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**CREDIT NUMBER 4678-SN**

# **Financing Agreement**

**(Water and Sanitation Millennium Project)**

**between**

**REPUBLIC OF SENEGAL**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated March 26, 2010**



**CREDIT NUMBER 4678-SN**

**FINANCING AGREEMENT**

AGREEMENT dated March 26, 2010, entered into between REPUBLIC OF SENEGAL (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

**ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

**ARTICLE II — FINANCING**

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to thirty four million two hundred thousand Special Drawing Rights (SDR 34,200,000) (variously, “Credit” and “Financing”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are March 15 and September 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is the Euro.

**ARTICLE III — PROJECT**

- 3.01. The Recipient declares its commitment to the objective of the Project and the Program. To this end, the Recipient shall carry out Part A of the Project through the DHR and the DEM, Part C of the Project through DAS, Part D of the Project through ONAS and Part E of the Project through the PCU, and cause Part B of the Project to be carried out by SONES, 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 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 of it, will be carried out.
  - (b) Either party to the ONAS Performance Contract has waived, suspended or repudiated the contract(s), or failed to comply with any material term thereof.
  - (c) The SONES Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of SONES to perform any of its obligations under the Project Agreement.

**ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
  - (a) The Recipient has adopted a Project Implementation Manual, in form and substance satisfactory to the Association.
  - (b) The Subsidiary Agreement has been executed on behalf of the Recipient and SONES.
- 5.02. The Additional Legal Matter consists of the following:
  - (a) The Subsidiary Agreement has been duly authorized or ratified by the Recipient and SONES and is legally binding upon the Recipient and SONES in accordance with its terms.

- 5.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 5.04. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the date of this Agreement.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

- 6.01. The Recipient's Representative is the Minister in charge of finance.
- 6.02. The Recipient's Address is:

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

Cable address:	Telex:	Fascimile:
MINIFINANCES Dakar	3203 G	221-33-821-1630

- 6.03. The Association's Address is:

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI)	1-202-477-6391

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

REPUBLIC OF SENEGAL

By /s/ Abdoulaye Diop

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Habib M. Fetini

Authorized Representative

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to increase access to sustainable water and sanitation services in selected rural and urban areas.

The Project consists of the following parts:

#### **Part A: Rural water supply**

Implementation of a program of activities to ensure and improve sustainable and satisfactory access to drinking water of the population of the Senegal River basin and the Central Region, through:

- (a) Construction of multi-village water supply systems;
- (b) Construction of network extensions and of water towers;
- (c) Renewal of existing boreholes, electrification of boreholes and installation of piezometers;
- (d) Rehabilitation of pumping stations in the Northern zone, of pumping stations in the Central zone and rehabilitation of existing water towers and existing boreholes, and supply and installation of production meters;
- (e) Supply and installation of production meters, private connections and water meters on community distribution points and public distribution points;
- (f) Carrying out of feasibility studies, preliminary design and detailed design studies and provision of technical assistance for procurement and works supervision;
- (g) Assistance for the establishment and operation of ASUFORs; and
- (h) Assistance for the preparation of new local water and sanitation plans and the updating of existing local water and sanitation plans and for the execution of water resources studies and monitoring.

#### **Part B: Urban water supply**

Implementation of a program of activities to increase the connection rate to water services in urban areas through the supply and installation of social connections and the construction of secondary and tertiary water distribution network extensions.

### **Part C: Rural sanitation**

Implementation of a program of activities to increase the access rate to adequate on-site sanitation of the rural populations in the regions of Saint-Louis, Matam and the department of Bakel, through:

- (a) Construction of household latrines and hand washing facilities;
- (b) Construction of school sanitation facilities;
- (c) Technical assistance to Project management; and
- (d) Hygiene education, social marketing and training of teachers, masons, and female resource persons.

### **Part D: Urban sanitation**

Implementation of a program of activities to increase access to sewerage and condominial networks in peri-urban areas of Dakar through:

- (a) Expansion of sewerage networks in Guediawaye, Parcelles Assainies and Thiaroye;
- (b) Construction of household connections;
- (c) Construction of a wastewater pumping station and of a sewer interceptor;
- (d) Construction of a wastewater treatment plant in Thiaroye for the local condominial network;
- (e) Works supervision, hygiene education, social marketing and outreach activities; and
- (f) Design studies for the sanitation of Joal.

### **Part E: Institutional strengthening and capacity building**

- (a) Support for the reform of the rural water sector, through: (i) the provision of technical assistance for the transfer of the maintenance of motorized boreholes to the private sector; and (ii) the carrying out of a study on the full delegation of the management of water supply systems in rural areas to the private sector;

- (b) Institutional support for the urban water and sanitation sector, through: (i) the design and implementation of the reform of the sector; (ii) the carrying out of specific studies for the sector; and (iii) the carrying out of a technical audit of the performance contracts of ONAS and SONES and an update of the financial model of the urban water sector;
- (c) Environmental and social management;
- (d) The carrying out of studies on water resource management;
- (e) Capacity building and support for the Project implementation agencies through: (i) the provision of technical assistance to stakeholders in reforms in technical and financial management; and (ii) the provision of logistic, material and financial support required for Project implementation; and
- (f) Coordination and Project management, including: (i) the preparation of Annual Work Plans, including updating procurement plans and related budgets; and (ii) financing of Operating Costs, and expenditures related to monitoring, financial audits, Training, communication and organization and participation in local and external workshops.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

1. The Recipient shall maintain throughout Project implementation, the Program coordination unit (the "PCU"), in accordance with the PEPAM *Arrêté*, and establish by no later than three (3) months after the Effective Date, and maintain a core monitoring and coordination committee ("CMCC"), with responsibilities and procedures set forth below and with composition, functions and resources satisfactory to the Association:

##### (a) Core Monitoring and Coordination Committee

(i) The CMCC shall be chaired by the Director of Hydraulics and be comprised, *inter alia*, of representatives of the executing entities at central level (DHR, DEM, DAS, DHU, DEEC, DGPRES, DCEF, DDI, SONES, ONAS and the PCU) and local level of the regions concerned (regional units of DHR, maintenance subdivision and wells and boreholes brigades regional sanitation units), and shall meet at least four times a year.

(ii) Without limitation upon the provisions of subparagraph (a)(i) of this Section, the CMCC shall be responsible for:

- (A) Overseeing the execution of the Project;
- (B) Monitoring the physical progress (achievement of coverage objectives) and the financial execution on the basis of the progress reports prepared by the PCU for the Project and the financial audits of the Project;
- (C) Taking measures to facilitate resolution of problems or conflicts that may arise during the course of the Project;
- (D) Providing information to the line ministries and donors;
- (E) Monitoring the environmental impacts of the Project; and
- (F) Approval of the Annual Work Plans for the Project, as well as related budgets submitted by the PCU.

(b) **Program Coordination Unit**

(i) The PCU shall be in charge of overall coordination of Project implementation under the oversight of the CMCC. To this end, the Recipient shall, throughout Project implementation, maintain the PCU with responsibilities set forth below and with composition, functions and resources satisfactory to the Association:

- (A) Overseeing and coordinating the day-to-day execution of the Project;
- (B) Identifying necessary Project adjustments based on monitoring and evaluation results;
- (C) Preparation of the proposed Annual Work Plans for the Project, as well as the updated Procurement Plan and related budgets in coordination with the other implementing agencies;
- (D) Submission of the proposed Annual Work Plans for the Project, as well as related budgets to the CMCC for approval;
- (E) Carrying out Project financial management; and
- (F) Monitoring and evaluating the Project and preparing consolidated Project progress reports and monitoring and evaluation reports.

2. For purposes of Part C of the Project, the Recipient shall recruit in accordance with the provisions of Section III of this Schedule, and under terms of reference and terms and conditions acceptable to the Association, and thereafter maintain throughout the duration of the Project, a suitably qualified and experienced contract management agency to assist DAS in managing the implementation of Part C of the Project.
3. The DHR and DEM will be responsible for implementation of Part A of the Project, SONES for Part B of the Project, DAS for Part C of the Project, ONAS for Part D of the Project and the PCU for Part E of the Project.

**B. Subsidiary Agreement**

1. To facilitate the carrying out of SONES' Respective Part of the Project, the Recipient shall make part of the proceeds of the Financing not to exceed the equivalent of SDR 3,700,000 available to SONES under a subsidiary agreement between the Recipient and SONES, on a grant basis and under terms and conditions approved by the Association ("Subsidiary Agreement").

2. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

**C. Anti-Corruption**

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

**D. Manual**

1. The Recipient shall prepare under terms of reference acceptable to the Association, and furnish to the Association for review and comments an implementation manual for the Project, setting forth the detailed arrangements and procedures for: (i) institutional coordination and day-to-day execution of the Project; (ii) disbursement and financial management; (iii) procurement; (iv) environmental and social safeguards management; (v) monitoring, evaluation, reporting and communication; (vi) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project, and (vii) eligibility criteria for the selection of works under Part C of the Project, including, without limitation, the beneficiaries' contribution requirements.
2. The Recipient shall afford the Association a reasonable opportunity to exchange views with the Recipient on such manual, and thereafter shall adopt, and carry out the Project in accordance with, such manual as shall have been found satisfactory to the Association.
3. The Recipient shall not amend, abrogate, repeal, suspend, waive, or otherwise fail to enforce, or permit to be amended, abrogated, repealed, suspended or waived, the Project Implementation Manual or any provision thereof without the prior written approval of the Association. In case of inconsistency between this Agreement and the Project Implementation Manual, the terms of this Agreement shall prevail.

**E. Safeguards**

1. The Recipient shall ensure that the Project is implemented in accordance with the provisions of the Social and Environmental Safeguard Frameworks and each of the Supplemental Social and Environmental Safeguard Instruments in a manner satisfactory to the Association.

2. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall collect, compile and furnish to the Association (through the PCU) on a quarterly basis reports on the status of compliance with the Social and Environmental Safeguard Frameworks and Supplemental Social and Environmental Safeguard Instruments, giving details of:
  - (a) measures taken in furtherance of such frameworks and instruments;
  - (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such frameworks and instruments; and
  - (c) remedial measures taken or required to be taken to address such conditions.
3. The Recipient shall promptly take all remedial measures referred to in paragraph 2 of this Section as shall have been agreed by the Association.

**F. Annual Work Plans**

1. The Recipient shall prepare, under terms of reference satisfactory to the Association, and furnish to the Association not later than November 15 in each year, for the Association's consideration, a proposed work plan of activities to be included in the Project for the following year, such plan to include an implementation schedule and budget and financing plan therefore. If any activities proposed for inclusion in the Project would, pursuant to the Social and Environmental Safeguard Frameworks, require the adoption of one or more Supplemental Social and Environmental Safeguard Instruments, the Recipient shall prepare and furnish, together with such proposed work plan, a draft of each such Supplemental Social and Environmental Safeguard Instrument for review and comments by the Association, and subsequent adoption by the Recipient, subject to the applicable disclosure and consultative process requirements.
2. The Recipient shall afford the Association a reasonable opportunity to review and exchange views with the Recipient on such proposed plan and any such instruments, and thereafter, shall implement such work plan and such instruments as shall have been approved by the Association, with due diligence.

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

1. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than one month after the end of the period covered by such report.
- (b) The performance indicators referred to above in sub-paragraph (a) consist of the following:
  - (1) Access to water services and improved sanitation services would be monitored by:
    - a. The access rate to piped water in rural areas of intervention;
    - b. The access rate to piped water through household connections in urban areas (Dakar and other urban centers);
    - c. The access rate to improved sanitation services in rural areas of intervention; and
    - d. The access rate to improved sanitation services in Dakar.
  - (2) The sustainability of access would be monitored by the rate of availability of rural water supply facilities in the Northern zone of Senegal.
2. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than December 30, 2015.

**B. Financial Management, Financial Reports and Audits**

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

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

### **Section III. Procurement**

#### **A. General**

1. **Goods 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 and Works**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** 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>Procurement Method</b>
(a) National Competitive Bidding
(b) Community-based procurement
(c) Direct Contracting
(d) Limited International Bidding
(e) Shopping

**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.

<b>Procurement Method</b>
(a) Least Cost Selection
(b) Selection Based on Consultants’ Qualifications
(c) Selection under a Fixed Budget
(d) Quality-Based Selection
(e) Single Source Selection
(f) 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 the Association's Post Review.

**Section IV. Withdrawal of the Proceeds of the Financing****A. General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Credit Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, works, Training and consultants' services for Part A of the Project	13,800,000	100%
(2) Goods, works and consultants' services for Part B of the Project	3,400,000	100%
(3) Goods, Training, works and consultants' services for Part C of the Project	5,700,000	100%

(4) Goods, Training, works and consultants' services for Part D of the Project	4,000,000	100%
(5) Goods, Training, Operating Costs, and consultants' services for Part E of the Project	3,700,000	100%
(6) Refund of Preparation Advance	600,000	Amount payable pursuant to Section 2.07 of the General Conditions
(7) Unallocated	3,000,000	
<b>TOTAL AMOUNT</b>	<b>34,200,000</b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
  - (a) for payments made prior to the date of this Agreement; or
  - (b) under Category (3) until the contract management agency referred to in Section I.A.2 of Schedule 2 to this Agreement has been duly recruited by the Recipient.
2. The Closing Date is June 30, 2015.

**Section V. Other Undertakings**

1. The Recipient shall by not later than two (2) months after the Effective Date recruit in accordance with the provisions of Section III of this Schedule, the external auditors which shall conduct the audits of the Financial Statements under Section II. B of this Schedule.
2. Mid-Term Review
  - (a) Thirty (30) months after the Effective Date, or such later date as may be agreed upon by the Recipient and the Association, the Recipient shall, in conjunction with the Project Implementing Entity and the Association, carry out a mid-term

review of the Project (the “Mid-term Review”), covering the progress achieved in the implementation of the Project.

- (b) The Recipient shall, in conjunction with the Project Implementing Entity, prepare, under terms of reference satisfactory to the Association, and furnish to the Association three (3) months prior to the beginning of the Mid-term Review, or on such other date agreed upon with the Association in writing, a report integrating the results of the monitoring and evaluation activities performed pursuant to this Agreement, on the progress achieved in the carrying out of the Project during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective of the Project during the period following such date.
- (c) Following the Mid-term Review, the Recipient shall act promptly and diligently in order to take, or cause to be taken, any corrective action deemed necessary by the Association to remedy any shortcoming noted in the carrying out of the Project in furtherance of the objectives of the Project.

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

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each March 15 and September 15:	
commencing March 15, 2020 to and including September 15, 2029	<b>1%</b>
commencing March 15, 2030 to and including September 15, 2049	<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****Section I. Definitions**

1. “Annual Work Plans” means the annual work plans for the Project approved by the Association in accordance with the provisions of Section I.F of Schedule 2 to this Agreement and “Annual Work Plan” means any of the Annual Work Plans.
2. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
3. “ASUFOR” means an Association of Water Users (*Association d’Usagers de Forage*) established pursuant to the Arrêté n° 5612 of the Recipient, dated May 20, 1997 and the Decree No. 97-347 of the Recipient, dated April 2, 1997.
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “CMCC” means the core monitoring and coordination committee of the Project to be established and maintained by the Recipient in accordance with the provisions of Section I.A.1 of Schedule 2 to this Agreement.
6. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
7. “DAS” means *Direction de l’Assainissement*, the Recipient’s Department of Sanitation within the Recipient’s Ministry in charge of sanitation.
8. “DCEF” means *Direction de la Coopération Economique et Financière*, the Recipient’s Department of Economic and Financial Cooperation, within the Recipient’s Ministry in charge of finance.
9. “DDI” means *Direction de la Gestion de la Dette et de l’Investissement* the Recipient’s Department of Debt and Investment Management, within the Recipient’s Ministry in charge of finance.
10. “DEEC” means *Direction de l’Environnement et des Etablissements Classés*, the Recipient’s Department of Environment, within the Recipient’s Ministry in charge of environment.
11. “DEM” means *Direction de l’Exploitation et de la Maintenance*, the Recipient’s Directorate of Operations and Maintenance, within the Recipient’s Ministry in charge of water.

12. “DGPRES” means *Direction de la Gestion et de la Planification des Ressources en Eau*, the Recipient’s Directorate of Water Resources Management and Planning, within the Recipient’s Ministry in charge of water.
13. “DHR” means *Direction de l’Hydraulique Rurale*, the Recipient’s Directorate of Rural Water within the Recipient’s Ministry in charge of water.
14. “DHU” means *Direction de l’Hydraulique Urbaine*, the Recipient’s Directorate of Urban Water within the Recipient’s Ministry in charge of water.
15. “DRA” means *Divisions Régionales de l’Assainissement*, the Recipient’s Regional Sanitation Divisions, within the Recipient’s Ministry in charge of sanitation.
16. “DRH” means *Direction Régionale de l’Hydraulique*, the Recipient’s regional water divisions, within the Recipient’s Ministry in charge of water.
17. “Environmental Assessment” or “EA” means the assessment done as part of the ESMF, as hereinafter defined, dated June 15, 2009 and published by *Infoshop* on July 2, 2009, in form and substance satisfactory to the Association, and any subsequent environmental assessment required in connection with an Annual Work Plan, describing the potential adverse environmental impact of the Project and measures for offsetting, reducing, or mitigating such impact.
18. “Environmental and Social Management Framework” or “ESMF” means the framework dated June 15, 2009 and published by *Infoshop* on July 2, 2009, in form and substance satisfactory to the Association, setting out modalities to be followed in assessing the potential adverse environmental and social impact associated with activities to be implemented under the Project, and includes an EMP, as hereinafter defined, which sets forth the measures to be taken to offset, reduce, or mitigate such adverse impact.
19. “Environmental Management Plan” or “EMP” means the environmental management plans included in the ESMF and any subsequent environmental management plan required in connection with an Annual Work Plan, acceptable to the Association, giving details of measures appropriate or required to maximize the benefits of the Project, eliminate, offset or mitigate any adverse environmental impacts, or reduce such impacts to acceptable levels, together with budget and costs estimates, sources of funding, adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, such environmental management plan.

20. “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.
21. “ONAS” means *Office National de l’Assainissement*, the National Sanitation Agency of Senegal, a public interest entity established by Law No. 96-02 of the Recipient dated February 22, 1996 for the purpose of developing, operating and maintaining urban and peri-urban sanitation services within the territory of the Recipient.
22. “ONAS Performance Contract” means the performance contract between the Recipient and ONAS, dated August 28, 2008 and any other performance instrument of ONAS adopted by the Recipient in accordance with the Recipient’s Law No. 2008.59 dated September 24, 2008 on the Public Water and Sanitation Sector.
23. “Operating Costs” means the incremental operating expenses, based on annual budgets approved by the Association, incurred by the PCU, for purposes of the Project implementation, management and monitoring, on account of rental, operation and maintenance costs of the PCU office, vehicles and office equipment, water and electricity utilities, telephone, telecommunication, office supplies, bank charges, additional staff costs, travel and supervision costs, per diem, but excluding the salaries of officials and public servants of the Recipient’s civil service.
24. “PCU” means the Program Coordination unit of the Program to be maintained by the Recipient in accordance with the provisions of Section I.A.1 of Schedule 2 to this Agreement.
25. “PEPAM *Arrêté*” means Ministerial Order N. 5773 of the Recipient, dated October 20, 2005, modified by the *Arrêté* n° 6161 of the Recipient, dated May 26, 2009.
26. “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 agreement signed on behalf of the Association on March 25, 2009 and on behalf of the Recipient on April 6, 2009.
27. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.

28. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated December 10, 2009, 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.
29. “Program” means the Recipient’s Water and Sanitation Millenium Program (*Programme d’Eau Potable et d’Assainissement du Millénaire*), created by the PEPAM *Arrêté*, in implementation of the Recipient’s Letter of Sector Policy dated July 15, 2005.
30. “Project Implementation Manual” (*Manuel d’Exécution*) means the manual referred to in Section I.D.1 of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior written approval of the Association, and such term includes any schedules to the Project Implementation Manual.
31. “Resettlement Action Plan” or “RAP” means a resettlement instrument prepared in accordance with the provisions of the Resettlement Policy Framework, and acceptable to the Association setting out the arrangements, including related compensation measures, to be applied in the event of the physical or economic displacement of persons affected by activities to be implemented under the Project, and such term includes any schedules or annexes to said instrument.
32. “Resettlement Policy Framework” or “RPF” means the Resettlement Policy Framework of the Recipient dated June 15, 2009 and published by *Infoshop* on July 2, 2009, outlining the policies and procedures to be implemented in the event that specific activities implemented under the Project have potentially negative impacts on the livelihoods, assets and land of the affected population, and such term includes any schedules to such document.
33. “Social and Environmental Safeguard Frameworks” means, collectively, the Environmental Assessment, the Environmental and Social Management Framework, and the Resettlement Policy Framework.
34. “SONES” or “Project Implementing Entity” means *Société Nationale des Eaux du Sénégal*, the Recipient’s public holding company in charge of urban water investments established pursuant to the SONES Legislation.
35. “SONES Legislation” or “Project Implementing Entity Legislation” means the Law No. 95.10 of the Recipient, dated April 7, 1995, modified by Law No. 2008.59 dated September 24, 2008 on the Public Water and Sanitation Sector.

36. “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 SONES.
37. “Supplemental Social and Environmental Safeguard Instruments” means any EMP, RAP, or other supplemental social and environmental safeguard instruments as required under the terms of any of the Social and Environmental Safeguard Frameworks.
38. “Training” means the training of persons under in Project, including seminars, workshops, and study tours, and covers the following costs associated with such activity: travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to training preparation and implementation.

## **Section II. Modifications to the General Conditions**

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

1. Section 2.07 is modified to read as follows:

“Section 2.07. *Refinancing Preparation Advance*

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

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

- (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.”

