
CREDIT NUMBER 6881-SN

Financing Agreement

(Senegal Jobs, Economic Transformation and Recovery Program)

between

REPUBLIC OF SENEGAL

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

CREDIT NUMBER 6881-SN

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date 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) 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 — CREDIT

- 2.01. The Association agrees to extend to the Recipient a credit, which is deemed as Non-concessional Financing for purposes of the General Conditions, in the amount of one hundred six million six hundred thousand Euros (EUR 106,600,000), as such amount may be converted from time to time through a Currency Conversion (“Credit”), to assist in financing the program described in Schedule 1 to this Agreement (“Program”).
- 2.02. The Recipient may withdraw the proceeds of the Credit in accordance with Section IV of Schedule 2 to this Agreement. All withdrawals from the Credit Account shall be deposited by the Association into an account specified by the Recipient and acceptable to the Association.
- 2.03. The Front-end Fee is one quarter of one percent (1/4 of 1%) of the Credit amount.
- 2.04. The Commitment Charge is one-quarter of one percent (1/4 of 1%) per annum on the Unwithdrawn Credit Balance.
- 2.05. The Interest Charge is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.09(e) of the General Conditions.
- 2.06. The Payment Dates are April 15 and October 15 in each year.
- 2.07. The principal amount of the Credit shall be repaid in accordance with Schedule 3 to this Agreement.

ARTICLE III — PROGRAM

- 3.01. The Recipient declares its commitment to the objective of the Program. To this end, the Recipient shall carry out the Program and cause the Program's Respective Parts to be carried out by the Program Implementing Entities in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following, namely that the Recipient has: (a) (i) adopted a successor program to PAP-2A; or (ii) amended, waived or otherwise assigned the PAP-2A Subset; both in a manner which will materially and adversely affect the ability of the Recipient to achieve the objective of the Program and/or perform any of its obligations under this Agreement; or (b) taken an action or adopted a policy which results or may result in any significant reversal of any part of the Program and/or any activity implemented pursuant to the Program Action Plan.
- 4.02. The Additional Event of Acceleration consists of the following, namely that any event specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 5.02. 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 years after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is its minister in charge of finance.
- 6.02. 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
Republic of Senegal; and

(b) the Recipient's Electronic Address is:

Telex:

221-33822-4195

6.03. 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:

248423 (MCI)

1-202-477-6391

AGREED as of the Signature Date.

REPUBLIC OF SENEGAL

By:




Authorized Representative

Name: Abdoulaye D. Diello

Title: Minister of Finance and Budget

Date: June 21, 2021

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:




Authorized Representative

Name: Mathieu Delote

Title: Country Director

Date: June 21, 2021

SCHEDULE 1

Program Description

The objective of the Program is to improve the competitiveness of Selected Value Chains, MSMEs capabilities, and private sector investment in Senegal.

The Program consists of the following activities:

Result Area 1: Competitiveness Reinforcement

Strengthen competitiveness of key priority sectors, with a focus on exporting value chains, through: (a) analytical work and public-private dialogues to select value chains with growth potential; (b) identify market failures along Selected Value Chains; (c) development of related Action Plans to address market failures for Selected Value Chains in Selected Areas; and (d) implement the Action Plans, including at the local level.

Result Area 2: Technology Adoption

Support ADEPME's assistance to selected MSMEs to improve their technological and managerial capabilities through Matching Grants.

Result Area 3: Access to Finance

- (a) Support FONGIP's assistance to selected MSMEs to improve their access to credit through: (i) improving FONGIP's corporate governance; and (ii) incentivizing broader MSME credit penetration, through: (A) the enhancement of FOGADEV's microfinance, standard and medium-term windows; and (B) the creation and Capitalization of FOGAREX.
- (b) Support FONSI's assistance to selected SMEs to access medium and long-term finance and mobilize private sector investments, through: (i) the establishment and Capitalization of a Hybrid SME Acceleration Fund; (ii) the establishment and the Capitalization of an SME technical assistance fund; and (iii) the establishment and the Capitalization of a Fund Sponsoring Company dedicated to the promotion of the Hybrid SME Acceleration Fund and other hybrid funds.

Result Area 4: Public-Private Partnerships

Enable and roll out the Recipient's PPP program to meet priority investment needs through: (a) operationalization of the PPP Unit and the PPP Support Fund; and (b) development of an initial PPP pipeline and preparation of first-mover projects through calls for proposals.

SCHEDULE 2

Program Execution

Section I. Implementation Arrangements

A. Program Institutions

1. The Recipient shall be responsible for the overall implementation, monitoring and evaluation of the Program.
2. For purposes of and without limitation to Article III of this Agreement or paragraph 1 immediately above: (a) MEPC shall have overall responsibility for the Program, including fiduciary and disbursement aspects, and for the implementation on technical aspects of result areas 1 and 4; (b) ADEPME shall be responsible for the implementation on technical aspects of result area 2 (“ADEPME Part”); (c) FONGIP for the implementation on technical aspects of result area 3(a) (“FONGIP Part”); and (d) FONSIS for the implementation on technical aspects of result area 3(b) (“FONSIS Part”); all said result areas being set out in Schedule 1 to this Agreement.
3. For purposes of and without limitation to paragraphs 1 and 2 above, the Recipient shall maintain and cause to be maintained at all times during Program implementation, adequate institutional arrangements satisfactory to the Association, including, *inter alia*: (a) a Steering Committee, with terms of reference, mandate and composition satisfactory to the Association; (b) a Program management unit within MEPC, with staffing and resources necessary to achieve the objective of the Program as further detailed in the Program Operations Manual; (c) a Competitiveness Taskforce within MEPC and, as appropriate, in decentralized locations, to act as a coordination platform, with terms of reference, staffing and resources satisfactory to the Association; and (d) the PPP Unit, with staffing and resources satisfactory to the Association.
4. For purposes of implementation of the FONGIP Part, and without limitation to any provision under this Section I.A., the Recipient shall: (a) no later than December 31, 2021, cause FONGIP to appoint two (2) independent board members, with terms of reference, qualifications and experience satisfactory to the Association; and (b) no later than December 31, 2022, cause FONGIP to appoint two (2) further independent board members, with terms of reference, qualifications and experience satisfactory to the Association.

B. Subsidiary Agreements

1. To facilitate the carrying out of the Program Implementing Entities’ Respective Parts under the Program, the Recipient shall make part of the proceeds of the Credit available to the Program Implementing Entities under subsidiary agreements to be entered into between the Recipient and each Program Implementing Entity, under

terms and conditions approved by the Association and set out in Schedule 5 to this Agreement (“ADEPME Subsidiary Agreement”, “FONGIP Subsidiary Agreement” and “FONSIS Subsidiary Agreement” as justified by context; “Subsidiary Agreements” collectively, and “Subsidiary Agreement” the singular thereof).

2. At all times during Program implementation, the Recipient shall cause the Program Implementing Entities to implement the Respective Parts in accordance with this Agreement and the Subsidiary Agreements, and exercise its rights under any Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Credit.
3. Except as the Association shall otherwise agree, the Recipient or the Program Implementing Entities shall not assign, amend, abrogate or waive the Subsidiary Agreements or any of their provisions.

C. Additional Program Implementation Arrangements

1. The Recipient shall carry out and cause the following to be carried out by the Program Implementing Entities: (a) the Program Action Plan in accordance with the schedule set out in the said Program Action Plan and in a manner satisfactory to the Association (“PAP”); (b) the Program in accordance with the directives set out in the Environmental and Social Systems Assessment (“ESSA”); and (c) the Program in accordance with the Program Operations Manual (“POM”), which shall have been adopted by the Recipient not later than three (3) months after the Effective Date, or at any later date agreed upon in writing with the Association, in consultation and in a manner and substance satisfactory to the Association.
2. Except as the Association shall otherwise agree, the Recipient or the Program Implementing Entities shall not amend or waive any provision of the PAP, ESSA or POM.
3. In case of any conflict between the terms of the PAP, ESSA or POM and those of this Agreement, the terms of this Agreement shall prevail.

Section II. Excluded Activities

The Recipient shall ensure and cause to ensure that the Program excludes any activities which: (1) 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 (2) involve the procurement of: (a) works, estimated to cost USD 50,000,000 equivalent or more per contract; (b) goods, estimated to cost USD 30,000,000 equivalent or more per contract; (c) non-consulting services, estimated to cost USD 20,000,000 equivalent or more per contract; or (d) consulting services, estimated to cost USD 15,000,000 equivalent or more per contract.

Section III. Program Monitoring, Reporting and Evaluation

1. Program Reports

The Recipient shall furnish to the Association each Program Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

2. Verification Agent and Protocol

The Recipient shall: (a) not later than six (6) months after the Effective Date, appoint and thereafter maintain at all times during the implementation of the Program, an independent Verification Agent under terms of reference acceptable to the Association; and (b) ensure that the Verification Agent prepares and provides verification reports certifying the achievement of the DLRs set out in Schedule 4 of this Agreement, in accordance with verification protocols further detailed in the Program Operations Manual.

Section IV. Withdrawal of Credit Proceeds

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 Credit to: (a) pay: (i) the Front-end Fee; and (ii) each Interest Rate Cap or Interest Rate Collar premium; and (b) finance Program Expenditures (inclusive of Taxes), on the basis of the results (“Disbursement Linked Results” or “DLRs”) achieved by the Recipient or the Program Implementing Entities as appropriate, 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 of this Agreement.

2. The following table specifies each category of withdrawal of the proceeds of the Credit (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 Credit to each Category:

Category (including Disbursement Linked Indicator as applicable)	Amount of the Credit Allocated (expressed in EUR)
(1) DLI 1	7,768,000
(2) DLI 2	4,260,000
(3) DLI 3	16,188,000

(4) DLI 4	31,524,000
(5) DLI 5	11,076,000
(6) DLI 6	24,708,000
(7) DLI 7	11,076,000
TOTAL AMOUNT	106,600,000

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) for any DLR under Categories (1) through (7), until and unless the Recipient has furnished evidence satisfactory to the Association that said DLR has been achieved; or
 - (b) under Categories (2) and (3), until and unless the Recipient has provided to the Association the executed ADEPME Subsidiary Agreement, satisfactory to the Association in accordance with Section I.B. of this Schedule 2, and corresponding legal opinion(s) stating that the ADEPME Subsidiary Agreement is binding on both the Recipient and ADEPME in accordance with its terms; or
 - (c) under Categories (4) and (5), until and unless the Recipient has provided to the Association the executed FONGIP Subsidiary Agreement, satisfactory to the Association in accordance with Section I.B. of this Schedule 2, and corresponding legal opinion(s) stating that the FONGIP Subsidiary Agreement is binding on both the Recipient and FONGIP in accordance with its terms; or
 - (d) under Category (6), until and unless the Recipient has provided to the Association the executed FONSIS Subsidiary Agreement, satisfactory to the Association in accordance with Section I.B. of this Schedule 2, and corresponding legal opinion(s) stating that the FONSIS Subsidiary Agreement is binding on both the Recipient and FONSIS in accordance with its terms.
2. Notwithstanding the provisions of Part B.1(a) of this Section, the Recipient may withdraw an amount not to exceed EUR 26,600,000 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 in 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(a) of this Section, if any of the DLRs under Categories (1) through (7) has not been achieved, the Association may, by notice to the Recipient: (a) authorize the withdrawal of such lesser amount of the unwithdrawn proceeds of the Credit 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 for scalable DLRs under Schedule 4; (b) reallocate all or a portion of the proceeds of the Credit then allocated to said DLR to any other DLR; and/or (c) cancel all or a portion of the proceeds of the Credit then allocated to said DLR.
4. The Closing Date is June 30, 2025.

SCHEDULE 3

Commitment-Linked Amortization Repayment Schedule

The following table sets forth the Principal Payment Dates of the Credit and the percentage of the total principal amount of the Credit payable on each Principal Payment Date (“Installment Share”).

Level Principal Repayments

Principal Payment Date	Installment Share
On each April 15 and October 15	
Beginning October 15, 2027 through October 15, 2050	2.08%
On April 15, 2051	2.24%

SCHEDULE 4

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

DLI	DLI amount (in EUR)	Disbursement-Linked Results and agreed targets	Formula and verification protocol	DLR amount (in EUR)
DLI 1: Number of Action Plans to improve value chains' competitiveness produced by the Competitiveness Taskforce	EUR 7,768,000	DLR 1: Six (6) Action Plans relating to Selected Value Chains in Selected Areas, produced and communicated to the Association, from a baseline of zero	For each additional Action Plan from the baseline, EUR 568,000 may be made available for withdrawal by the Recipient, up to EUR 3,408,000	EUR 3,408,000
		DLR 1.1: The Competitiveness Taskforce has established selection criteria of positive environmental impact for the screening of value chains and has used them to select all Action Plans under DLR 1	Upon (i) completion of the selection criteria and (ii) evidence submitted stating and justifying that said criteria apply to each Action Plan under DLR 1 as further detailed in the POM, EUR 1,704,000 may be made available for withdrawal by the Recipient Not scalable	EUR 1,704,000
		DLR 1.2: Number of public-private dialogues conducted by	For each additional public-private dialogue held between MEPC and	EUR 1,704,000

		MEPC's directorate for private sector development including to improve value chains competitiveness, from a baseline of zero	private sector stakeholders from Selected Value Chains from the baseline, as evidence by dated minutes, pictures and attendee list of each meeting, EUR 85,200 may be made available for withdrawal by the Recipient, up to EUR 1,704,000	
		DLR 1.3: Private sector development strategy produced to support the competitiveness of value chains with high potential for growth and job creation.	Upon communication to the Association of the final private sector development strategy issued by MEPC, EUR 952,000 may be made available for withdrawal by the Recipient Not scalable	EUR 952,000
DLI 2: Increase in TECH Adoption Index for Matching Grants beneficiaries	EUR 4,260,000	DLR 2: 15% increase in aggregate TECH Adoption Index for beneficiaries, between July 1, 2021 and December 31, 2024, from a baseline of zero	For each additional percentage point increase in TECH Adoption Index from the baseline, EUR 284,000 may be made available for withdrawal by the Recipient, up to EUR 4,260,000	EUR 4,260,000
DLI 3: Amount of support to technology adoption through Matching Grants	EUR 16,188,000	DLR 3: EUR 24,708,000 of support provided to MSMEs through Matching Grants, and	For each additional EUR 1,704 2,000 support made from the baseline, EUR 1,278 may be made	EUR 12,780,000

		registered in ADEPME's database, from a baseline of EUR 7,668,000	available for withdrawal by the Recipient, up to EUR 12,780,000	
		DLR 3.1: EUR 8,008,800 of Matching Grants to Women-Led MSMEs among those identified under DLR 3 and registered in ADEPME's database, from a baseline of EUR 2,044,800	For each additional EUR 5,964 support made from the baseline, EUR 3,408 may be made available for withdrawal by the Recipient, up to EUR 3,408,000	EUR 3,408,000
DLI 4: Amount of loans to MSMEs guaranteed by FOGADEV or FOGAREX	EUR 31,524,000	DLR 4: EUR 127,800,000 bank and microfinance loans guaranteed by and registered in FONGIP's database, from a baseline of EUR 42,600,000	For each additional EUR 852 guaranteed loan from the baseline, EUR 213 may be made available for withdrawal by the Recipient, up to EUR 21,300,000	EUR 21,300,000
		DLR 4.1: EUR 27,690,000 loans guaranteed for Women-Led MSMEs among those identified under DLR 4 and registered in FONGIP's database, from a baseline of EUR 2,130,000	For each additional EUR 2,556 guaranteed loan from the baseline, EUR 681.60 may be made available for withdrawal by the Recipient up to EUR 6,816,000	EUR 6,816,000
		DLR 4.2: EUR 8,520,000 loans guaranteed for exports among those identified under DLR 4 and	For each additional EUR 852 guaranteed loan from the baseline, EUR 2,130 may be made	EUR 3,408,000

		registered in FONGIP's database, from a baseline of zero	available for withdrawal by the Recipient up to EUR 3,408,000	
DLI 5: Leverage Ratio for FOGADEV	EUR 11,076,000	DLR 5: Greater than 3 Average Leverage Ratio by December 31, 2024, from a baseline of 1.9	EUR 3,408,000 may be made available for withdrawal by the Recipient upon verification of the Average Leverage Ratio as measured on December 31, 2024 Not scalable	EUR 3,408,000
		DLR 5.1: FONGIP has established by December 31, 2022: (i) an audit committee; (ii) an audit department; (iii) a risk management committee; and (iv) a risk management department; with (a) each committee being chaired by one different independent board member, and (b) both departments reporting to their respective committee, with adequate human, operational and financial resources, as further defined in the POM	EUR 6,816,000 may be made available for withdrawal by the Recipient upon (i) verification of the establishment of both committees and both departments; (ii) satisfactory evidence of their reporting to two different independent Board members; and (iii) provision to the Association of satisfactory organigram, staff profile and budget for both committees and departments Not scalable	EUR 6,816,000
		DLR 5.2: FONGIP has transferred its lending activities by December	EUR 852,000 may be made available for withdrawal by the	EUR 852,000

		31, 2024, and focuses on issuing guarantees	Recipient, upon verification that lending activities are no longer in FONGIP's balance sheet by December 31, 2024 Not scalable	
DLI 6: Amount of private investments levied by Hybrid SME Acceleration Fund in a 51-49% private-public split respectively	EUR 24,708,000	DLR 6: EUR 25,560,000 of private investments levied by Hybrid SME Acceleration Fund in a 51-49% private-public split respectively for each closing, from a baseline of zero EUR of private investment	For each additional EUR 2,556 such investment from the baseline, EUR 2,130 may be made available for withdrawal by the Recipient, up to EUR 21,300,000	EUR 21,300,000
		DLR 6.1: Share of Women-Led SMEs in the pipeline among those identified under DLR 6 is greater than 25% from the date of establishment of the Hybrid SME Acceleration Fund to July 1, 2024	EUR 3,408,000 may be made available for withdrawal by the Recipient upon verification of said share percentage in said Fund's pipeline Not scalable	EUR 3,408,000
DLI 7: Number of PPP transactions initiated (Requests for Proposals issued) for projects -with an E&S risks of category 2 under the national risk	EUR 11,076,000	DLR 7: Three (3) PPP requests for proposals issued by the PPP Unit, with category 2 environmental and social risks, in accordance with the Recipient's risk framework, and prepared with financial support	For each additional such request for proposal issued from the baseline, and evidenced by (i) the terms of reference for the relevant project preparation work financed by the PPP Support Fund, (ii) the	EUR 5,112,000

<p>categorization system- with support from the PPP Fund</p>	<p>from the PPP Support Fund, from a baseline of zero</p>	<p>relevant project evaluation documents, including the environmental and social assessment, and (iii) associated request for proposal package for each project, EUR 1,704,000 may be made available for withdrawal by the Recipient, up to EUR 5,112,000</p>	
	<p>DLR 7.1: Establishment of PPP Support Fund, with minimum capitalization of EUR 852,000 and PPP Support Fund operational manual prepared</p>	<p>EUR 2,556,000 may be made available for withdrawal by the Recipient upon provision to the Association of (i) evidence satisfactory to the Association of effective capitalization in dedicated account, and (ii) the final operational manual.</p> <p>Not scalable</p>	<p>EUR 2,556,000</p>
	<p>DLR 7.2: As an input to DLR 7, an initial pipeline of PPP projects has been approved and published, on the basis of the Recipient's identified investment priorities, and in accordance with criteria and requirements for PPP project</p>	<p>EUR 3,408,000 may be made available for withdrawal by the Recipient upon provision to the Association of (i) the published pipeline, and (ii) associated project documentation for each selected project</p>	<p>EUR 3,408,000</p>

		identification under the Recipient's PPP Law	Not scalable	
--	--	----------------------------------------------	--------------	--

SCHEDULE 5

Subsidiary Agreements

1. For purposes of Section I.B. of Schedule 2 to this Agreement, and without prejudice to any provision under this Agreement, the Subsidiary Agreements shall at a minimum include the following:
 - (a) parts of the proceeds from the principal amount of the Credit shall be made available under each Subsidiary Agreement on a conditional grant basis;
 - (b) each Program Implementing Entity shall, at all times during Program implementation: (i) ensure implementation of its Respective Part under the Program, in accordance with the provisions of this Agreement, Section V of the General Conditions, the Program Action Plan, the Environmental and Social Systems Assessment, and the Program Operations Manual; (ii) permit the Recipient to 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 Credit; and (iii) represent that the rights and obligations of the Recipient and the Association under the Financing Agreement are valid and enforceable in accordance with their terms notwithstanding any laws of the Recipient to the contrary;
 - (c) each Program Implementing Entity shall carry out its Respective Part under the Program in accordance with the provisions of the Anti-Corruption Guidelines, as they apply to recipients of the Credit other than the Recipient;
 - (d) each Program Implementing Entity shall carry out its Respective Part under the Program, in accordance with financial management, procurement and environmental and social management systems acceptable to the Association which are designed to ensure that: (i) the Credit proceeds for its Respective Part under the Program are used for their intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability; and (ii) the actual and potential adverse environmental and social impacts of its Respective Part under the Program are identified, avoided, minimized, or mitigated, as the case may be, all through an informed decision-making process;
 - (e) each Program Implementing Entity shall, without limitation to the generality of sub-paragraph 1(d) immediately above, maintain at all times during Program implementation, adequate institutional arrangements satisfactory to the Association, including staffing and resources necessary

to achieve the objective of its Respective Part under the Program, as further detailed in the Program Operations Manual;

- (f) each Program Implementing Entity shall ensure that activities listed in Section II of Schedule 2 to this Agreement are excluded from implementation of its Respective Part;
- (g) each Program Implementing Entity shall provide promptly as needed, the funds, facilities, services and other resources required for its Respective Part of the Program;
- (h) each Program Implementing Entity shall provide to the Recipient and the Verification Agent all documents and records relevant for the verification of achievement of the DLRs, in accordance with the provisions of this Agreement and verification protocols set out in the Program Operations Manual;
- (i) the Program Implementing Entity shall monitor and evaluate the progress of its Respective Part under the Program and prepare Program Reports for its Respective Part under the Program in accordance with the provisions of Section 5.08(b) of the General Conditions. Each Program Report shall cover the period of one calendar semester, and shall be furnished to the Recipient not later than one month after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Program Report; and
- (j) each Program Implementing Entity shall from time to time, at the request of the Recipient or the Association: (i) exchange views on the Program Implementing Entity's expenditure program, debt, fiscal arrangements, and progress achieved in carrying out its Respective Part under the Program; (ii) prior to each such exchange of views, shall furnish a report on the progress achieved in carrying out its Respective Part under the Program, in such detail as the Recipient or the Association shall reasonably request; and (iii) without limitation upon the provision of this paragraph, promptly inform the Recipient and the Association of any situation that would have the effect of materially reversing the objectives of the Program, including its Respective Part thereunder.

2. In addition to paragraph 1 immediately above, the FONSIIS Subsidiary Agreement shall include requirements for FONSIIS to: (a) ensure that the Hybrid SME Acceleration Fund, once established, is managed at all times during Program implementation, by a private fund management company ("Fund Management Company"), selected in a manner and with terms of reference satisfactory to the Association; (b) (i) incentivize said Fund Management Company, through, as appropriate, the capping of FONSIIS' internal rate of return or the provision of first-loss arrangements; and (ii) seek at least 51% private investments in the Hybrid

SME Acceleration Fund, such private investments being further defined in the POM; and (c) enter into delegation agreements with the Fund Sponsoring Company and the Fund Management Company referred to in paragraph 2(a) of this Schedule, in accordance with terms and conditions acceptable to the Association, and further set out in the POM, which shall include, *inter alia*, but without any limitation: (i) obligations to carry out the Program in compliance with modalities set out in paragraph 1 immediately above; and (ii) the requirement to establish a Fund Company and a Feeder Fund.

APPENDIX

Definitions

1. “Action Plans” means action plans following structured and inclusive public-private dialogues, relating to Selected Value Chains in Selected Areas, and using either Matching Grants, guaranteed loans and/or equity investments, and following steps further set out in the POM.
2. “ADEPME” means the Recipient’s SME agency, established pursuant to Decree No. 2013-996 dated July 16, 2013, or its legal successor thereto as agreed in writing with the Association.
3. “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.
4. “Average Leverage Ratio” means the size of loans portfolios guaranteed by FOGADEV’s capitalization and divided by FOGADEV’s guarantees granted, across participating financial institutions.
5. “Capitalization” means the provision of funds needed to establish or increase a company or a fund’s capital base.
6. “Category” means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
7. “Competitiveness Taskforce” means the MEPC’s unit in charge of attractiveness and competitiveness, referred to in Section I.A.3(c) of Schedule 2 to this Agreement.
8. “Disbursement Linked Indicator” or “DLI” means in respect of a given Category, the indicator related to said Category as set forth in the table in Schedule 4 to this Agreement.
9. “Disbursement Linked Result” or “DLR” means in respect of a given Category, the result under said Category as set forth in the table in Schedule 4 to this Agreement, on the basis of the achievement of which, the amount of the Credit allocated to said result may be withdrawn in accordance with the provisions of said Section IV.
10. “Environmental and Social Systems Assessment” and “ESSA” mean an assessment carried out by the Association dated April 13, 2021, and referred to in Section I.C.1(b) of Schedule 2 to this Agreement, to evaluate the Program’s potential environmental and social risks and impacts in its area of influence, examine alternatives and identify ways of mitigating and managing adverse

environmental and social impact throughout Program implementation, as the same may be amended from time to time.

11. “Feeder Fund” means the fund to be registered by the Fund Sponsoring Company and the Fund Management Company as general partners and international investors as limited partners, as an alternative investment fund in the form of a limited partnership, in a European Union member State in accordance with European Union AIFM directive No. 2011/61/EU, or any suitable equivalent alternative agreed in writing with the Association.
12. “FOGADEV” means the Recipient’s MSME credit guarantee fund scheme, established under FONGIP.
13. “FOGAREX” means the Recipient’s export credit partial guarantee scheme, to be established under FONGIP.
14. “FONGIP” means *Fonds de Garantie des Investissements Prioritaires*, a partial credit guarantee fund established by the Recipient under the authority of MEPC, pursuant to Decree No. 2013-691 of May 17, 2013, as amended.
15. “FONSIS” means *Fonds Souverain d’Investissements Stratégiques*, a sovereign fund established by the Recipient in the form of a 100% state-owned public limited company (*société anonyme d’investissement*), under the authority of the Recipient’s ministry of finance, pursuant to Law No. 2012-34 of December 31, 2012, as amended.
16. “Fund Company” means the company to be incorporated in the Recipient’s territory by the Fund Sponsoring Company and the Fund Management Company as general partners, with domestic and international investors as limited partners, to be converted into a limited partnership under modalities further set out in the POM.
17. “Fund Management Company” means the fund to be registered and licensed as an alternative investment fund manager (AIFM), with a capital market authority of a European Union member State in accordance with European Union AIFM directive No. 2011/61/EU, or any suitable equivalent alternative agreed in writing with the Association, to act as fund manager and co-general partner of the Fund Company and the Feeder Fund.
18. “Fund Sponsoring Company” means the company to be established and owned at 100% by FONSIS with the objective to promote the development of hybrid investment funds in the Recipient’s territory and act as co-general partner in these funds.
19. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Program-for-Results Financing”, dated December 14, 2018 (revised on August 1, 2020 and April 1, 2021).

20. “Hybrid SME Acceleration Fund” means the fund to be established by FONISIS through the Program, to provide SMEs in the Recipient’s territory with equity and quasi-equity, and referred to, *inter alia*, in paragraph 2(a) and 2(b)(ii) of Schedule 5 to this Agreement.
21. “Matching Grants” means matching grants provided to selected eligible MSMEs by ADEPME, in accordance with modalities as further specified in the POM.
22. “MEPC” means the Recipient’s ministry of economy, planning and cooperation (*Ministère de l’Economie, de la Planification et de la Coopération*), or its legal successor thereto as agreed in writing with the Association.
23. “MSMEs” means micro-, small and medium enterprises, as further defined in the POM.
24. “PAP-2A” means the Recipient’s “Priority Action Plan 2- Adjusted and Accelerated”, which spans over 2021-2023, and implements the Recipient’s *Plan Sénégal Emergent*.
25. “PAP-2A Subset” means the Recipient’s program, titled “Accelerate Competitiveness and Job Creation Program” or “*Programme d’Accelération de la Compétitivité et Emplois*”, which is a subset of PAP-2A, and spans over 2021-2025.
26. “PPP” means public-private partnership, or its plural thereof.
27. “PPP Law” means the Recipient’s Law No. 2021-23, dated February 22, 2021, and its implementing decrees.
28. “PPP Support Fund” means the Recipient’s *Fonds d’Appui aux PPPs*, established in accordance with the PPP Law.
29. “PPP Unit” means *Unité Nationale d’Appui aux PPP*, the unit to be established under MEPC, in accordance with the Recipient’s PPP Law to provide PPP implementation support, or its legal successor thereto as agreed in writing with the Association.
30. “Program” means PAP-2A Subset.
31. “Program Action Plan” means the Recipient’s plan dated April 13, 2021, and referred to in Section I.C.1(a) of Schedule 2 to this Agreement, as may be amended from time to time with the agreement of the Association.
32. “Program Implementing Entities” means ADEPME, FONGIP and FONISIS, collectively.

33. “Program Implementing Entities’ Respective Parts” means the ADEPME Part, the FONGIP Part and the FONSI Part, collectively, as designated in Section I.A.2 of Schedule 2 to this Agreement.
34. “Program Operations Manual” and the acronym “POM” have the meaning set forth in Section I.C.1(c) of Schedule 2 to this Agreement.
35. “Respective Part” means the ADEPME Part, the FONGIP Part or the FONSI Part, as justified by context, and designated in Section I.A.2 of Schedule 2 to this Agreement. “Respective Parts” means the ADEPME Part, the FONGIP Part and the FONSI Part collectively.
36. “Selected Areas” means areas in the Recipient’s territory including: (i) Dakar greater area; (ii) Senegal river area (Louga Matam, Saint-Louis); (iii) Casamance (Ziguinchor, Sédhiou); (iv) Tambacounda, Kolda; (v) Kaolack, Fatick, Kaffrine, Diourbel; and (vi) Thiès, Louga; and additional geographical areas identified through the POM, in agreement with the Association.
37. “Selected Value Chains” means sub-sectoral activities in, *inter alia*, agriculture, tourism, pharmaceuticals, medical services, housing and construction, and additional value chains identified through the POM, in agreement with the Association.
38. “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.
39. “SMEs” means small and medium enterprises, and “SME” the singular thereof, as further defined in the POM.
40. “Steering Committee” means the steering committee for the Program referred to in Section I.A.3(a) of Schedule 2 to this Agreement.
41. “Subsidiary Agreements” means the subsidiary agreements entered into by MEPC for the implementation of the Program and referred to in Section I.B. of Schedule 2 and in Schedule 5 to this Agreement, and consisting collectively of the ADEPME Subsidiary Agreement, the FONGIP Subsidiary Agreement and the FONSI Subsidiary Agreement, as designated in Section I.B.2 of Schedule 2.
42. “TECH Adoption Index” means the aggregate firm-level technology adoption index (intensive margin), as further defined in the POM.
43. “Verification Agent” means an external independent auditor appointed by the Recipient that will be responsible for the verification of DLR’s achievement.

44. "Women-Led" means managed by women or with women as majority shareholders, or any alternative defined in the POM and agreed upon with the Association.