. 1 and DLR9.b. 2 NO	N/A	If the target is not met, the undisbursed amount will be disbursed in the next FYs, when the target is met.

For the purpose of this table:

“Annual disbursement” means the amount to be disbursed at the end each evaluation period.

“Annual allocation” means the amount defined for each DLR in the table in Schedule 4 to this Agreement adjusted with the undisbursed amount of the previous period if any.

“Number of LGs compliant” means the number of Local Governments that have achieved the target set forth in each DLI in the table in Schedule 4 to this Agreement.

“Annual goal in percentage” means the yearly target defined for each DLR in the table in Schedule 4 to this Agreement.

“Total allocation” means the amount defined for each DLI in the table in Schedule 4 to this Agreement.