

Public Disclosure Authorized

CONFORMED COPY

CREDIT NUMBER 3762 SE

Agreement Providing for Amendment and Restatement of the Development Credit Agreement

(Private Investment Promotion Project)

between

REPUBLIC OF SENEGAL

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated August 5, 2010

CREDIT NUMBER 3762 SE

**AGREEMENT PROVIDING FOR
AMENDMENT AND RESTATEMENT OF
THE DEVELOPMENT CREDIT AGREEMENT**

AGREEMENT dated August 5, 2010 between REPUBLIC OF SENEGAL (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) (the Agreement to Amend and Restate the Development Finance Agreement).

WHEREAS the Recipient and the Association have agreed to amend and restate the Development Credit Agreement (the “DCA”) dated June 13, 2003 between the Recipient and the Association, in the manner hereinafter set forth.

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I

Section 1.01. As of, and with effect from, the effective date of this Agreement pursuant to Section 1.02 hereof, the DCA shall be (and is hereby) amended and restated in the form set out in the Annex hereto.

Section 1.02. This Agreement shall not become effective until the execution and delivery hereof by the parties hereto.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in Washington, D.C. and Dakar, as of the day and year first above written.

REPUBLIC OF SENEGAL

By //s// _____ Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By _____ Authorized Representative

ANNEX
To Agreement providing for Amendment and Restatement of the
Development Credit Agreement

CREDIT NUMBER 3762 SE

Financing Agreement

(Private Investment Promotion Project)

between

REPUBLIC OF SENEGAL

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 13, 2003

CREDIT NUMBER 3762 SE**FINANCING AGREEMENT**

AGREEMENT dated June 13, 2003, between REPUBLIC OF SENEGAL (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”).

WHEREAS:

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

(B) the Association has received from the Recipient a Letter of Sector Policy dated April 2, 2003, describing therein a program of actions, objectives, and policies (the Program) designed to stimulate a sustained increase in private sector investments in the Recipient’s economy, thereby fostering economic development and contributing to poverty alleviation, and declaring therein the Recipient’s commitment to the execution of the Program; and

(C) the Association has agreed, on the basis, *inter alia*, of the foregoing, to extend the Credit to the Recipient upon the terms and conditions set forth in this Agreement.

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 thirty-three million eight hundred thousand Special Drawing Rights (SDR

33,800,000) (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 January 15 and July 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.
- 2.08. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Section IV of Schedule 2 to this Agreement for: (a) expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of works, goods and services required for the Project and to be financed out of the proceeds of the Credit; (ii) amounts paid (or, if the Association shall so agree, to be paid) on account of withdrawals made to a Beneficiary under a Matching Grant Agreement in respect of the reasonable costs of services to be financed under Part B.2 of the Project, and in respect of which the withdrawal from the Credit Account is requested, and (iii) as regards Risk Sharing Facilities, in accordance with the Appendix to this Agreement.

(b) The Recipient may, for the purposes of the Project, open and maintain in FCFA two special deposit accounts (Designated Account A and Designated Account B) in a commercial bank acceptable to the Association, on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of each respective Designated Account shall be made in accordance with the provisions of Schedule 4 to this Agreement.

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 in accordance with the provisions of Article IV of the General Conditions.
- 3.02. The Recipient shall: (i) carry out Part B.4 of the Project through the International Finance Corporation in accordance with the Risk Sharing Framework Agreement and the Risk Sharing Facility Agreements; (ii) perform all its obligations and take all actions necessary on its part to enable the International Finance Corporation to perform all the International Finance Corporation's obligations under said agreements; (iii) not take, or permit to be taken, any action which would prevent or interfere with such performance; and (iv) except as the Association shall otherwise agree, not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof;
- 3.03. Without limitation upon the provisions of Section 3.02 of this Section, and except as the Recipient and the Association shall otherwise agree, the Recipient shall carry out the Project, with the exception of Part B.4 of the Project, in accordance with Schedule 2 to this Agreement.
- 3.04. Without limitation to its obligations under Section 3.01 of this Agreement, the Recipient shall for the purposes of the Project:
- (a) open and maintain, until the completion of the Project, an account in FCFA in its Treasury (the Project Account), on terms and conditions satisfactory to the Association;
 - (b) promptly thereafter deposit into the Project Account an initial amount in FCFA 40,000,000 (the Initial Deposit);
 - (c) thereafter, by March 1 each Project Year, deposit into the Project Account such amounts required to finance the Recipient's contribution for expenditures under the Project for the following PY as shall be agreed between the Recipient and the Association; and
 - (d) ensure that the amounts deposited into the Project Account pursuant to paragraphs (b) and (c) above shall be used only to finance expenditures under the Project which are not otherwise financed or to be financed by the Credit.

- 3.05 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:
- (a) a situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out;
 - (b) the Recipient, or the International Finance Corporation, shall have failed to perform any of their obligations under the Risk Sharing Framework Agreement; and
 - (c) as a result of events which have occurred after the date of this Agreement, an extraordinary situation shall have arisen which shall make it improbable that the Recipient, or the International Finance Corporation, will be able to perform any of their respective obligations under the Risk Sharing Framework 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 manual of administrative, financial and accounting procedures and a project implementation plan, in form and substance satisfactory to the Association;
 - (b) the Recipient has established the PSC, fully operational, and the PMU, both as referred to in Schedule 24 to this Agreement, and has appointed to the staff of PMU a Project Unit Manager, a Financial and Administrative Manager, a Procurement Specialist and, an Accountant, all in accordance with the provisions of Section III of Schedule 2 to this Agreement;
 - (c) the Project Account has been opened and the Initial Deposit paid into the Project Account;

- (d) the Recipient has established and caused to be established a financial management and accounting system for the Project, satisfactory to the Association;
- (e) the Recipient has furnished to the Association a procurement plan for the first Project Year, in form and substance satisfactory to the Association; and
- (f) the Recipient has appointed the independent auditor referred to in Schedule 2 of this Agreement, in accordance with the provisions of Section III of Schedule 2 to this Agreement.

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. Except as provided in Section 2.02 of this Agreement, the Recipient's Representative is the Minister at the time responsible for finance.

6.02. The Recipient's Address is:

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

Cable address:

MINIFINANCES

Telex:

3203 G
Dakar

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

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in Paris, France, as of the day and year first above written.

REPUBLIC OF SENEGAL

By //S// Abdoulaye Diop
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By //S// McDonald Benjamin
Authorized Representative

SCHEDULE 1

Project Description

As of the Restructuring Date, the objective of the Project is to create the conditions to increase private investment in the country of the Recipient through an improved investment climate, greater private participation in economic activities, and policy and sector reforms.

The Project consists of the following parts, subject to such modifications thereof as the Recipient and the Association may agree upon from time to time to achieve such objectives:

Part A: Improving the Investment Climate

1. Improving the Legal Environment and Building Capacity in the Judiciary

Support to CEPOD and the MOJ, including for:

- (a) preparing a multi-year sector expenditure program for the Judiciary and its integration into the Recipient's national budget, and formulating medium-to-long-term standards, output and outcome indicators, budget and capacity building requirements for the Judiciary to improve delivery of services;
- (b) preparing anti-money-laundering legislation applicable to all public and private sector operators, including banks and insurance companies, pursuant to the enabling framework adopted by BCEAO;
- (c) strengthening the existing arbitration center at the Recipient's Chamber of Commerce;
- (d) preparing trademark and other intellectual property legislation; and
- (e) supporting the drafting other business laws and carrying out of training programs on business laws for legal professionals, all within the context of the OHADA legal framework.

2. Enhancing the Business Environment

- (a) Removing the Administrative and Regulatory Barriers to Investment

Support to APIX and MOF in: (i) modernizing the commercial registry ; and (ii) removing specific regulatory and administrative constraints for business entry and operations, including, *inter alia*, streamlining issuing processes for work and residency documentation for foreign business operators, and simplifying operational procedures applicable to selected industries.

(b) Tax Reform

Support to MOF in: (i) rationalizing tax exception regimes; (ii) implementing general tax reforms; (iii) building the capacity of the tax Directorate and (iv) eliminating and reducing certain taxes, fees and levies applicable to certain sectors, all with a view to reducing and rationalizing tax-induced distortions and lowering the effective tax burden on private investments.

3. Facilitating Trade [Per memoria]
4. Training of Staff of Regulatory Agencies and selected institutions [Per memoria]
5. Public / Private Consultative Process

Support to APIX in organizing regular meetings of the Presidential Investment Council and establishing other public/private sector consultation fora in relation to the objectives and activities to be implemented under the Project, and carrying out diagnostic studies of the mechanisms for facilitating public-private sector dialogue.

Part B: Facilitating Private Participation and Enhancing Competitiveness

1. Fostering increased Investment

(a) Support to APIX

Support to the operations and activities of APIX under the Project, through training, acquisition of goods and equipment and provision of technical advisory services.

2. Matching Grants for Improved Private Sector Competitiveness

The provision of financing to Beneficiaries through Matching Grants for: (a) the contracting of technical advisory services and training in, *inter alia*, technical learning, competitiveness and know-how enhancement activities; and (b) designing, organizing and carrying out training programs.

3. Capacity Building for Private Associations

Capacity building of private associations to: (a) enhance their capacity to develop sound business plans; and (b) develop services targeted to their members so as to improve their sustainability and;

4. Risk Sharing Program

Strengthening the capacities of commercial banks to provide medium- and long-term financing to small and medium enterprises, through:

- (a) the provision by the Recipient of first-loss credit coverage on portfolios of small and medium enterprise and / or microfinance institution loans originated and held by Participating Banks through Risk Sharing Facilities to be established by the International Finance Corporation and such Participating Banks, pursuant to which the International Finance Corporation, as facility agent acting on behalf of both the Recipient and the International Finance Corporation, will provide risk coverage on a *pari passu* basis with each Participating Bank; and
- (b) the provision of technical advisory services and training to Participating Banks in relation to small and medium enterprise and / or microfinance institution lending.

Part C: Stimulating Sector Investment and Implementing Sector Policy Reforms

1. Pension Reform

Support to MOF and the MOT in: (a) carrying out technical and financial audits of the Recipient's *Fonds National de Retraite* and *Institution de Prévoyance Retraite du Sénégal* pension plans respectively; (b) devising and carrying out ensuing strategy plans for ensuring viability and sustainability of the Recipient's pension system, including, *inter alia*, investment and coverage issues and benefit payments strategy; and (c) carrying out studies, workshops and training to support the reforms and build capacity therefor for pension contributors and pension plan staff.

2. Development of Tourism

Support to the MOTS for: (a) strengthening tourism inside the territory of the Recipient, including through the preparation of an environmentally, culturally and socially sustainable sector strategy and associated master plans; and (b) building relevant capacity in selected staff of MOTS.

3. Promotion of the Music Industry

Support to the MOCC and Association of Musicians for: (a) the completion of the modernizing of the copyright legislation in the music industry, including the preparation and dissemination of the and decrees which complement such legislation; (b) carrying out training programs and advocacy work on the legal framework applicable to musical copyrighting for concerned artists, staff of relevant ministries; (c) carrying out of training programs for musical archive specialists, organizing the musical archives through electronic archiving systems such that music can be accessible virtually via the Internet, and developing and broadcasting musical radio programs; and (d) designing a strategy for establishing a private commercial venture ensuring Senegalese artists' copyrighted musical content accessibility over the Internet.

Part D: Supporting Project Implementation and Capacity Building therefor

1. Support to APIX

Provision of support to project implementation team within APIX for the administration, procurement, financial management and monitoring and evaluation of the Project, including training in relation thereto.

2. Public Information and Communication Campaign

Support to MOF and APIX to carry out public communication, radio and television programs on issues related to the Project, and training journalists on economic matters.

3. Support to CEPOD

Support to CEPOD for: (a) carrying out studies on competitiveness issues and monitoring economic developments; and (b) the acquisition of limited amount of books and materials for the a documentation center.

4. Dissemination of Procurement Regulations Information

Support to MOF and ARMP for: (a) the setting up of the ARMP; (b) carrying out training programs for both public and private sector institutions on the Recipient's public procurement regulations, procedures and institutions; (c) disseminating information on bidding opportunities through a procurement bulletin and website; (d) carrying out information programs and fora to improve the private sector's ability to compete for and

execute contracts in an effective and transparent fashion; (e) finance the technical assistance to undertake the ex post procurement audits of public entities.

SCHEDULE 2

Project Execution

Section I. Implementation and Institutional Arrangements

A. Implementation Arrangements

1. The Recipient shall: (a) prepare and furnish to the Association a Project Implementation Manual, in form and substance satisfactory to the Association, the said manual being subject from time to time to modification by agreement between the Recipient and the Association; (b) carry out the Project in accordance with the PIM; and (c) except as the Association shall otherwise agree, not amend, abrogate or waive any provision of the PIM which, in the opinion of the Association, may materially and adversely affect the implementation of the Project or the achievement of the objectives thereof.

2. Without limitation upon the provisions of Paragraph 1 of this Section, the PIM shall include: (a) a Project implementation plan; (b) a Project monitoring and evaluation plan; (c) a Project procurement plan; (d) a Project financial management manual; (e) a Project procedures manual setting forth eligibility criteria for Beneficiaries, terms and conditions for Matching Grant Agreements, including the procurement, financial and monitoring aspects in respect thereof; and (f) such other administrative, financial, technical and organizational arrangements as shall be required for the Project.

B. Institutional Arrangements

1. Project Steering Committee

(a) The Recipient shall establish and thereafter maintain at all times during the implementation of the Project, a Project Steering Committee, in form and with membership, functions, staffing and resources satisfactory to the Association.

(b) Without limitation upon the provisions of Paragraph 1 (a) of this Section, the PSC shall be responsible for, *inter alia*: (i) carrying out of annual reviews of proposals, work plans and budgets prepared by APIX and ensuring their consistency with the Program; (ii) reviewing the progress made towards achieving the Project's objectives; (iii) facilitating the coordination of Project activities among the entities represented in the PSC, and making recommendations for removal of any barriers to the achievement of the Project's objectives; and (iv) providing comments on reports and reviews prepared by APIX for the benefit of the Association.

(c) Without limitation upon the provisions of Paragraph 1 (a) of this Section, the PSC shall be: (i) headed by a Chairperson; and (ii) composed of not more than nine members duly representing the Recipient's line ministries, agencies participating in the Project, and the private sector.

2. APIX

(a) The Recipient shall establish and thereafter maintain at all times during the implementation of the Project, a Project team within APIX, in form and with functions, staffing and resources satisfactory to the Association which shall be under the administrative authority, and subject to the monitoring and supervision of PSC, to which it will report on a semiannual basis.

(b) Without limitation upon the provisions of Paragraph 1 (a) of this Section, APIX shall be responsible for: (i) the implementation of Parts B.2, and D of the Project; and (ii) the overall coordination of the Project, including procurement, financial management, internal audit, and monitoring and evaluation in relation thereto.

(c) Without limitation upon the provisions of Paragraph 1(a) of this Section, the Project team within APIX 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 and Administrative Manager; and (v) a team specifically in charge of administering Matching Grants, who shall all be appointed to, and maintained in, APIX in accordance with the provisions of Section III of Schedule 2 to this Agreement, with work performance and ethics satisfactory to the Recipient and the Association.

C. Matching Grants

1. General

Without limitation upon the provisions of Section I of this Schedule, the Recipient, represented by APIX, shall administer the Matching Grants through the Matching Grants Management Team, in accordance with the provisions and procedures set forth in this Section III and in more detail in the PIM, and accordingly, the Matching Grants Management Team shall appraise, and monitor the activities under Part B.2 of the Project which shall be approved as referred to in paragraph 2 (d) of this Section.

2. Eligibility Criteria for Extending Matching Grants

(a) All private business operators in all sectors of the Recipient's economy shall be eligible to apply for Matching Grants which shall be made on a "first-come, first-served" basis. The Matching Grant activity shall qualify either as consultant services or training under Part B.2 of the Project.

(b) For an applicant to qualify for a Matching Grant, it must: (i) have a plan for building competitiveness and business outgrowth and capacity in relation thereto; (ii) incorporate in the plan's design, features enabling the plan's outputs to be measured and verified; (iii) furnish sufficient evidence showing that the activity to be financed from the Matching Grant is likely to strengthen and improve said private business operator's performance under its business plan; and (iv) furnish with its application such other evidence as the Recipient shall, with the prior agreement of the Association, reasonably request.

(c) A Matching Grant shall not be made to any one private business operator in an aggregate amount exceeding CFAF 70,000,000; said amount being subject to modification by the Recipient in consultation with the Association.

(d) (i) The PSC shall approve each proposal for a Matching Grant in an amount exceeding FCFA 35,000,000; and (ii) Matching Grants Management Team shall approve each proposal for Matching Grants in an amount not exceeding FCFA 35,000,000. The Recipient may, with the prior agreement of the Association, modify the procedures described in this paragraph for the approval of Matching Grants.

(e) The contribution of a private sector business operator to the costs of procuring technical advisory services and training to be financed out of proceeds of a Matching Grant shall be 50% of the value of the services financed out of the Matching Grant.

3. Terms and Conditions of Matching Grants:

(a) Matching Grant activities shall be carried out pursuant to a Matching Grant Agreement, to be concluded between APIX, representing the Recipient, and the Beneficiary, under terms and conditions described in more detail in the PIM and satisfactory to the Association, which shall include, *inter alia*, the following:

- (i) the obligation of the Beneficiary to: (A) carry out the Matching Grant activities with due diligence and efficiency and in accordance with sound technical, business, financial, managerial and administrative practices, including the Safeguards Instruments and the Anti-Corruption Guidelines applicable to

recipients of loan proceeds other than the Recipient; and (B) maintain adequate records to reflect, in accordance with sound accounting practices, the resources and expenditures used in carrying out the Matching Grant activities;

- (ii) the requirement that the consultants' services to be financed from the proceeds of the Matching Grant be procured in accordance with the relevant provisions of Section III of Schedule 2 to this Agreement, and be used exclusively in the carrying out of the Matching Grant activities;
- (iii) the right of the Recipient to: (A) inspect by itself, or jointly with the Association, if the Association shall so request, the activities financed by the Matching Grants; (B) obtain all information as the Recipient or the Association shall reasonably request regarding the administration, operation and financial conditions of the Matching Grant activities; and (C) suspend or terminate the right of any Beneficiary to use the proceeds of the Matching Grant or to obtain a refund of all or any part of the amount of the Sub-grant then withdrawn, upon failure by the Beneficiary to perform any of its obligations under the Matching Grant Agreement; and
- (iv) The Recipient shall exercise its rights under the Matching Grant Agreement in such manner as to protect its interests and the interests of the Association and accomplish the purposes of the Project, and, except as the Association shall otherwise agree, the Beneficiary shall not assign, amend, abrogate or waive the Matching Grant Agreement or any provision thereof.

D. Anti-Corruption

As of the Restructuring Date, the Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

Section II. Project Monitoring, Reporting and Evaluation**A. Project Reports**

1. 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 agreed with the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than one month after the end of the period covered by such report.

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

3. Midterm Review

(a) The Recipient shall carry out, jointly with the Association, not later than December 31, 2005, a comprehensive midterm review aimed at: (i) documenting progress toward Project objectives; (ii) identifying and resolving obstacles to Project implementation; and (iii) adjusting, in agreement with the Association, targets and corresponding programs to reflect progress achieved in the implementation of the Project as of the date of the review.

(b) The Recipient shall, not later than four weeks prior to the review referred to in Paragraph 3 (a) of this Section, furnish to the Association a midterm report, in such detail as the Association shall reasonably request, including an evaluation of the progress achieved in Project implementation.

(c) Promptly after completing the midterm review, the Recipient shall take all measures required to fulfill the recommendations arising out of said review, with due diligence and efficiency and in accordance with appropriate practices, taking into account the Association's comments thereon.

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 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 and Works.** All goods and works 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, Works and Services other than Consultants' Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and services other than Consultants' 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 Consultants' Services.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and services other than Consultants' Services. The

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

Procurement Method
(a) National Competitive Bidding
(b) Shopping
(c) Procurement from United Nations Agencies

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
(b) Selection Based on Consultants' Qualifications
(c) Single-source Selection
(d) Commercial Practices
(e) 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. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. As of the Restructuring Date, 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
(1) Works	400,000	100% of foreign expenditures and 90% of local expenditures
(2) Goods		
(a) under Part C.2(2) of the Project	0	50%
(b) Other	8,700,000	100% of foreign expenditures and 90% of local expenditures
(3) Consultants’ services and audits		
(a) under Part B.1 of the Project	0	50%
(b) under Part B.2 of the Project	1,650,000	50%
(c) Other	13,540,000	100% of foreign expenditures and 90% of local expenditures
(4) Training and workshops	4,700,000	100% of foreign expenditures and 90% of local expenditures
(5) Operating costs	2,200,000	90%
(6) Refund of Preparation Advance	1,210,000	Amount due pursuant to Section 2.02(c) of this Agreement
(7) Risk Sharing Facility	1,400,000	100% of amounts disbursed
(8) Unallocated	0	
TOTAL AMOUNT	33,800,000	

2. For the purposes of this Schedule:

(a) the term “foreign expenditures” means expenditures in the currency of any country other than that of the Recipient for works, goods or services supplied from the territory of any country other than that of the Recipient; provided, however, that if the currency of the Recipient is also that of another country from the territory of which the works, goods and services are supplied, expenditures in such currency for such goods or services shall be deemed to be “foreign expenditures”;

(b) the term “local expenditures” means expenditures in the currency of the Recipient or for works, goods or services supplied from the territory of the Recipient; and

(c) the term “operating costs” means the incremental expenditures incurred on account of: (i) office rental expenses, supplies, maintenance costs, utilities and, consumables; (ii) vehicle operation and maintenance; (iii) communication and insurance costs; (iv) staff travel and associated subsistence allowances and supervision costs; and (v) salaries of support contractual staff for the Project, but excluding salaries of officials of the Recipient’s civil service.

(d) For the purposes of this Agreement, it is understood between the Recipient and the Association that the percentages of expenditures to be financed under: (i) Category (3) of the table set forth in paragraph A.2 of Section IV of this Schedule have been calculated on the basis of the provisions of a letter from the MOF dated January 30, 2003, which provides for an exemption of income taxes, including any withholding tax in respect thereof, VAT and custom duties levied in the territory of the Recipient on foreign expenditures related to provisions of services of foreign consultants (firms or individuals) recruited for the Project; and (ii) Categories (1), (2), (4) and (5) of the table set forth in paragraph 1 of this Schedule have been calculated on the basis of the relevant provisions of Law No. 92-40 dated July 9, 1992 of the Recipient, as amended to date, including, but not limited to, articles 308 (e) and 685 (iii) thereof, which together provide for an exemption of taxes and duties levied in the territory of the Recipient on foreign expenditures related to the procurement of works and goods for the Project.

(e) In the event of any change to the provisions referred to above which has the effect of levying taxes or customs duties on such services or increasing the percentages of expenditures to be financed under this Agreement for works and goods, the Association shall decrease the percentages referred to in the table set forth in paragraph 1 of this Schedule by notice to the Recipient in accordance with the provisions of Section 5.08 of the General Conditions.

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for:

(a) payments made for expenditures prior to the date of this Agreement, except that withdrawals in an aggregate amount not to exceed SDR 1,900,000 may be made on account of payments made for eligible expenditures before that date but after November 1, 2002;

(b) expenditures under Category (3) (a) unless the Association has been furnished with a business plan for the period of 2009-2011, including budget, work program and indicators, satisfactory to the Association, and duly approved by the Recipient and the APIX executive committee;

(c) expenditures under Category (3) (b) unless: (i) Matching Grants Agreements have been made in accordance with Schedule 2 to this Agreement and with the PIM, as evidenced by the first such three (3) Matching Grant Agreements furnished to the association for its prior approval; and (ii) a team of specialists able to administer the Matching Grants, with experience and qualifications satisfactory to the Association has been employed in APIX;

(d) any Risk Sharing Facility under Category (7), unless: (i) the Risk Sharing Facility Agreement, in form and substance satisfactory to the Association, for such Risk Sharing Facility, has been duly executed, and authorized or ratified by, and is legally binding upon, the parties thereto in accordance with its terms, and all conditions precedent to its effectiveness, except only the disbursement, pursuant to the Appendix to this Agreement, of the proceeds of the Credit for such Risk Sharing Facility, have been fulfilled or waived; (ii) the Risk Sharing Facility Trust Fund for such Risk Sharing Facility has been established on terms and conditions acceptable to the Association; and (iii) the respective Participating Bank is, or has been, a beneficiary under Part B.5 of the Project.

2. The Closing Date is December 31, 2011.

Section V. Other Undertakings

1. The Recipient shall, not later than three months prior to the Closing Date for the Project: (a) carry out a detailed independent impact assessment of the Project, in form and substance satisfactory to the Association; and (b) furnish to the Association the report of such assessment.

2. The Recipient shall, not later than June 30, 2005, and June 30, 2007, respectively: (a) carry out an operational audit of the Project, in form and substance satisfactory to the association; (b) furnish the report of each such audit to the Association; and (c) following each such audit, act promptly to take all measures identified by the audit.

3. The Recipient shall carry out or cause to be carried out, not later than December 31 in each FY, financial and technical audits of all entities involved in Project implementation, and furnish such other reports, records, accounts and financial statements, of such scope and in such detail, as the association shall reasonably request.

4. The Recipient shall cause APIX to furnish to the Association: (a) by the end of each calendar semester, a progress report on the implementation of APIX business plan and key monitoring indicators, satisfactory in form and substance to the association; and (b) APIX's business plan not later than July 30, 2010, containing performance indicators and an annual budget and satisfactory in form and substance to the association.

SCHEDULE 3**Repayment Schedule**

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each January 15 and July 15	
commencing July 15, 2013 to and including and ending January 15, 2023	1%
commencing July 15, 2023 to and including January 15, 2043	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.

SCHEDULE 4

Designated Account

1. For the purposes of this Schedule:

(a) the term “eligible Categories” means Categories (1), (2) (a), (2)(b), (3)(a), (3)(c), (4), (5) and (7) set forth in the table in Paragraph A.2 of Section IV of Schedule 2 to this Agreement in respect of Designated Account A; and Category (3) (b) set forth in the table in Paragraph A.2 of Section IV of Schedule 2 to this Agreement in respect of Designated Account B;

(b) the term “eligible expenditures” means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit allocated from time to time to the eligible Categories in accordance with the provisions of Section IV of Schedule 2 to this Agreement; and

(c) the term “Authorized Allocation” means an amount equivalent to FCFA 1,700,000,000 in respect of Designated Account A and an amount equivalent to FCFA 300,000,000 in respect of Designated Account B, to be withdrawn from the Credit Account and deposited into the Designated Accounts pursuant to Paragraph 3 (a) of this Schedule, provided, however, that unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to FCFA 850,000,000 in respect of Designated Account A and an amount equivalent to FCFA 150,000,000 in respect of Designated Account B, until: (i) in respect of Designated Account A, the aggregate amount of withdrawals from the Credit Account plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of SDR 4,000,000; and (ii) in respect of Designated Account B, the aggregate amount of withdrawals from the Credit Account plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of SDR 400,000.

2. Payments out of the respective Designated Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Association has received evidence satisfactory to it that the respective Designated Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the respective Designated Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Recipient shall furnish to the Association a request or requests for deposit into the respective Designated Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Association shall, on behalf of the Recipient, withdraw from the Credit Account and deposit into the respective Designated Account such amount or amounts as the Recipient shall have requested.

(b) (i) For replenishment of the respective Designated Account, the Recipient shall furnish to the Association requests for deposits into the respective Designated Account at such intervals as the Association shall specify.

(ii) Prior to or at the time of each such request, the Recipient shall furnish to the Association the documents and other evidence required pursuant to Paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Recipient, withdraw from the Credit Account and deposit into the respective Designated Account such amount as the Recipient shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the respective Designated Account for eligible expenditures. All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Recipient out of the respective Designated Account, the Recipient shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of Paragraph 3 of this Schedule, the Association shall not be required to make further deposits into any Designated Account:

(a) if, at any time, the Association shall have determined that all further withdrawals should be made by the Recipient directly from the Credit Account in accordance with the provisions of Article II of the General Conditions and Paragraph (a) of Section 2.08 of this Agreement;

(b) if the Recipient shall have failed to furnish to the Association, within the period of time specified in schedule 2 of this Agreement, any of the audit reports required

to be furnished to the Association pursuant to said Section in respect of the audit of the records and accounts for the Designated Accounts;

(c) if, at any time, the Association shall have notified the Recipient of its intention to suspend in whole or in part the right of the Recipient to make withdrawals from the Credit Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Credit allocated to the eligible Categories for the respective Designated Account, minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 2.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories shall follow such procedures as the Association shall specify by notice to the Recipient. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the respective Designated Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of any Designated Account: (i) was made for an expenditure or in an amount not eligible pursuant to Paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Recipient shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the respective Designated Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into any Designated Account shall be made until the Recipient has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association shall have determined at any time that any amount outstanding in any Designated Account will not be required to cover further payments for eligible expenditures, the Recipient shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

(c) The Recipient may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in the Designated Accounts.

(d) Refunds to the Association made pursuant to Paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Credit Account, as the case may be, for

subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

APPENDIX**Section I. Definitions**

1. “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 with the modifications set forth in Section III of this Appendix.
2. “APIX” means *Agence Nationale Chargée de l’Investissement et des Grands Travaux*, an entity established and operating under Decret 2000-562 of the Recipient dated July 10, 2000, and amended by Law 2007-33 of December 31, 2007, which is responsible for the investment promotion activities in the Recipient’s territory;
3. “ARMP » means *Autorité de Régulation des Marchés Publics*, the Recipient’s national procurement agency created pursuant to the AMRP Legislation.
4. “BCEAO” means *Banque Centrale des Etats d’Afrique de l’Ouest*, the Recipient’s central bank;
5. “Beneficiary” means a private sector business operator registered under the Recipient’s laws, whether firm or individual, which has met the eligibility criteria specified in Section I.C.2 of Schedule 2 to this Agreement and in the Project Implementation Manual (as hereinafter defined) and, as a result, has been extended, or is to be extended, a Matching Grant (as hereinafter defined) for the carrying out of activities under Part B.2 of the Project; and “Beneficiaries” means each such Beneficiary collectively;
6. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
7. “CEPOD” means *Centre d’Etudes de Politiques de Développement*, a think-tank within MOF, responsible for facilitating and monitoring the Recipient’s policy reforms in relation to the execution of the Program.
8. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Recipients” published by the Bank in May 2004 and revised in October 2006 and May 2010.
9. “FCFA” means *Franc de la Communauté Financière Africaine*, the currency of the Recipient;

10. "FIAS 2001" means the 2001 report on taxation issues of the Foreign Investment Advisory Services of the Association;
11. "Fiscal Year" means the fiscal year of the Recipient commencing January 1 and ending December 31 in the same year;
12. "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.
13. "Initial Deposit" means the amount to be deposited in the Project Account pursuant to Section 3.04 (b) of this Agreement;
14. "Matching Grant" means a grant made or proposed to be made by the Recipient, through APIX, out of the proceeds of the Credit to a Beneficiary, for the purpose of financing activities under Part B.2 of the Project;
15. "Matching Grant Agreement" means an agreement between a Beneficiary and APIX representing the Recipient, and setting forth the terms and conditions under which a Matching Grant shall be made available to a Beneficiary for the purpose of financing activities under Part B.2 of the Project;
16. "Matching Grant Management Team" means the team recruited by the Recipient to manage the Matching Grants under Part B.2 of the Project
17. "MOF" means the Recipient's Ministry of Economy and Finance;
18. "MOCC" means the Recipient's Ministry of Culture and Communication;
19. "MOJ" means the Recipient's Ministry of Justice;
20. "MOT" means the Recipient's Ministry of Labour;
21. "MOTS" means the Recipient's Ministry of Tourism;
22. "OHADA" means *Organisation pour l'Harmonisation du Droit des Affaires en Afrique*, an organization created by treaty for the modernization and harmonization of commercial laws in Africa, ratified by the Recipient, and "OHADA Laws" means the uniform laws (*Actes Uniformes*) applicable in member countries with respect to business, corporate and commercial laws, including, *inter*

- alia*, insolvency proceedings, asset collateralization, and settlement of commercial disputes;
23. "PIAC" means the Recipient's Presidential Investors Advisory Council, an advisory council established in the year 2002 under the authority of the office of the President and responsible for public/ private policy consultations in the territory of the Recipient;
 24. "Participating Bank" means, individually, a commercial bank, established and operating pursuant to the laws of the Recipient, which has met the eligibility criteria specified in the Risk Sharing Framework Agreement (as hereinafter defined) and as a result has received a Risk Sharing Facility (as hereinafter defined) under Part B.5 of the Project; and "Participating Banks" means, collectively, more than one (1) Participating Bank;
 25. "Preparation Advance" means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreements signed on behalf of the Association on April 3, 2001 and May 30, 2002, and on behalf of the Recipient on April 10, 2001 and June 13, 2002, respectively;
 26. "Procurement Guidelines" means the "Guidelines: Procurement under IBRD Loans and IDA Credits" published by the Bank in May 2004 and revised in October, 2006 and May 2010.
 27. "Procurement Plan" means the Recipient's procurement plan for the Project, covering 18 months of Project implementation 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.
 28. "Project Account" means the account to be opened pursuant to Section 3.03(a) of this Agreement;
 29. "Project Implementation Manual" or "PIM" means the manual referred to in Section I.A of Schedule 2 to this Agreement;
 30. "Project Steering Committee" or "PSC" means the committee referred to in Section I.B of Schedule 2 to this Agreement;
 31. "Project Year" or "PY" means " each twelve-month period during Project implementation, starting from the day after the Effective Date and ending twelve calendar months thereafter, and each subsequent twelve calendar month period after it;

32. “Restructuring Date” means the date that the conditions to effectiveness set forth in Article 1.2 of this the Agreement Providing for the Amendment and Restatement of the Development Credit Agreement are satisfied;
33. “Risk Sharing Facility” means, individually, a risk sharing facility in respect of small and medium enterprise and / or microfinance institution loans originated and held by a Participating Bank financed or to be financed out of the proceeds of the Credit under Part B.5 of the Project; and “Risk Sharing Facilities” means, collectively, more than one (1) Risk Sharing Facility;
34. “Risk Sharing Facility Agreement” means an agreement between the International Finance Corporation and a Participating Bank in relation to the sharing of credit risk over a portfolio of small and medium enterprise and / or microfinance institution loans to be originated and held by such Participating Bank; and “Risk Sharing Facility Agreements” means, collectively, more than one (1) Risk Sharing Facility Agreement;
35. “Risk Sharing Facility Trust Fund” means, in respect of each Risk Sharing Facility, the relevant trust fund in which amounts relating thereto disbursed pursuant to the Appendix to this Agreement, together with any interest and fees earned by the Recipient in respect of such Facility, shall be held pending payment of any claims under such Facility; and “Risk Sharing Facility Trust Funds” means, collectively, more than one (1) Risk Sharing Facility Trust Fund;
36. “Risk Sharing Framework Agreement” means the agreement between the Association, the International Finance Corporation, and the Recipient in relation to the sharing of credit risk over portfolios of small and medium enterprise and / or microfinance institution loans, as the same may be modified from time to time by written agreement among said parties;
37. “Designated Account A” means the special deposit account opened for withdrawals by the Recipient in respect of expenditures made under Parts A, B.1, B.3, B.4, C and D of the Project and referred to in Section 2.08 (b) of this Agreement;
38. “Designated Account B” means the special deposit account opened for withdrawals by the Recipient in respect of expenditures made under Part B.2 of the Project and referred to in Section 2.08 (b) of this Agreement; and
39. “Designated Accounts” means Designated Account A and Designated Account B

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. Paragraph (i) of Section 6.02 is modified to read as follows:

“Section 6.02. *Suspension by the Association*

... (1) *Ineligibility*. The Association or the Bank has declared the Project Implementing Entity ineligible to receive proceeds of any financing made by the Association or the Bank or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Association or the Bank, as a result of: (i) a determination by the Association or the Bank that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Association or the Bank; and/or (ii) a declaration by another financier that the Project Implementing Entity is ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

3. 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:

- (a) 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.”

Section III. Modifications to the Anti-Corruption Guidelines

The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“... (b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Recipients (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Recipient or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Recipient or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

2. Section 11(a) is modified to read as follows:

“... (a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Recipient (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Recipient, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Recipient, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Recipient or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction

by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”