
CREDIT NUMBER 4703-SN

Financing Agreement

(Economic Governance Project)

between

REPUBLIC OF SENEGAL

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 20, 2010

CREDIT NUMBER 4703-SN

FINANCING AGREEMENT

AGREEMENT dated July 20, 2010, entered into between REPUBLIC OF SENEGAL (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. 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 equivalent to five million two hundred thousand Special Drawing Rights (SDR 5,200,000) (variously, “Credit” and “Financing”) 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 March 15 and September 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is the Euro.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through its Ministry of Justice, 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 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

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

The CENTIF Legislation, the ARMP Legislation, the CNLCC Legislation or the CEDAF Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of CEDAF, ARMP, CNLCC or CENTIF to perform any of its respective obligations under this Agreement.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
 - (a) The Recipient has adopted the Project Implementation Manual, including a Project Implementation Plan and an Administrative, Financial and Accounting Procedures Manual, in form and substance satisfactory to the Association.
 - (b) The Recipient has recruited the following qualified and experienced staff for CEDAF, under terms of reference and terms and conditions acceptable to the Association: a financial specialist and a procurement specialist.
 - (c) The Recipient has established or caused to be established an accounting and financial management system acceptable to the Association for the Project within CEDAF.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 5.03. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for

payment obligations) shall terminate is twenty years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is the Minister in charge of finance.

6.02. The Recipient's Address is:

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

Cable address:	Telex:	Fascimile:
MINIFINANCES Dakar	3203 G	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)	1-202-477-6391

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

REPUBLIC OF SENEGAL

By //s// H.E. Abdoulaye Diop

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By //s// Habib Fetini

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to improve aspects of the functioning of the justice sector relevant to the investment climate.

The Project consists of the following parts:

Part A: Improving the investment climate

Support legal and institutional reform geared toward improving the investment climate in the territory of the Recipient, through the provision of technical assistance to: (i) support the economic and financial section of the Recipient's State Attorney's (*procureur*) office; (ii) enhance court specialization; (iii) increase the number of commercial hearings; (iv) improve the hearing process; (v) establish strict timeframes for commercial judges; (vi) foster better case management for faster disposal and enforcement of judicial decisions; (vii) streamline enforcement procedures; (viii) speed up the issuance of court decisions; (ix) foster the monitoring and evaluation of judges; (x) build bridges with alternative dispute resolution mechanisms; and (xi) enhance internal capacity.

Part B: Improving court performance and user-friendliness

1. Improve court administration and case management through the provision of technical assistance and goods to the Dakar court system.
2. Strengthen the accessibility and user-friendliness of the courts in Dakar through the provision of goods and carrying out of studies to improve user guidance, and increased community outreach.

Part C: Strengthening the demand side for economic governance

1. Strengthening of CENTIF through: (i) the provision of specialized technical advisory support to advise CENTIF management and provide in-house training to analysts and CENTIF partners on international standards and practices in all operations; (ii) the financing of equipment to support investigation and operations, effectively and efficiently; and (iii) assistance to CENTIF in designing and carrying out an awareness campaign to improve the public administration, private firms, as well as the general public understanding of the nature of money laundering and CENTIF's work.
2. Provision of technical assistance, equipment and training to: (i) strengthen CNLCC's internal capacity on anti-corruption, and enhance CNLCC's legal authority and institutional arrangements, (ii) support CNLCC in the elaboration and implementation of a communication strategy, and (iii) financing of the dissemination of CNLCC's annual reports.

3. Provision of technical assistance, equipment and training to: (i) strengthen ARMP's internal capacity; and (ii) support the establishment of an adequate follow-up of the results of investigations by the justice system.
4. Support business-led actions against corruption, through the development and adoption of a No-Bribery Pact for private firms.

Part D: Strengthening CEDAF and project implementation support

1. Strengthening of CEDAF's fiduciary and monitoring functions to support the implementation of the Justice Sector Program and CEDAF's ISO 9001 certification, through technical assistance, provision of goods and carrying out of a program of Training.
2. Provision of technical advisory services for Project coordination and management, including: (i) the preparation of annual work plans, including updating procurement plans and related budgets; (ii) financing of expenditures related to monitoring and evaluation, financial audits, training, communication and organization and participation in local and external workshops; and (iii) the follow up with Project's beneficiaries to ensure that the approved Project activities are being implemented in a timely manner.
3. Establishment of a digital law library accessible by the Recipient's administrative departments.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall maintain throughout Project implementation, a Project steering committee (the “Steering Committee”) with responsibilities and procedures set forth below and with composition, functions and resources satisfactory to the Association:

(a) **Steering Committee**

(i) The Steering Committee shall be headed by the Recipient’s Ministry of Justice and composed of representatives of the Recipient’s Ministry of Justice and agencies participating in the Project. The Steering Committee shall meet at least quarterly.

(ii) The Steering Committee shall be responsible for:

(A) Carrying out of annual reviews of proposals, work plans and budgets prepared by CEDAF and ensuring their consistency with the Justice Sector Program and the Project’s development objectives;

(B) Overseeing the execution of the Project and provide overall strategic orientation;

(C) Monitoring the physical progress (achievement of coverage objectives) and the financial execution on the basis of the progress reports prepared by the CEDAF;

(D) Taking measures to facilitate resolution of problems or conflicts that may arise during the course of the Justice Sector Program ;

(E) Facilitating the coordination of the Project’s activities among the entities represented in the Steering Committee, and making recommendations to the Minister of Justice in view of the removal of any impediment to the achievement of the Project’s objectives;

(F) Providing comments on reports and reviews prepared by CEDAF for the benefit of the Association; and

- (G) Approving the updated Procurement Plan and related budgets submitted by CEDAF.

(b) **CEDAF**

CEDAF shall be in charge of overall coordination of Project implementation. CEDAF shall consist of the following key staff with terms of reference, qualifications and experience satisfactory to the Association:

- (i) A Project coordinator;
- (ii) a procurement specialist;
- (iii) a financial specialist; and
- (iv) a monitoring and evaluation specialist.

To this end, the Recipient shall, throughout Project implementation, maintain CEDAF with responsibilities set forth below and with composition, functions and resources satisfactory to the Association:

- (A) overseeing the day-to-day execution of the Project;
- (B) identifying necessary Project adjustments based on monitoring and evaluation results;
- (C) preparing updated Procurement Plan and related budgets to be submitted to the Steering Committee for approval;
- (D) carrying out Project financial management; and
- (E) monitoring and evaluating the Project and preparing Project progress reports and monitoring and evaluation reports.

B. Anti-Corruption

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

C. Manuals

1. The Recipient shall prepare under terms of reference acceptable to the Association, and furnish to the Association, for review and comments:
 - (a) a Project implementation manual (Project Implementation Manual), setting forth the detailed arrangements and procedures for:

- (i) institutional coordination and day-to-day execution of the Project;
 - (ii) disbursement and financial management; (iii) procurement;
 - (iv) monitoring, evaluation, reporting and communication; and (v) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project;
- (b) a Project implementation plan (Project Implementation Plan) outlining details of implementation of the activities to be undertaken under the Project, including, organizational, procurement, accounting and financial management as well as monitoring arrangements, to be agreed with the Association for purposes of Project implementation; and
 - (c) an administrative and financial manual (Administrative, Financial, and Accounting Procedures Manual), setting out the administrative, financial management, and accounting arrangements, to be agreed with the Association for purposes of Project implementation.
- 2. The Recipient shall afford the Association a reasonable opportunity to exchange views with the Recipient on both such manuals, and thereafter shall adopt and carry out the Project in accordance with such operational and administrative and financial manuals as shall have been found satisfactory to the Association.
 - 3. The Recipient shall not amend, abrogate, repeal, suspend, waive, or otherwise fail to enforce, or permit to be amended, abrogated, repealed, suspended or waived, the Project Implementation Manual, the Project Implementation Plan or the Administrative and Financial Manual, or any provision thereof without the prior written approval of the Association. In case of inconsistency between this Agreement, on the one hand, and the Project Implementation Manual, the Project Implementation Plan or the Administrative, Financial, and Accounting Procedures Manual, on the other hand, the terms of this Agreement shall prevail.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

- 1. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of six months, running from May 1st to October 30 and from November 1st to April 30, respectively, each year, and shall be furnished to the Association not later than one month 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:

- Reduction of case processing delay and backlog at the *Tribunal Régional de 1ère Instance de Dakar*.
- Reduction of the average time to enforce a commercial contract
- Reduction of the average time to close a business.

2. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than December 31, 2015.
3. The Recipient shall cause three operational audits to be carried out by an independent auditor selected in accordance with the provisions of Section III of this Schedule, respectively on April 30, 2011 (covering the time elapsed since the beginning of the Project, on October 30, 2012 (covering the period since the previous operational audit) and on January 31, 2014 (covering the period since the previous operational audit), and shall furnish to the Association, no later than two (2) months after the end of the audited period, or any other date agreed with the Association, an audit report in form and scope satisfactory to the Association.
4. The Recipient shall cause a detailed Project impact assessment to be carried out by an independent consultant selected in accordance with the provisions of Section III of this Schedule, and shall furnish the report of such assessment to the Association no later than three (3) months before the Closing Date.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. The Recipient shall prepare and furnish to the Association not later than 45 days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal was made under the Preparation Advance for the Project. The audited Financial Statements for

each such period shall be furnished to the Association not later than six months after the end of such period.

Section III. Procurement

A. General

1. **Goods.** All goods required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants’ Services.** All consultants’ services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods. The Procurement Plan shall specify the circumstances under which such methods may be used:

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

C. Particular Methods of Procurement of Consultants’ Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants’ Services.** The following table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method	
(a)	Least-Cost Selection (LCS)
(b)	Selection Based on the Consultants’ Qualifications (CQS)
(c)	Single-Source Selection (SSS)
(d)	Individual Consultants

D. Review by the Association of Procurement Decisions

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

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:

Category	Amount of the Credit Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, Consultants' Services, including Operating Costs, Training and audits for Parts A, B, C.1, C.3, C.4 and D of the Project	4,900,000	100%
(2) Goods, services and Training for Part C.2 of the Project	170,000	100%
(3) Unallocated	130,000	
TOTAL AMOUNT	5,200,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) for payments made prior to the date of this Agreement, or
 - (b) under Category (2) unless the Recipient has implemented the action plan referenced in Section V.2 of Schedule 2 of this Agreement in a manner satisfactory to the Association.
2. The Closing Date is June 30, 2015.

Section V. Other Undertakings

1. No later than twenty (20) months after the Effective Date, or any later date agreed between the Recipient and the Association, the Recipient and the Association shall carry out a mid-term review of the Project activities, on the progress made in the implementation of the Project activities. The Recipient shall prepare, on the basis of terms of reference satisfactory to the Association, and transmit to the Association, no later than three months before the beginning of such mid-term review, a report including the results of the monitoring and evaluation activities carried out in accordance with this Agreement, on the progress made in the implementation of the Project activities during

the period covered by such report, and making recommendations to ensure the efficient implementation of the Project activities and the achievement of the Project objectives during the period after the mid-term review.

2. The Recipient shall elaborate and adopt an action plan in form and substance satisfactory to the Association to enhance the relevance and capacity of the CNLCC.

SCHEDULE 3**Repayment Schedule**

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

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

APPENDIX**Section I. Definitions**

1. “Administrative, Financial, and Accounting Procedures Manual” (*Manuel des procédures administratives, financières, et comptables*) means the manual referred to in Section I.C.1 (c) of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior approval of the Association, and such term includes any schedules to the Administrative, Financial, and Accounting Procedures Manual.
2. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
3. “ARMP” means *Autorité de Régulation des Marchés Publics*, the Recipient’s national procurement agency created pursuant to the ARMP Legislation.
4. “ARMP Legislation” means the Decree No. 2007-546 of the Recipient dated April 25, 2007.
5. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
6. “CEDAF” means the *Cellule d’Exécution Administrative et Financière*, the unit created within the Ministry of Justice of the Recipient pursuant to the CEDAF Legislation.
7. “CEDAF Legislation” means the Decree No. 2006.1279 of the Recipient dated November 23, 2006.
8. “CENTIF” means *Cellule Nationale de Traitement des Informations Financières*, the unit created within the Ministry of Economy and Finances pursuant to the CENTIF Legislation.
9. “CENTIF Legislation” means collectively the Law No. 2004-09 of the Recipient dated February 6, 2004 and the Decree No. 2004-1150 of the Recipient dated August 18, 2004.
10. “CNLCC” means *Commission de lutte contre la non transparence, la corruption et la concussion*, the Recipient’s Anti-Corruption Commission created pursuant to the CNLCC Legislation.
11. “CNLCC Legislation” means the Recipient’s Law No. 2003-35 dated November 24, 2003.

12. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
13. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006), with the modifications set forth in Section II of this Appendix.
14. “Justice Sector Program” means the Recipient’s ten year program for the improvement of justice (*Programme Sectoriel Justice*), developed and validated by the Recipient in 2004.
15. “No-Bribery Pact” means the consensual document to be entered into between the Recipient’s private business entities identifying the modalities to which they commit to efficiently fight corruption.
16. “Operating Costs” means the incremental operating expenses, based on annual budgets approved by the Association, incurred by CEDAF, on account of additional staff costs for the financial specialist and the procurement specialist, but excluding the salaries and indemnities of officials and public servants of the Recipient’s civil service.
17. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
18. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated February 22, 2010 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
19. “Project Implementation Manual” (*Manuel d’Exécution*) means the manual referred to in Section I.C.1 (a) of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior approval of the Association, and such term includes any schedules to the Project Implementation Manual.
20. “Project Implementation Plan” means the plan referred to in Section I.C.1 (b) of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior approval of the Association, and such term includes any schedules to the Project Implementation Plan.
21. “Steering Committee” means the steering committee for the Project (*Comité de Coordination et d’Evaluation du Programme Sectoriel Justice*) established by the Recipient by Decree No. 2006-1279 dated November 23, 2006.

22. “Training” means the training of persons under the Project, including seminars, workshops, study tours, and on the job training, and covers the following costs associated with such activity: travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to training preparation and implementation.

Section II. Modifications to the General Conditions

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

1. Section 2.07 is modified to read as follows:

“Section 2.07. Refinancing Preparation Advance

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

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

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

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