

**CONFORMED COPY**

**CREDIT NUMBER 4288-SE**

# **Financing Agreement**

**West Africa Agricultural Productivity Program (WAAPP) Support Project**

**For the First Phase of the Support Program for the  
West Africa Agricultural Productivity Program**

**between**

**REPUBLIC OF SENEGAL**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated June 21, 2007**

**CREDIT NUMBER 4288-SE**

**FINANCING AGREEMENT**

AGREEMENT dated June 21, 2007, entered into between the Government of the REPUBLIC OF SENEGAL (“Recipient”) and the 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**

WHEREAS (A) the Economic Community of West African States (ECOWAS) has adopted the West Africa Agricultural Productivity Program (WAAPP), and mandated the West and Central African Council for Agricultural Research and Development/*Conseil Ouest et Centre Africain pour la Recherche et le Développement Agricoles* (WECARD/*CORAF*) henceforth WECARD as Project Implementing Entity;

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

(C) the Government of the Republic of Ghana (Ghana) and the Government of the Republic of Mali (Mali) have also requested the Association to support in the financing of the Project and by agreements of even date herewith between Ghana and Mali respectively, and the Association (the Ghana Financing Agreement, and the Mali Financing Agreement), the Association is agreeing to provide such support in an amount equivalent to SDR 10,100,000, respectively; and

(D) pursuant to an agreement of even date herewith between WECARD and the Association, the Project will be implemented at regional level by WECARD, and at national level by the Recipients—the Government of the Republic of Ghana, and the Government of the Republic of Mali and, as part of such collaboration, the Recipient will

make available to WECARD, part of the proceeds of the Financing as provided in this Agreement, and likewise the governments of the Republic of Ghana and the Republic of Mali will make available to WECARD part of the proceeds of the financing provided for in the Ghana 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 ten million one hundred thousand Special Drawing Rights (SDR 10,100,000) (“Credit”) to support in financing the project described in Schedule 1 to the Financing 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 July 15 and January 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 Parts 1, 2, and 3, and carry out Part 4 of the Project through the Project Implementing Entity in accordance with the provisions of Article IV of the General Conditions and the Project Agreement.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and unless 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:
- (a) A situation has arisen which shall make it improbable that the Project, 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.

**ARTICLE V — EFFECTIVENESS**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The Project Implementation Manual (PIM), in form and substance satisfactory to the Association, has been adopted by WECARD and the Project Implementation Units (PIUs) for the purpose of implementing the regional and national windows of the Project.
  - (b) WECARD and the PIUs have adapted their accounting software to cover the implementation of the Project.
  - (c) A Subsidiary Agreement in form and substance satisfactory to the Association has been duly concluded between WECARD and the Recipient.
  - (d) A management service contract, in form and substance satisfactory to IDA, has been entered into between the Recipient and each entity that will be responsible for the implementation of the project at the national level.
  - (e) The conditions precedent to the effectiveness of the Ghana Financing Agreement and the Mali Financing Agreement, other than the fulfillment of the conditions precedent to the effectiveness of this Agreement, have been satisfied.

- 5.02. The Additional Legal Matter consist 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 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 and budget.

- 6.02. The Recipient's Address is:

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

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	248423 (MCI)	1-202-477-6391
Washington, D.C.		

AGREED at Washington DC, United States of America, as of the day and year first above written.

**REPUBLIC OF SENEGAL**

**By /s/ Amadou Lamine Bâ**

**Authorized Representative**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By /s/ Mark D. Tomlinson**

**Authorized Representative**

## SCHEDULE 1

### Project Description

The objective of the Project is to contribute to agricultural productivity increase in the participating countries' top priority commodity sub-sectors that are aligned with regional priorities.

The objective of the first phase of the Project is to generate and disseminate improved technologies in the participating countries' top priority areas that are aligned with the region's top priorities, as identified by WECARD.

This Project, which constitutes the first phase of the program, consists of the following Parts:

Part 1:            Enabling Conditions for Regional Cooperation in Technology Generation and Dissemination

Strengthening the mechanisms and procedures for the dissemination of technology, to allow countries to benefit from the regional cooperation in technology generation through:

- (a)     Establishing common regulations for the registration of genetic materials and pesticides at the ECOWAS level.
- (b)     Conducting a study on intellectual property rights that will recommend measures for harmonization between the two systems existing in ECOWAS member countries.
- (c)     Supporting the National registration committees for genetic materials and pesticides.
- (d)     Strengthening WECARD's web-based information system on agricultural technologies and research skills at the regional level.

Part 2:            National Centers of Specialization

Strengthening the alignment of national priorities with regional priorities within participant countries' national agricultural research systems (NARS), through:

- (a) Upgrading core facilities and equipment of the selected national centers of specialization.
- (b) Building the capacity of researchers.
- (c) Supporting Research and Development programs of National Centers of Specialization (NCOS), concerning commissioned as well as adaptive research with effective participation from stakeholders, particularly producers and agribusinesses.
- (d) Supporting farm surveys and supply chains analysis and benchmarking to identify most important areas of research and to monitor and document progress and impact of transferred technologies.

Part 3:            Funding of Demand-Driven Technology Generation and Adoption

Support a competitive agricultural grant system (CARGS) and a limited (non-competitive) core funding, through:

- (a)    **Regional window.** Provision of additional resources to allow WECARD to expand its knowledge sharing activities through the ECOWAS' member countries.
- (b)    **National window.** Provision of additional resources to complement ongoing and future R&D activities carried out under the country's Agricultural policy and to disseminate technology in the country's top priorities, as identified by WECARD.

Part 4:            Project Coordination, Management, Monitoring and Evaluation.

Establishing and operating an effective coordination, management and monitoring and evaluation system at the national and regional levels.



## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

The Project will be implemented at regional level by West and Central African Council for Agricultural Research and Development/*Conseil Ouest et Centre Africain pour la Recherche et le Développement Agricoles* (WECARD/*CORAF*) and at national level by the National Coordination Unit of the Agricultural Services and Producer Organization Projects (PSAOP).

**1. Regional level.** The Project Implementing Entity will assume overall coordination of the Project, with the Forum for Agricultural Research in Africa (FARA) playing an advisory role.

The Project Implementing Entity will:

- (a) strengthen its existing implementation arrangements in the key areas of financial management, procurement and monitoring & evaluation—so as to remain in compliance with Bank’s fiduciary and reporting requirements—and governance of the competitive grant system;
- (b) monitor the overall implementation of the project, reporting on progress related to the effectiveness of the dissemination mechanisms and the increase in agricultural productivity and competitiveness in the program’s areas of interest;
- (c) play the role of an advisory and screening body for the national window of the competitive agricultural research grant system (CARGS) implemented in each country under the project. It will also play a similar role for the national centers of specialization; and
- (d) will collate and synthesize information generated by the M&E systems of the participating countries.

**2. National level**

- (a) The *Fonds National de Recherches Agricoles et Agro-alimentaires (FNRAA)* will implement the project under the *Programme aux Services Agricoles et aux Organisations Paysannes (PSAOP)* as the coordination unit.
- (b) The National Coordination Unit will manage the Project's national component in accordance with guidelines and procedure set forth in the Project Implementation Manual.

**B. Subsidiary Agreement**

- 1. To facilitate the carrying out of the Project, the Recipient shall make part of the proceeds of the Financing available to the Project Implementing Entity under Subsidiary Agreements between the Recipients and the Project Implementing Entity, under terms and conditions approved by the Association.
- 2. The Recipient shall exercise its rights and responsibilities 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, abrogate or waive the Subsidiary Agreement or any of its provisions.

**C. Execution Covenants**

The Recipient shall ensure, and shall cause the Project Implementing Entity to ensure that the Project is implemented in accordance with the provisions of the Administrative, Financial and Accounting Manual and, except as the Association shall otherwise agree, the Recipient shall not amend or waive, or permit to be amended or waived, any provision of the aforementioned if such amendment or waiver may, in the opinion of the Association, materially or adversely affect the Project implementation.

**D. Safeguards**

- 1. The Recipients shall, not later than twelve (12) months following the Effective Date, or such later date as the IDA shall determine, adopt and thereafter maintain, in form and substance satisfactory to the World Bank, an environmental and social mitigation plan, for the implementation of the Project, based on the Environmental and Social Management Framework (ESMF).

2. Except if the Recipient and the IDA may otherwise agree in writing, the Recipient shall not abrogate, amend, repeal, suspend, waive or otherwise fail to enforce the environmental and social mitigation plan referred to in Paragraph D. 1 of this Section or any provision thereof.
3. In case of any conflict between the terms of the environmental and social mitigation system referred to in Paragraph D. 1 of this Section and those of this Agreement, the terms of this Agreement shall prevail.
4. The Recipient should carry out the project in accordance with the Environmental and Social Management Framework (ESMF) and the Pest Management Plan.

## **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 agreed with the Association. Each Project Report shall cover the period of one calendar 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 **triggers** for moving from the first to the second phase referred to above in sub-paragraph (a) consist of the following:
  - all three countries have ratified the common regulations for the registration of genetic materials and pesticides adopted at ECOWAS level;
  - all three countries have established equivalent functional national registration system for plant materials and pesticides;
  - National Centers of Specialization (NCOS) have been established and are operating: in Ghana, for roots and tubers; in Mali, for rice; and in Senegal, for drought-tolerant cereals; and
  - each NCOS has involved at least one researcher in the region in its research program for at least three (3) months, through its program of visiting scientists.

(c) The **performance indicators** referred to above in sub-paragraph (a) consist of the following:

- at least three improved technologies in the participating countries' top priority areas have been released by these countries at the end of the phase; and
- out of the three improved technologies released by each country, at least one should show improvement in yield by 15 percent over the control technology.

Part 1:            Enabling Conditions for Regional Cooperation in Technology Generation and Dissemination

- Common regulations for the registration of genetic materials and pesticides are adopted at ECOWAS level.
- Three national registration committees for genetic materials and pesticides in the participating countries are operational.
- A web-based information system on agricultural technologies and research skills is developed and maintained by WECARD.

Part 2:            National Centers of Specialization

- Three national Centers of Specialization (NCOS) in areas of both national and regional priorities have been developed by participating countries within their NARS.
- A total of at least 30 scientists with interest in the established NCOS have been supported by programs of visiting scientists to open NCOS to the region and beyond.

Part 3:            Funding of Demand-Driven Technology Generation and Adoption

- At least 85% of completed project-funded R&D sub-projects at regional and national levels have been implemented successfully, as assessed by independent review panels of experts.

Part 4:            Project Coordination, Management, Monitoring and Evaluation

- At least 80% of Annual Activity Implementation Plan and related budget and procurement plan (PTBA) are executed and in conformity with the implementation manual, and IDA procurement and financial management procedures.
- A system for data collection, analysis and reporting on CARGs and regional agricultural productivity is established and working satisfactorily.

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 six months after 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. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association as part of the Project Report not later than 45 days after the end of the quarter an interim unaudited financial report 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. 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 and Works.** All goods and works required for the Project 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 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, Works and Services (other than consultant services)**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works **and services (other than consultant services)** shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works and services (other than consultant services).** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

<b><u>Procurement Method</u></b>
(a) National Competitive Bidding
(b) Limited International Bidding
(c) Shopping
(d) 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. For the purposes of paragraph 2.7 of the Consultant Guidelines, the short list of consultants for consulting services estimated to cost less than \$100,000 equivalent, per contract, may include only consultants from the country of the Borrower.

3. **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:

<b>Selection Method</b>
(a) <i>Consultants’ Qualifications</i>
(b) <i>Individual Consultants</i>
(c) <i>Least Cost Selection</i>
(d) <i>Single source</i>
(e) <i>Fixed budget</i>

The Procurement Plan shall specify the circumstances under which such methods may be used.

**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. All other contracts shall be subject to Post Review by the Association.

**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 this Section, and such additional instructions as the Association shall 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:

	<b>Categories</b>	<b>IDA Credit Allocated in SDRs</b>	<b>% of expenditure to be financed</b>
1	Civil Works	250,000	100% of foreign expenditures and 100% of local expenditures excluding VAT.
2	Research Grants	3,610,000	100% including taxes

	<b>Categories</b>	<b>IDA Credit Allocated in SDRs</b>	<b>% of expenditure to be financed</b>
3	Goods	790,000	100% of foreign expenditures and 100% of local expenditures excluding VAT
4	Training	1,660,000	100% of foreign expenditures and 100% of local expenditures excluding VAT
5	Consulting Services	770,000	100% of foreign expenditures and 100% of local expenditures excluding VAT
6	Operating Costs	1,150,000	100% including taxes
7	Support to WECARD	670,000	100% including taxes
8	CARGS Management Fees	260,000	100%
9	Unallocated funds	940,000	
	<b>Total</b>	<b>10,100,000</b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made prior to the date of this Agreement.
2. The Closing Date is June 30, 2012.

**Section V. Other Undertakings**

1. The Recipient shall not later than two years and six months following effectiveness carry out the mid-term review with WECARD and the other participating countries, and the Association will evaluate the project activities and results. This exercise will also review the priorities and objectives of the project.
2. The Recipient shall hire an independent consultant, under rules and procedures acceptable by the Association, to assist in carrying out the mid-term review and providing an exhaustive report on the implementation of the project.
3. By November 30 of each year, the Recipient shall prepare and submit to the Association, or cause to be prepared and submitted, a proposed annual work program for the implementation of the project during the following year.



4. Not later than six months after the Effectiveness Date, the Recipient and WECARD's Executive Secretariat shall hire an external auditor with qualifications, experience and terms of reference satisfactory to the Association.

**SCHEDULE 3****Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each July 15 and January 15:	
Commencing July 15, 2017 to and including January 15, 2027	<b>1%</b>
Commencing July 15, 2027 to and including January 15, 2047	<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. “CARGS” means Competitive Agricultural Research Grant System.
2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004.
4. “Environmental and Social Management Plan” (ESMP): An instrument that details: (a) the measures to be taken during the implementation and operation of a project to eliminate adverse environmental and social impacts; and (b) the actions needed to implement these measures.
5. “FARA” is the Forum for Agricultural Research in Africa playing an advisory role.
6. “FNRAA” is the *Fonds National de Recherches Agricoles et Agro-alimentaires*.
7. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005.
8. “NARS” means National Agricultural Research Systems.
9. “Pest Management Plan” (PMP) covers mitigation measures, monitoring, and institutional strengthening on pest management.
10. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004.
11. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated February 22, 2007 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.
12. “Program” means the West Africa Agricultural Productivity Program (WAAPP) adopted by Economic Community of West Africa (ECOWAS).

13. “Project Implementing Entity” means West and Central African Council for Agricultural Research and Development (WECARD).
14. “Project Implementation Unit” means the Fonds National de Recherches Agricoles et Agro-alimentaires (FNRAA).
15. “PSAOP” means Senegal’s Agricultural Services and Producer Organizations Program.
16. “Subsidiary Agreement” means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to the Project Implementing Entity.
17. “WECARD/CORAF” means the West and Central African Council for Agricultural Research and Development/*Conseil Ouest et Centre Africain pour la Recherche et le Développement Agricoles*.