

**CONFORMED COPY**

**CREDIT NUMBER 4184-SE**

# **Financing Agreement**

**(Senegal River Basin Multi-Purpose Water Resources Development Project)**

**between**

**REPUBLIC OF SENEGAL**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated September 13, 2006**

**FINANCING AGREEMENT**

AGREEMENT dated September 13, 2006, between REPUBLIC OF SENEGAL (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

**ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. 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 the Financing Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

**ARTICLE II — FINANCING**

WHEREAS: (A) The Council of Ministers of OMVS has adopted the Senegal River Basin Development Plan (the Program);

(B) the Recipient has requested that the Association support the execution of the Program through a series of financings over a period of approximately 10 years to be utilized by the Recipient in the implementation of the Program;

(C) the Recipient, having satisfied itself as to the feasibility and priority of the Project described in Schedule 1 to the Project Agreement, has requested the Association to assist in the financing of the Project;

(D) The Islamic Republic of Mauritania (Mauritania), the Republic of Guinea (Guinea) and the Republic of Mali (Mali) have also requested the Association to assist in the financing of the Project and by agreements of even date herewith between Mauritania, Guinea, and Mali respectively, and the Association (the Mauritania Financing Agreement, the Guinea Financing Agreement, and the Mali Financing Agreement), the Association is agreeing to provide such assistance in an amount equivalent to SDR 22,200,000, SDR 12,600,000, and SDR 21,000,000, respectively; and

(E) Pursuant to an agreement of even date herewith the *Organisation pour la Mise en Valeur du Fleuve Sénégal* (OMVS) and the Association, the Project will be carried out by OMVS with the assistance of the Recipient, Mauritania, Guinea and Mali and, as part of such assistance, the Recipient will make available to OMVS the proceeds of the Financing as provided in this Agreement, and Senegal, Guinea and Mali will make

available to OMVS the proceeds of the financings provided for in the Mauritania Financing Agreement, in the Guinea Financing Agreement, and in the Mali Financing Agreement, respectively, in accordance with the terms of said agreements.

- 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 equivalent to twenty-one million Special Drawing Rights (SDR 21,000,000) (the "Credit") to assist in financing the project described in Schedule I to the Project Agreement (the "Project").
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section II of Schedule I 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 April 15 and October 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with repayment schedule set forth in Schedule 2 to this Agreement.
- 2.07. The Payment Currency is Euro.

### **ARTICLE III — PROJECT**

- 3.01. The Recipient declares its commitment to the objectives of the Project and the Program. To this end, the Recipient shall cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article IV of the General Conditions.
- 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 I to this Agreement and with the provisions of Schedule 2 to the Project Agreement.

### **ARTICLE IV — REMEDIES OF THE ASSOCIATION**

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

- (a) A situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out;
- (b) 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 Project Implementing Entity to perform any of its obligations under the Project Agreement; and
- (c) (i) subject to subparagraph (ii) of this paragraph, the right of Mauritania, Mali, or Guinea to withdraw the proceeds of the financings made available to them under the Senegal Financing Agreement, the Mali Financing Agreement, and / or the Guinea Financing Agreement, respectively, shall have been suspended, canceled or terminated in whole or in part, pursuant to the terms of said agreements, and (ii) subparagraph (i) of this paragraph shall not apply if adequate funds for the Project are available to OMVS from other sources on terms and conditions consistent with the obligations of the Project Agreement.

4.02. The Additional Event of Acceleration consists of the following:

The event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 30 days after notice of the event has been given by the Association to the Recipient.

#### **ARTICLE V — EFFECTIVENESS; TERMINATION**

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

- (a) The Subsidiary Agreement, in form and substance satisfactory to the Association, has been duly executed on behalf of the Recipient and the Project Implementing Entity.
- (b) The conditions precedent to the effectiveness of the Mauritania Financing Agreement, the Mali Financing Agreement, and the Guinea Financing Agreement, other than the fulfillment of the conditions precedent to the effectiveness of this Agreement, have been satisfied;
- (c) The Project Implementing Entity has, to the satisfaction of the Association, updated its administrative and accounting manual, and the accounting software.
- (d) The Project Implementing Entity has hired an external auditor with qualifications, experience and terms of reference acceptable to the Association.

- (e) The management contracts referred to in paragraph 3 of Schedule 2 to the Project Agreement have been duly executed by the parties thereto.
  - (f) The conditions precedent to the effectiveness of the Guinea Membership Treaty, dated March 17, 2006, have been satisfied.
- 5.02. The Additional Legal Matter consists of the following:
- The Subsidiary Agreement has been duly authorized or ratified by the Recipient and the Project Implementing Entity and is legally binding upon the Recipient and the Project Implementing Entity in accordance with its terms.
- 5.03. The Effectiveness Deadline is the date ninety (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 Finance. The High Commissioner of OMVS, and any person whom he or she shall designate in writing, is designated as representative of the Recipient for purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement].

6.02. The Recipient's Address is:

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

Cable:	Telex:	Facsimile:
		221-821-1630

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/ Cheikh Hadjibou Soumaré  
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Madani M. Tall  
Authorized Representative

## **SCHEDULE I**

### **Project Execution**

#### **Section I. Subsidiary Financing; Institutional and Other Arrangements**

##### **A. Subsidiary Agreement**

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity under a subsidiary agreement between the Recipient and the Project Implementing Entity, 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, arrogate or waive the Subsidiary Agreement of any of its provisions.

#### **Section II. 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 this Section and such additional instructions as the Bank may specify by notice to the Recipient, 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:



	<u>Categories</u>	<u>Credit Allocated in SDR equivalent</u>	<u>% of expenditures to be financed</u>
(1)	Regional Institutional Development for Water Resources ( <i>goods, consultants' services, including audits and training, and operating costs</i> )	1,350,000	100% of foreign expenditures and 100% of local expenditures all taxes excluded
(2)	(a) Local level Multi-purpose Water Resources Development ( <i>goods, consultants' services, including audits and training, and operating costs</i> )	500,000	100% of foreign expenditures and 100% of local expenditures all taxes excluded;
	(b) Malaria and schistosomiasis reduction program ( <i>goods, consultants' services, including audits and training, and operating costs and performance based contracts</i> )	8,100,000	100% of foreign expenditures and 100% of local expenditures all taxes excluded
(3)	Comprehensive Multi-purpose and multi-sectoral Master Planning ( <i>goods, consultants' services, including audits and training, and operating costs</i> )	920,000	100% of foreign expenditures and 100% of local expenditures all taxes excluded
(4)	SAED Management Contract	9,420,000	100% of local expenditures all taxes excluded
(5)	Unallocated	710,000	
	<b>Total</b>	<u><b>21,000,000</b></u> =====	

**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 \$1,000,000 equivalent may be made for payments made prior to this date but on or after six months before the signing of this Agreement, for Eligible Expenditures under Categories (1) through (4).
2. The Closing Date is September 8, 2011.

**Section III. Other Undertakings**

1. Not later than March 30 of each calendar year during the implementation of the Project, the Recipient shall take all actions necessary on its part to make available to OMVS sufficient counterparts funds to cover the Recipient financial contribution to the implementation of the Project.

**SCHEDULE 2**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each April 15 and October 15:	
commencing October 15, 2016 to and including April 15, 2026	<b>1%</b>
commencing October 15, 2026 to and including April 15, 2046	<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. “Category” means a category set forth in the table in Section II of Schedule I to this Agreement.
2. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004.
3. “DNGR” means *Direction Nationale du Génie Rural* established and operating pursuant to the laws of the Republic of Guinea.
4. “FCFA” means *Franc de la Communauté Financière Africaine*.
5. “Financing Agreements” means this Agreement, the Mauritania Financing Agreement, the Guinea Financing Agreement, and the Mali Financing Agreement.
6. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005.
7. “Implementing Partners” means the entities implementing part of the Project, such as governmental agencies or non-governmental organizations.
8. “OMVS” means *Organisation pour la Mise en Valeur du Fleuve Sénégal*, established and operating pursuant to the OMVS Conventions.
9. “OMVS Conventions” mean the Convention relative au *Statut du Fleuve Sénégal* of March 11, 1972, the *Convention portant Création de l’Organisation pour la Mise en Valeur du Fleuve Sénégal* of March 11, 1972, the *Convention relative au Statut Juridique des Ouvrages Communs* of December 21, 1978, the *Convention relative aux Modalités de Financement des Ouvrages Communs* of May 12, 1982, all among Mali, Mauritania and Sénégal, and the *Traité d’Adhésion de la Guinée* of March 16, 2006 among Mali, Mauritania, Senegal and Guinea.
10. “OMVS Regional Steering Committee” means the committee established by the Council of Minister of OMVS on May 8, 2003.
11. “PDIAM” means *Programme de Développement de l’Irrigation en Aval de Manantali* operating pursuant to the laws of the Republic of Mali.

12. “Procurement Guidelines” means the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004.
13. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 11, 2006 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. “Program” means the Senegal River Basin development program adopted by the Council of Ministers of OMVS on June 18, 2005.
15. “Project Implementing Entity” means the OMVS.
16. “Project Implementing Entity’s Legislation” means the OMVS Conventions.
17. “SAED” means *Société d’Aménagement des Terres du Delta* established and operating pursuant to the laws of the Republic of Senegal).
18. “SONADER” means *Société Nationale de Développement Rural* established and operating pursuant to the laws of the Islamic Republic of Mauritania.
19. “Subsidiary Agreement” means the agreement referred to in Section I.A of Schedule 2 to this Agreement pursuant to which the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity.
20. “WARN” means the West Africa Roll Back Malaria Regional Network.