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INTERNATIONAL DEVELOPMENT ASSOCIATION

PROGRAM PAPER

ON A

PROPOSED ADDITIONAL CREDIT

IN THE AMOUNT OF EUR 46.7 MILLION
(US\$50.0 MILLION EQUIVALENT)

TO THE REPUBLIC OF SENEGAL

FOR THE

MUNICIPAL AND AGGLOMERATIONS SUPPORT PROGRAM

May 31, 2024

Urban, Resilience, and Land Global Practice
Western and Central Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective April 30, 2024)

Currency Unit = EURO (EUR); Franc
of the African
Financial
Community (FCFA)

US\$1= EUR 0.932

US\$1= FCFA 611

FISCAL YEAR

January 1 - December 31

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ABBREVIATIONS AND ACRONYMS

AF	Additional Financing
AFD	French Development Agency (<i>Agence Française de Développement</i>)
ADM	Implementing Entity of PACASEN (<i>Agence de Développement Municipal</i>)
AM	Accountability Mechanism
AMS	Association of Mayors (<i>Association des Maires</i>)
ARCOP	Public Procurement Regulatory Authority (<i>Autorité de Régulation de la Commande Publics</i>)
ARD	Regional Development Agency (<i>Agence Régionale de Développement</i>)
BCT	Office of LGs (<i>Bureau des Collectivités Territoriales</i>)
CAP	Climate Action Plan
CC	Climate Change
CCDR	Country Climate and Development Report
CDC	Court of Auditors (<i>Cour des Comptes</i>)
CE	Citizen Engagement
CNDCT	National Council for Development of LGs (<i>Conseil National du Développement des CT</i>)
CNFPLF	National Center for Local Civil Service and Training (<i>Centre National de la Fonction Publique Locale et de la Formation</i>)
COMNAC	National Committee for Climate Change Adaptation (<i>Comité National sur les Changements Climatiques</i>)
COMREC	Regional Committee for Climate Change Adaptation (<i>Comités Régionaux sur les Changements Climatiques</i>)
CRSE	Regional Environmental Monitoring Committee (<i>Comité Régional de Suivi Environnemental et Social</i>)
CRVS	Climate Risk Vulnerability Study
CTC	Continuous Territorial Coaching
DCCTEFV	Directorate for Climate Change, Ecological Transition, and Green Financing (<i>Direction du changement climatique, de la transition écologique et des financements verts</i>)
DCMP	General Directorate of Procurement (<i>Direction Centrale des Marchés Publics</i>)
DCT	Local Government Directorate (<i>Direction des Collectivités Territoriales</i>)
DEEC	Directorate for Environment and Classified Establishments (<i>Direction de l'Environnement et des Etablissements Classés</i>)
DGAT	General Directorate of Territorial Administration (<i>Direction générale de l'Administration territoriale</i>)
DGTCP	Treasury and Public Accounting Department (<i>Direction Générale du Trésor et de la Comptabilité Publique</i>)
DLI	Disbursement Linked Indicator
DLR	Disbursement Linked Result
DODP	Public Expenditure Management Department (<i>Direction de l'Ordonnancement des Dépenses Publiques</i>)
DREC	Environmental Regulation and Control Directorate (<i>Direction de la réglementation environnementale et du contrôle</i>)
DREEC	Regional Division of Environment and Classified Establishments (<i>Division Régionale de</i>



	<i>l'Environnement et des Etablissements Classés</i>
DSPL	Local Public Sector Division (<i>Direction du Secteur Public Local</i>)
E&S	Environmental and Social
EF	Expenditure Framework
ESSA	Environmental and Social Systems Assessment
FCFA	Franc of the African Financial Community (<i>Franc de la Communauté Financière Africain</i>)
FDD	Decentralization Allocation Fund (<i>Fonds de Dotation à la Décentralisation</i>)
FECT	Local Government Equipment Funds (<i>Fonds d'Équipement des Collectivités Territoriales</i>)
FM	Financial Management
FSA	Fiduciary System Assessment
GEMS	Geo-Enabling Initiative for Monitoring and Supervision
GFILOC	Integrated Public Finance Management System (<i>Logiciel de Tenue de la Comptabilité des Collectivités Territoriales</i>)
GHG	Greenhouse Gas
GoS	Government of Senegal
GRS	Grievance Redress Service
IAL	Local Administration Inspectorate (<i>Inspection de l'Administration Locale</i>)
IDA	International Development Association
IPF	Investment Project Financing
IVA	Independent Verification Agent
LG	Local Government
LVATF	Local Value Added Tax Fund
MEFP	Ministry of Economy and Public Finances (<i>Ministère de l'Économie et des Finances Publiques</i>)
METE	Ministry of Environment and Ecological Transition (<i>Ministère de l'Environnement et Transition Ecologique</i>)
MFB	Ministry of Finance and Budget (<i>Ministère des Finances et du Budget</i>)
MMC	Minimum Mandatory Condition
MOD	Delegated Contract Management (<i>Maîtrise d'ouvrage déléguée</i>)
MoU	Memorandum of Understanding
MUCTAT	Ministry of Urbanism, Local Gouvernements, and Territorial Planning (<i>Ministère de l'Urbanisme, des Collectivités Territoriales, et de l'Aménagement des Territoires</i>)
NAP	National Adaptation Plan
NDC	Nationally Determined Contribution
OBFLOC	Local Governments Finance Online Platform (<i>Observatoire des Finances Locales</i>)
OFFLOCC	Local Citizen Offensive for the Prevention and Fight against Corruption and Tax Evasion (<i>Offensive Citoyenne Locale pour la Résilience Communautaire, la Prévention et Lutte Contre la Corruption et l'Évasion Fiscale</i>)
PACASEN	Municipal and Agglomerations Support Program (<i>Programme d'appui aux Communes et Agglomérations du Senegal</i>)
PDO	Program Development Objective
PE	Performance Evaluation
PforR	Program for Results
PFM	Public Financial Management
PI	Performance Indicator
PP	Parent Program



PROACTSEN	Second phase of Senegal's Third Decentralization Act (<i>Programme d'Opérationnalisation de l'Acte 3 de la Décentralisation du Sénégal</i>)
PSE	Emerging Senegal Plan (<i>Plan Sénégal Emergent</i>)
RA	Results Area
SA	Special Account
SP	Subprogram
TA	Technical Assistance
US\$	US Dollar



BASIC INFORMATION – PARENT (Municipal and Agglomerations Support Program - P157097)

Country Senegal	Product Line IBRD/IDA	Team Leader(s) Sabine W. Beddies	
Project ID P157097	Financing Instrument Program-for-Results Financing	Does this operation have an IPF component? Yes	Practice Area (Lead) Urban, Resilience and Land

Implementing Agency: Municipal Development Agency

Is this a regionally tagged project? No	Bank/IFC Collaboration No	
Original Approval Date 30-Jan-2018	Effectiveness Date 06-Nov-2018	Closing Date 31-Dec-2024
Original Environmental Assessment Category (IPF Component) Not Required (C)	Current Environmental Assessment Category (IPF Component) Not Required (C)	

Program Development Objective(s)

The Program and Project Development Objectives (PDO) are to: (i) improve local government financing; and (ii) enhance the performance of participating urban local governments in managing public investments.

Ratings (from Parent ISR)

	Implementation
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	10-May-2022	16-Nov-2022	21-Apr-2023	31-Jul-2023	21-Dec-2023
Progress towards achievement of PDO	S	S	S	S	S
Overall Implementation Progress (IP)	MS	MS	MS	MS	MS
Overall Risk	M	M	M	M	M
Technical	S	S	S	S	S
Fiduciary Systems	MS	MS	MS	MS	MS
E&S Systems	MS	MS	MS	S	S
Disbursement Linked Indicators (DLI)	MS	S	S	S	S
Monitoring and Evaluation	S	S	S	MS	S

BASIC INFORMATION – ADDITIONAL FINANCING (AF for Municipal and Agglomerations Support Program - P181537)

Project ID P181537	Project Name AF for Municipal and Agglomerations Support Program	Additional Financing Type Scale Up	
Financing instrument Program-for-Results Financing	Product line IBRD/IDA	Approval Date 21-Jun-2024	Will there be additional financing for the IPF component? No
Projected Date of Full Disbursement 31-Dec-2026	Bank/IFC Collaboration No		



Is this a regionally tagged project?

No

Disbursement Summary (from Parent ISR)

Source of Funds	Net Commitments	Total Disbursed	Remaining Balance	Disbursed
IBRD				%
IDA	110.00	87.18	16.48	84 %
Grants				%

PROGRAM FINANCING DATA – ADDITIONAL FINANCING (AF for Municipal and Agglomerations Support Program - P181537)

FINANCING DATA (US\$, Millions)

SUMMARY (Total Financing)

	Current Financing	Proposed Additional Financing	Total Proposed Financing
Government program Cost	829.00	571.00	1400.00
Total Operation Cost	260.00	110.00	370.00
Total Program Cost	246.00	110.00	356.00
Total Financing	260.00	110.00	370.00
Financing Gap	0	0	0

DETAILS – Additional Financing

International Development Association (IDA)	50.00
IDA Credit	50.00
Cofinancing - Other Sources (IFIs, Bilaterals, Foundations)	60.00
Borrower/Recipient	27.00



FRANCE: Govt. of [MOFA and AFD (C2D)]	33.00
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IDA Resources (in US\$, Millions)

	Credit Amount	Grant Amount	SML Amount	Total Amount
Senegal	50.00	0.00	0.00	50.00
National Performance-Based Allocations (PBA)	50.00	0.00	0.00	50.00
Total	50.00	0.00	0.00	50.00

COMPLIANCE

Policy

Has the parent Program been under implementation for at least 12 months?

Yes

Have the DO and IP ratings for the parent Program been rated moderately satisfactory or better for at least the last 12 months?

Yes

Does the program depart from the CPF in content or in other significant respects?

No

Does the Program require any waivers from Bank policies?

No

INSTITUTIONAL DATA

Practice Area (Lead)

Urban, Resilience and Land

Contributing Practice Areas

Governance

**Climate Change and Disaster Screening**

This operation has been screened for short and long-term climate change and disaster risks

TASK TEAM**Bank Staff**

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Extended Team			
Name	Title	Organization	Location



Senegal

AF for MUNICIPAL AND AGGLOMERATIONS SUPPORT PROGRAM

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I. BACKGROUND AND RATIONALE FOR ADDITIONAL FINANCING

A. Background and Summary

1. **The Government of Senegal (GoS) is committed to empowering local governments (LGs) to drive economic growth and improve access to services via decentralization.** Building upon a prolonged process of decentralization in Senegal,¹ the Third Decentralization Act (*Acte III de la Décentralisation* or Act III), launched in 2013, reflects the commitment of the GoS to transform the country into viable, competitive and development-oriented territories. Act III highlights GoS' commitment to transfer selected responsibilities from the state to LGs, modernize public management processes, reform LG financing, and develop a qualified and capable LG administration.

2. **The GoS established a program for the implementation of the Third Decentralization Act, which is now in its second phase.** The program, Second Phase of Senegal's Third Decentralization Act (PROACTSEN, *Programme d'Opérationnalisation de l'Acte 3 de la Décentralisation du Sénégal*), focuses on creating an effective enabling environment to empower LGs to fulfill their mandates, while simultaneously introducing a results-based focus to encourage LGs to improve their performance. PROACTSEN was developed as a 10-year program from 2017-2028 to be executed over two phases: Phase I from 2017 to 2022 (with a budget of US\$829 million) and Phase II from 2023 to 2028 (with a budget of US\$571 million); PROACTSEN is now in Phase II. Thus far, PROACTSEN has successfully increased LG revenues, with total revenues of Senegal's 601 LGs² more than doubling between 2018 and 2022 from FCFA 140 billion (US\$229 million equivalent) to FCFA 302 billion (US\$494 million equivalent). Total LG revenue per capita increased from an average of FCFA 6,200 (US\$10.14 equivalent) to FCFA 12,400 (US\$20.28 equivalent) over Phase I of the program. PROACTSEN, however, has been less successful with respect to LG expenditures to improve access to services and support local economic development. This is partly due to: (i) challenges that LGs face with direct service delivery and infrastructure investment compared to the past, where most local civil works were delegated to Contract Management entities (*Maîtrise d'Ouvrage Déléguée*, MOD); (ii) the small size of intergovernmental transfers that do not incentivize LGs to plan and execute larger investments, especially in the 14 larger LGs and five cities; (iii) the need to improve budgeting and accounting rules applied to multi-year investment contracts operated by LGs; and (iv) limited LG human resource capacities to effectively manage local development.

3. **LGs play a major role in driving the country's economic growth, and in achieving GoS' climate agenda.** Investing in productive, inclusive, and resilient LGs can make a real difference in meeting Senegal's development goal and climate resilience³ efforts. Senegal's level of urbanization (49 percent) is higher than the average for sub-Saharan Africa (42 percent), and since 2004, the annual urban population growth rate has been between 3.5 percent and 3.7 percent. As of 2023, the total population is estimated at approximately 18 million people and is expected to grow to about 39 million people by 2050, of which 65 percent (more than 25 million) is projected to live in urban areas.⁴ Senegalese cities and towns are the driving force behind the Senegalese economy. Urban economies are largely based on the tertiary sector, with the informal sector playing a significant role in the capital city, Dakar, and in secondary cities. While cities reap socio-economic benefits of agglomeration, proximity to services, and innovation, they also face significant climate

¹ GoS committed to an ambitious Emerging Senegal Plan 2014 – 2035 (*Plan Sénégal Emergent*, PSE), which establishes Senegal's framework for medium to long term socio-economic development. The PSE aims for (i) productivity-enhancing structural transformation through the development of urban poles that support economic, cultural and touristic activities across Senegal; (ii) improved living conditions of people across the country by fostering the emergence of viable territories. The PSE is accompanied by the 2013 transition of the General Code for LGs (*la loi portant Code général des Collectivités locales*) and the Third Decentralization Act (*Acte III de la Décentralisation*).

² Currently, there are 601 LGs in Senegal, i.e., five cities, 553 communes, 43 departments. Urban LGs consist of Senegal's five cities (Dakar, Thies, Rufisque, Guediawaye, Pikine), all regional and departmental capitals, and all LGs with more than 30,000 inhabitants and a density per ha above 10.

³ Climate resilience refers to adapting to and managing the effects of climate change.

⁴ ANSD: *Recensement General de la Population et de l'habitat* (Rgph-5) - Rapport préliminaire / Population Census, October 2023



change (CC) impacts, thus reducing their potential as engines of economic growth. Senegalese LGs are vulnerable to climatic hazards such as pluvial and fluvial flood hazards, rising sea levels, erosion and landslides, heat waves and urban heat island effects, and increasing drought. Urban LGs are also challenged by drinking water constraints due to competition for water resources, and increases in pollution and in disruptions to transport, communication, and electricity networks. Urban LGs are undergoing uncontrolled physical expansion, with settlements developing in high-risk zones making them vulnerable to flooding, landslides, and sea level rise.⁵ To address climate-related challenges, the GoS adopted a National Adaptation to Climate Change Action Plan in 2004, and in 2017 its Nationally Determined Contribution (NDC) – the latter constitutes Senegal’s commitment to the Paris Agreement adopted by 196 parties at the UN Climate Change Conference (COP21). The NDC is an operational planning document that lays out both mitigation and adaptation goals for Senegal by 2030. To implement the NDC, nine sectoral National Adaptation Plans (NAPs) are being formulated, and a new CC Law is being developed over the next two years⁶. The World Bank is supporting the GoS’ climate agenda through the Senegal Country Climate and Development Report (CCDR)⁷, which recommends strengthening CC management at the local level.

4. Currently, LGs lack clear guidance on their role and responsibilities in implementing the GoS’ climate agenda. While LGs are exposed to CC impacts, and hence at the frontline of climate adaptation, they also play a major role in climate mitigation. However, the NDC lacks clear guidance on LGs’ roles and responsibilities, representing an operational gap in the implementation of GoS’ climate agenda. Senegal is ranked 149th (out of 192) in the Climate Vulnerability Index 2021,⁸ with lack of adaptive capacities as a major constraint. Putting in place institutionalized systems that ensure Senegal’s increasing urbanization is climate-resilient is crucial to allow for climate-resilient urban planning and investments that are aligned with national CC reforms.

5. Furthermore, existing regulations do not include a mechanism for allocating project-specific financing for LG investments, including climate-related investments. The Local Government Equipment Fund (*Fonds d’Équipement des Collectivités Territoriales*, FECT) is allocated by GoS to LGs for local infrastructure investments. However, the current FECT decree does not have provisions for project-specific investments, including investments to support climate adaptation or mitigation. Furthermore, current FECT allocation criteria are exclusively based on criteria related to population, poverty and density, not linked to LG investments or investment needs.

Parent Program and Performance

6. The parent program (PP), Municipal and Agglomerations Support Program (*Programme d’Appui aux Communes et Agglomérations du Sénégal*, PACASEN), supports the GoS in operationalizing the PROACTSEN by improving LG financing and enhancing their performance in managing public investments. International Development Association (IDA) has supported the GoS since 1972, and PACASEN was the first urban and municipal sector Program-for-Results (PforR) implemented by IDA in Francophone Sub-Saharan Africa, approved in 2018. In 2024, PACASEN is in

⁵ From 1980-2008, floods affected an estimated 400,000-600,000 people a year and caused estimated damages of over US\$42 million (Senegal Disaster Risk Management Country Note). In 2017, large scale flooding in the Dakar region caused an estimated US\$230 million of damages (1.4 percent of Gross Domestic Product [GDP] in 2017). Temperature rise and variability of precipitations have steadily increased, with an estimated GDP impact of 0.3 percent-0.7 percent that is predicted to increase by 2050 with possible rainfall reduction by 10 percent-60 percent. Urbanization in unplanned, informal, high-risk areas with minimal access to services and economic activities, amplifies LGs’ social-spatial inequalities, poverty and unsustainable practices of resource use.

⁶The Climate Change, Ecological Transition, Green Finance Directorate (*Direction du changement climatique, de la transition écologique et des financements verts*, DCCTEFV) in the Ministry of Environment and Ecological Transition drafts the CC law with the National Committee for Climate Change Adaptation (*Comité National sur les Changements Climatiques*, COMNAC), its subcommittees, and 12 Regional Committees for Climate Change Adaptation (*Comités Régionaux sur les Changements Climatiques*, COMRECs).

⁷ World Bank Country Climate and Development Report (CCDR) for Senegal, forthcoming June 2024.

⁸ <https://gain-new.crc.nd.edu/ranking/vulnerability>



its sixth year of implementation (2019-2024) and is in its fourth cycle of transfers within Senegal's budget system (2021-2024) with a total envelope of US\$260 million (comprising US\$110 million from IDA, US\$90 million from French Development Agency (*Agence Française de Développement, AFD*), and US\$60 million from GoS). PACASEN supports performance-based unconditional capital grants from the State to 124 PACASEN beneficiary urban LGs across Senegal's 14 regions, as well as fiscal reforms related to public financial management (PFM) and other core areas benefiting all 601 LGs in Senegal⁹. Since 2019, indicative data shows that 124 beneficiary LGs received 61 percent of capital investments from GoS and 35 percent from IDA and AFD, with 4 percent spent by GoS on associated capital investment activities and entities.¹⁰

7. **Current progress towards achievement of the Program Development Objective (PDO) is considered Satisfactory, based on progress made in improving LG financing and enhancing performance of urban LGs in managing their local public investments.** Overall implementation progress remains Moderately Satisfactory in light of (i) delays in finalizing the reform of the Decentralization Allocation Fund (*Fonds de Développement de la Décentralisation, FDD*); (ii) low LG financial execution of their 2022 and 2023 annual investment plans (AIPs)¹¹; and (iii) a delayed launch of the LG Finance Online Platform (*Observatoire des Finances Locales, OBFILOC*). Both PforR Results Areas are rated Satisfactory, as are Environmental and Social Safeguards, Procurement and Monitoring and Evaluation aspects. Financial Management is rated Moderately Satisfactory due to lack of response to previous comments concerning bank balances and justification for advances to the Regional Development Agencies (ARDs); however, this rating is expected to improve before December 31, 2024. The Program Action Plan has 15 actions, of which seven are completed, eight are recurring annually (three for capacity building, three for audits, one for grievance redress mechanism one for satisfaction survey); all are expected to be achieved by Program closure. The Program's overall risk rating remains Moderate. Current disbursement is 84 percent; the remaining balance is expected to be disbursed before Program closure.

8. **PACASEN's achievement of its three key principles benefit all 601 LGs, not only the 124 PACASEN beneficiaries:**

- i. Establishment of annual performance-based capital grants transferred on time from GoS to LGs, following the PACASEN-supported reform of FECT (the local government equipment fund used to support infrastructure investments).¹² The reform incorporated the creation of a performance-based grant system (via the creation of the FECT Performance window) which is now a well-established LG financing mechanism, based on an annual LG performance evaluation (PE) that is executed in a timely manner for the 124 beneficiary urban LGs. Improved LG performance is reflected in better outcomes in budgeting, planning, financial management and citizen engagement (CE), as more LGs can prepare and approve their budgets on time, submit financial reports, obtain unqualified audits and improve and expand CE in local level decisions making.¹³
- ii. Improved predictability in the programming and transfer of capital grants to LGs, aligned with the GoS' annual budget process: this was achieved via (a) PE programming¹⁴ that provides the exact FECT Performance allocations in time for inclusion in the National Budget (*Loi de Finance*) and in the 124 LG budgets of the

⁹ The 601 LGs in Senega comprise the five cities, 553 communes, and 43 departments. Of those 601 LGs, 124 urban LGs are PACASEN beneficiaries, including 19 Principal Urban Center LGs (i.e., the five cities, the 14 regional capitals and the commune of Touba.)

¹⁰ GoS/World Bank/AFD PACASEN Evaluation, May 2023, with additional analysis agreed during additional financing (AF) implementation to further clarify this point.

¹¹ The 2022 local elections changed 41 percent of the mayors in PACASEN's 124 beneficiary urban LGs, requiring (i) capacity strengthening/ TA to familiarize themselves with PACASEN and the PforR instrument, and (ii) reprocessing of AIPs as some new mayors had revised investment planning decisions and documents produced by their predecessors.

¹² PACASEN-supported FECT reform created four windows: Global, Special, Intercommunal, Performance via Decree N. 2018-1250, July 6, 2018

¹³ LG performance improvements, in line with Program requirements, include, e.g., the proportion of LGs achieving minimum conditions increased from 10 percent to 93.5 percent between 2019-2024; and the share of LGs meeting performance indicators increased from 11 percent to 74 percent in the same period.

¹⁴ The PE is completed in June of each year (year N), followed by the State's notification in July of the exact FECT Performance allocations for each LG that the State needs to include in its National Budget (LFI) of year N+1 and that LGs need to include in their local budgets in year N+1.



following year; and (b) the transfer of State allocations to all 601 LGs before March 31 of each year, allowing them to execute investments throughout the rest of the year. Additionally, an annual increase of FCFA 5 billion (US\$8.2 million equivalent) in State-financed intergovernmental fiscal grants to all 601 LG budgets each year over the past five years doubled the transfers since the start of the program [FCFA 83 billion (US\$135.7 million equivalent) in 2023 versus FCFA 42 billion (US\$68.7 million equivalent) in 2018]. Furthermore, 119 functional local tax commissions in 2023 (versus one commission in 2018 at program start) in the 124 LGs contributed to a 39 percent tax revenue increase in the largest 19 LGs between 2019 and 2023.

- iii. **Improved transparency and accountability of LGs towards the State and citizens**, achieved in all 601 LGs via the PACASEN-supported: (a) digitalization of LG budget preparation, execution, and production of LG administrative accounts (via Integrated Public Finance Management System (*Logiciel de Tenue de la Comptabilité des Collectivités Territoriales*, GFILOC)¹⁵ which allows LG budget tracking; and (b) creation of the LG E-Portal, which allows citizens to access, e.g., data on LG performance. Transparency will further improve with the LG Finance Online Platform (OBFILOC) that enables the establishment, collection, analysis and regular update of data on LG management and financial performance with a future link to the LG E-Portal.

9. **PACASEN has achieved additional results** e.g., (i) enhanced CE via action plans in seven out of the 14 regions developed for community activities, including organization of structured “public LG-citizen interaction days”¹⁶ and adoption and implementation of participatory budgets to strengthen LG accountability and transparency; (ii) provision of substantial resources for LGs enabling them to program and execute more investments for the benefit of their citizens; (iii) almost 1000 geo-referenced¹⁷ LG investments, including in the education, health, water, and transport sectors; and (iv) high satisfaction levels among targeted LGs with PACASEN, including on its substantial impact on LGs’ management.¹⁸ Further achievements include: (v) improved collaboration between PACASEN stakeholders since the Program start, and (vi) a performance-based and results-orientated culture amongst these stakeholders at national and local levels.

10. **Several constraints of PROACTSEN will be addressed through the additional financing (AF)**. First, the AF will address the reform delay of the FDD and will initiate a revision of the FECT Decree through targeted actions. Given that the existing transfer system uses poverty rate and low density as key criteria for FDD and FECT distribution, the system has a built-in rural bias, i.e., smaller LGs receive more funding per capita than larger LGs (including the five cities). PACASEN’s introduction in 2018 of FECT performance-based grants, dedicated to 124 urban LGs, contributed to increased grant amounts for larger LGs, but funding remains largely insufficient to meet local investment needs. This will be addressed by the AF as part of national level FDD and FECT reforms. FECT reform is expected to introduce simplification of grant modalities and further flexibility in terms of size, application and implementation of LG grants, including allowing financing of particular LG projects (including on climate resilience). Second, the AF will tackle current challenges with measuring LG budget execution regarding: (i) complexities and implementation delays related to the MOD model;¹⁹ and (ii) rigidity in budgeting and accounting rules that render LG management of multi-year contracts difficult. Third, the AF will help expand the focus under PROACTSEN to include climate resilience and management actions.

¹⁵ GFILOC is an integrated PFM system that replaced the previously separated accounting information systems used by LGs and Treasury in the past. All 601 LGs in Senegal use it. It helps to improve budget management processes, expedite payments from the Treasury and facilitate the timely production of budget execution reports for transmission to the Court of Auditors. However, current calculation of LG budget execution rates via MFB’s ‘SITEX’ will be replaced with an alternative, possible with the new financial regime (decree 2023-2161, November 6, 2023).

¹⁶ These “journées d'interpellation citoyenne” comprise a LG-citizen session that is structured with a specific agenda to guide the interaction.

¹⁷ LG investments are geo-referenced using the World Bank’s Geo-Enabling Initiative for Monitoring and Supervision (GEMS).

¹⁸ Survey conducted by the Implementing Entity in November 2021.

¹⁹ Under an MOD arrangement, LGs delegate civil works execution to a contract management firm which they are contracting for this purpose.



B. Rationale of Borrower's Request and Alternatives Considered

11. **The GoS submitted a request to scale-up the original Program financing envelope and time horizon, based on PACASEN's visible impacts on the ground.** Specifically, GoS requested continued support to: complete national level fiscal reforms that are on-going²⁰ to extend PACASEN achievements and ensure their sustainability; and extend the Program's scope of action by enhancing its focus on sustainable development and CC. Support to Senegal's climate reform under the AF is specified in four areas: (i) developing and supporting a rollout of Senegal's NDC standards at the LG level; (ii) developing a financial mechanism to finance future LG investments; (iii) adding climate resilience into the program's existing focus on enhancing LG performance in managing public investments; and (iv) strengthening LG's capacities. The GoS sees the AF as a catalyst to: (i) support the operationalization of its NDC objectives at LG level; (ii) strengthen LGs' CC capacities given that LGs are at the frontline of CC but tend to still be somewhat unfamiliar with the climate agenda; and (iii) inform the development of a new CC law that is being prepared.

12. **Alternatives to an AF were considered, e.g., development of a new Program.** However, given Senegal's political context with presidential elections held in March 2024, the required high-level strategic discussions with GoS were not deemed feasible to develop a new Program before PACASEN's end. The AF is considered the best option given the need to: (i) continue critical reforms to enhance Senegal's fiscal transfer system to provide LGs with sustainable resources to deliver their mandates, and (ii) assist LGs in their transition towards becoming more climate resilient.

II. INTRODUCTION

13. **This Program Paper seeks the approval of the Executive Directors for an additional credit in the amount of EUR 46.7 million (US\$50.0 million equivalent) from IDA to the Republic of Senegal for the Municipal and Agglomerations Support Program (PACASEN, P157097).** The AF is part of a scale up of the program envelope and time horizon for PACASEN. Specifically, the AF contributes to a total additional financial envelope of US\$110 million to the Program, including US\$50 million from IDA, EUR 30 million (US\$33 million equivalent) proposed from AFD, and EUR 20 million (US\$27 million equivalent) from the GoS. The AF also extends support to the program for two years until December 31, 2026. The proposed additional credit would help finance the expenditures associated with: (i) the continued support to fiscal reforms, started under the PP, of LG investment and operating budgets; (ii) new support to Senegal's climate resilience reform; and (iii) a new focus on climate resilience in the annual LG PE and LG capacity building program.

14. **The PP was approved on January 30, 2018, for the amount of EUR 93.1 million (US\$110 million equivalent), consisting of a PforR Credit (IDA-61790) equivalent to US\$103 million and an Investment Project Financing (IPF) Credit (IDA-61800) equivalent to US\$7 million.** The PDO is to: (i) improve LG financing; and (ii) enhance the performance of participating urban LGs in managing public investments. The program became effective on November 6, 2018, and is currently scheduled to close on December 31, 2024. Disbursement stands at 84 percent as of May 2024.

15. **The AF will introduce the following:** (i) new support to Senegal's climate resilience reform at LG level, and adding climate resilience into the program's focus on enhancing LG performance in managing public investments and LG capacity building; (ii) support to an LG investment reform to create a conditional transfer window to allow future project financing, including for LG climate-resilient investments; (iii) update of the institutional arrangements; and updates of (iv) the

²⁰ National level fiscal reforms, benefitting all 601 LGs in Senegal, not yet fully completed, include the reform of the FDD and the introduction of conditional transfers within or in parallel of the FECT to allow financing of specific and larger-scale LG projects, improvement of LG budgetary governance, and systematization of LG multi-year investment programming and budgeting (e.g. application of Decree 2023-2161, Nov. 6, 2023 on LG finance regime and addition of new provisions on programmatic budget), etc.



program scope; (v) the results framework; and (vi) the Program Action Plan. In addition, the PP closing date is proposed to be extended by 24 months to December 31, 2026. The parent Program and the AF are aligned to the World Bank’s priorities in the urban sector in Senegal and are linked to the Senegal Country Partnership Framework (FY20-24; Report No. 143333-SN) Focus Area Three on “Increasing resilience and sustainability in a context of growing social/equity, climatic, and transparency risks”, and Objective 3.3 on “Improving Government’s effectiveness, efficiency and transparency”.

16. **Expected AF results include:** (i) advancing reforms to state transfer system to LGs (FDD, FECT) to further enhance LG finances and LG performance, including a mechanism for allocating project-specific financing for LG investments (including climate-related investments); (ii) development and rollout of standards for LGs to implement Senegal’s NDC at the local level; (iii) institutionalizing the national climate agenda into local plans and investments; (iv) inclusion of climate resilience in the annual LG PE to incentivize LGs to play their part in climate action; and (v) enhanced technical capacity of LGs for project-specific financing of local infrastructure investments, including climate-related investments.

III. PROPOSED CHANGES

Program Boundaries and PDO

17. **The AF is a scale-up of the original Program financing envelope and time horizon without changes to the Program boundaries or the PDO.** The AF (and AFD co-financing) continues to support three of the four PROACTSEN subprograms (SPs), i.e., SP 1: Strengthening legal and national coordination framework, SP 3: Enhancing organization and technical and human capacity of LGs, and SP 4: Reinforcing the financial capability of LGs. The AF maintains the original two Results Areas (RAs), the geographical focus within existing program boundaries, and the PDO, as shown in Table 1.

Table 1: Program Boundaries and Proposed Changes

Government program PROACTSEN	Original PforR	AF
Objective: empower LGs to drive economic growth and improve service access by transferring select responsibilities from the State to LGs, modernizing public management processes, reforming LG financing, and developing qualified and capable LG administrations	PDO: i) improve LG financing; and (ii) enhance the performance of participating urban LGs in managing public investments	PDO: No change from original PDO
Duration: 2017-2028	Duration: 2018- 2024 (will be extended to 2026)	Duration: 2024-2026
Geographic coverage: Nationwide	Geographic coverage: 124 select LGs	Geographic Coverage: 124 select LGs
Subprograms: SP 1 “Strengthening legal & national coordination framework” SP 2 “Reinforcing the cohesiveness of territorial governance and spatial planning” SP 3 “Enhancing organization and technical and human capacity of LGs” SP 4 “Reinforcing the financial capability of LGs”	Results Areas: RA 1: “Enhancing financial viability of LGs”, covering SP 1 and SP 4 RA 2: “Enhancing performance of select LGs in managing public investments, covering SP 3	Results Areas: No changes to results areas
Total financing: US\$1.4 billion	Total IDA financing: US\$103 million Total AFD financing: US\$83 million Total GoS contribution: US\$60 million	Total IDA financing: US\$50 million Total AFD financing: US\$33 million Total GoS contribution: US\$27 million

Design

18. **While the original PP design is largely maintained, the AF expands the Program to include a focus on climate**



resilience. The AF expands the current fiscal reform focus of the PP to include a new reform focus on climate resilience. The AF also expands the focus of the annual LG PE to include CC aspects in the minimum mandatory conditions (MMCs) and the performance indicators (PIs) of the program. The inclusion of climate resilience aspects in the MMCs is essential and has substantial impact given that it creates a disbursement condition for the integration of CC dimensions at the LG level, as per the new MMC.²¹ The AF further expands its LG capacity building support to include CC related topics, including mainstreaming climate resilience in municipal planning, supporting Climate Risk Vulnerability Studies (CRVS) and Climate Action Plans (CAPs), and undertaking climate-related investment planning.

PACASEN AF Result Chain

19. **Problem statement and PDO:** Senegal’s intergovernmental fiscal framework is not providing sufficient, timely, reliable financing to urban LGs, while urban LGs are not effectively using financial resources for public investments. The PDO is to: (i) improve LG financing; and (ii) enhance performance of participating urban LGs in managing public investments. The results chain for the PACASEN AF is presented in Table 2.

Table 2: Results Chain – AF for Municipal and Agglomerations Support Program

Results Area	Disbursement Linked Indicators (DLIs)	Outputs	Expected outcomes and contribution to PROACTSEN Objectives
Results Area 1: Enhancing the financial viability of LGs			
RA 1.1 Restructuring intergovernmental grant transfer systems for transparent, predictable, equitable allocation of financial resources to LGs and increase of transfers allocated to LGs	<p>DLI 1: Modalities for repartition of State transfers FECT/FDD to LGs for investment/recurrent spending & repartition of Local Value Added Tax Fund (LVATF) reformed and applied in timely transfer of resources to LGs (PDO indicator)</p> <p>DLI 2: State-financed intergovernmental capital and recurrent grants (FECT, FDD) to LGs (in billion FCFA) (PDO indicator)</p>	<ul style="list-style-type: none"> • Promulgated decree on allocation criteria for FDD. • FECT/FDD allocations, according to current decrees, transmitted on time. • Decree reforming FECT Special, integrating mechanism to finance LG projects combatting CC. • LG funding increased by Program end 	<p>Outcomes: Modalities for repartition of State transfers (FECT/FDD) to LGs for investment/recurrent spending & repartition of LVATF reformed and applied in timely transfer of resources to LGs. Increased financing allocated from State to LGs allowing LGs to improve service delivery.</p> <p>SP1: Strengthening legal and national coordination framework</p> <p>SP4: Reinforcing the financial capability of LGs to invest in local development</p>
RA 1.2 Improving local revenue mobilization in Principal urban LGs	DLI 9: Local Property Tax Assessments in the principal Urban Center LGs (Intermediate Results indicator) - (New)	Increase in local property tax assessments in the Principal Urban Center LGs	<p>Outcomes: Enhanced financial tax base for Principal Urban Center LGs</p> <p>SP4: Reinforcing the financial capability of LGs to invest in local development</p>
Results Area 2: Enhancing the performance of selected LGs in managing public investments			
RA 2.1: Building the administrative capacity of Urban LGs with respect to Core Functions.	DLI 4: Urban LGs that satisfied annual Minimum Mandatory Conditions (MMC) - % (PDO indicator)	Increase in the proportion of Urban LGs which satisfied the annual MMC (%)	<p>Outcomes: Enhanced performance of Urban LGs across key target areas, including CC</p> <p>SP3: Enhancing the organization and technical and human capacity of LGs</p>
RA 2.2: Incentivizing good governance through creation of a performance evaluation system for allocating conditional capital grants to selected LGs	DLI 5: Principal Urban Center LGs that satisfied the annual Performance Indicators (PIs) - % (Intermediate Results Outcome)	Increase in the proportion of Principal Urban Center LGs who satisfied the annual PIs (%)	<p>Outcomes: Enhanced performance of Principal Urban Center LGs across key target areas, including CC</p> <p>SP3: Enhancing the organization and technical and human capacity of LGs</p>
	DLI 6: Principal Urban Center LGs that have executed their Annual Investment Plans (AIPs) schedule in terms of expenditures - % (PDO indicator)	Increase in the proportion of Principal Urban Center LGs that have executed their AIPs	<p>Outcome: Principal Urban Center LGs improved their management resources and capacity in terms of investment execution</p> <p>SP: Not related, as climate focus is new and derived from CC policy</p>

²¹ The new MMC requires that the LG has inscribed capacity building actions on CC into its annual capacity building plan.



Results Area	Disbursement Linked Indicators (DLIs)	Outputs	Expected outcomes and contribution to PROACTSEN Objectives
RA 2.3: Enhancing Urban LGs capacity to integrate CC in planning, budgeting and management	DLI 6: Principal Urban Center LGs that have executed their Annual Investment Plans (AIPs) schedule in terms of expenditures - % (PDO indicator)	Increase in the proportion of 19 Principal Urban Center LGs that have executed their AIPs	Outcome: Principal Urban Center LGs improved their management resources and capacity in terms of investment execution SP: Not related, as climate focus is new and derived from CC policy
	DLI 10: Urban LGs that received a minimum of coaching incl on CC, identified in the Annual Capacity Building Plans - % (Intermediate Results indicator) (New)	Urban LGs having received at least 4 territorial coaching (including minimum 1/3 on CC in 2025 and 2/3 on CC in 2026) identified in their annual capacity development plans	Outcomes: Improved LG capacities in governance and public investments; LGs are better equipped with CC integrated into their local development plans SP: Not related, as climate focus is new and derived from CC policy
	DLI 8: Deployment of the National Determined Contribution (NDC) at the LG level (PDO indicator) (New)	Development & rollout of LG standards to implement NDC at LG level. Systematization of CRVS and CAPs, as based on new LG climate standards. Women in leadership position developing LG standards to deploy the NDC at LG level (%)	Outcomes: Investment planning at local level informed by CC considerations LG climate standards created allowing LGs to implement the NDC at local level SP: Not related, as climate focus is new and derived from CC policy

DLI changes and rationale

20. **Changes related to the addition of a climate resilience focus under the AF and achievements under the PP have increased the number of Program DLIs from 7 to 10, with 8 DLIs active under the AF (as shown on Table 2).** Specifically, the AF finances DLIs 1, 2, 4, 5, 6, 8, 9, and 10. Two DLIs under the PP (DLIs 3 and 7) are discontinued under the AF, as DLI 3 on local fiscal commissions was achieved under the PP, and DLI 7 on LG capacity building is revised to include climate capacity building under a new DLI 10. Two others new DLIs are financed under the AF, i.e., DLI 9 on property tax assessments, and DLI 8 deploying Senegal’s NDC to the LG level. DLIs 1, 2, 4, 5, 6 are revised with some DLR adjustments. The AF’s new climate focus is financed directly through five DLIs: DLI 1 (financing mechanism for future LG investments, including on CC), through disbursement-linked results (DLRs) 1.8a and 1.8b; DLIs 4 and 5 (LG performance, including on CC), through DLRs 4.7, 4.8, 5.7, and 5.8); DLI 8 (climate reform) thorough DLRs 8.7, 8.8a, 8.8b; and DLI 10 (LG capacity building, with one-third of all LG coaching focused on CC in 2025) through DLR 10.7a, increasing to two-thirds in 2026 through DLR 10.8a, plus parallel LG coaching on CC-related CRVS and CAPs through DLRs 10.7b and 10.8b. Based on implementation experience and the addition of climate considerations, the AF changes are summarized in Table 3 and in Annex 3. Financial DLI allocations reflect their significance regarding the climate focus and the PDO, i.e., DLI 8 on climate reform has the largest envelope, followed by DLI 1 on fiscal reforms, DLIs 4 and 5 on LG performance, DLI 10 on LG capacity building, DLI 2 on LG finances, DLI 9 on property tax assessments and finally, DLI 6 on AIPs.

21. **DLI Verification Protocols are updated to reflect revision of existing DLIs and new DLIs financed under the AF.** New DLI verification protocols have been elaborated for the three new DLIs 8, 9 and 10, while protocols for the revised DLIs 1, 2, 4, 5 and 6 have been updated to include the AF’s climate focus and time horizon until December 31, 2026. (See details in Section IV.)

Table 3: Disbursement-Linked Indicators, Disbursement-Linked Results for PP²² and AF

	Indicative DLI Financing in US\$ million	DLI Baseline	DLRs under the Parent Program (PP)						DLRs under Additional Financing (AF)	
			Year 1 2019	Year 2 2020	Year 3 2021	Year 4 2022	Year 5 2023	Year 6 2024	Year 7 2025	Year 8 2026
DLI 1: Modalities for the repartition of state transfers to LGs for recurrent and investment spending (FECT and FDD) and for the repartition of the Local Value Added Tax Fund (LVATF) reformed and applied in the timely transfer of resources to LGs (text, Yes/No)		No	DLR 1.1 Promulgated FECT decree published	DLR 1.2 Allocation of FECT resources to LGs in conformity with the FECT decree	DLR 1.3.a. Promulgated decrees ²³ on the allocation criteria for FDD DLR 1.3 b. Timely transfer before March 31 of said year of FECT resources to LGs in conformity with the FECT decree DLR 1.3 c. Promulgated decrees ²⁴ on the allocation criteria for LVATF	DLR 1.4 a. Timely transfer before March 31 of said year of FDD resources to LGs in conformity with regulatory framework DLR 1.5 b. Timely transfer before March 31 of said year of FECT resources to LGs in conformity with regulatory framework	DLR 1.5.a. Timely transfer before March 31 of said year of FDD resources to LGs in conformity with regulatory framework DLR 1.5 b. Timely transfer before March 31 of said year of FECT resources to LGs in conformity with regulatory framework	No DLR	DLR 1.7a: Promulgated decree on allocation criteria for FDD by December 31, 2025 DLR 1.7b: Allocations from FECT and FDD according to current decrees transmitted on time	DLR 1.8a: Decree reforming the FECT Special window, integrating a mechanism to finance projects to combat CC effects DLR 1.8b: Allocations from FECT and FDD according to current decrees transmitted on time
<i>Allocated amount: IDA / AFD</i>	<i>PP: 20 / 16 AF: 7.5 / 4.95</i>									
<i>Allocated amount: Total (PP + AF)</i>	<i>IDA: 27.5 AFD: 20.95</i>		5 / 4	4 / 3	4* / 3*	0* / 0*	3.0* / 2.5*	4.0^ / 3.5^	4 / 2.5	3.5 / 2.45
DLI 2: State-financed intergovernmental capital & recurrent grants (FECT and FDD) to LGs (in billion FCFA)		42	DLR 2.1 45	DLR 2.2 50	DLR 2.3 55	DLR 2.4 60	DLR 2.5 65	No DLR 88	DLR 2.7 93	DLR2.8 98
<i>Allocated amount: IDA / AFD</i>	<i>PP: 10 / 8 AF: 5 / 3.3</i>									
<i>Allocated amount: Total (PP + AF)</i>	<i>IDA: 15. AFD: 11.3</i>		2 / 1.6	2 / 1.6	2 / 1.6	2 / 1.6	2 / 1.6	0 / 0	2.5 / 1.65	2.5 / 1.65
DLI 3: Urban LGs with a functioning local fiscal commission (Number)		1	DLR 3.1 1	DLR 3.2 20	DLR 3.3 40	DLR 3.4 80	DLR 3.5 115	No DLR	No DLRs	No DLRs
<i>Allocated amount: IDA / AFD</i>	<i>PP: 12 / 10 AF: 0 / 0</i>									
<i>Allocated amount: Total (PP + AF)</i>	<i>IDA: 12 AFD: 10</i>		2.4 / 2	2.4 / 2	2.4 / 2	2.4 / 2	2.4 / 2	0 / 0	0	0
DLI 4: Urban LGs that satisfied annual Minimum Mandatory Conditions (MMC) (Percentage)		0	DLR 4.1 MMC baseline established	DLR 4.2 50	DLR 4.3 60	DLR 4.4 70	DLR 4.5 80	No DLR	DLR 4.7 70	DLR 4.8 80

²² Amounts indicate disbursements (subject to exchange rate differences) - unless marked with * which indicates partial disbursement; and ^ which indicates undisbursed allocations.

²³ Alternative legal and regulatory modalities may be accepted by agreement with the Association.

²⁴ Alternative legal and regulatory modalities may be accepted by agreement with the Association.



	Indicative DLI Financing in US\$ million	DLI Baseline	DLRs under the Parent Program (PP)						DLRs under Additional Financing (AF)	
			Year 1 2019	Year 2 2020	Year 3 2021	Year 4 2022	Year 5 2023	Year 6 2024	Year 7 2025	Year 8 2026
Allocated amount: IDA / AFD	PP: 23 / 16 AF: 7.5 / 4.95									
Allocated amount: Total (PP + AF)	IDA: 30.5 AFD: 20.95		4 / 3.2	4 / 3.2	5 / 3.2	5 / 3.2	5 / 3.2	0 / 0	3.75 / 2.50	3.75 / 2.45
DLI 5: Principal Urban Center LGs that satisfied the annual Performance Indicators (PI) (Percentage)		0	DLR 5.1 PI baseline established	4DLR 5.2 0	DLR 5.3 50	DLR 5.4 60	DLR 5.5 70	No DLR	DLR 5.7 60	DLR 5.8 70
Allocated amount: IDA / AFD	PP: 17 / 16 AF: 7.5 / 4.95									
Allocated amount: Total (PP + AF)	IDA: 24.5 AF: 20.95		4 / 3.2	4 / 3.2	3 / 3.2	3 / 3.2	3 / 3.2	0 / 0	3.75 / 2.50	3.75 / 2.45
DLI 6: Principal Urban Center LGs that have executed their annual investment plans (AIPs) on schedule in terms of expenditures (Percentage)		No Baseline	DLR 6.1 Not applicable	DLR 6.2 40	DLR 6.3 50	DLR 6.4 60	DLR 6.5 70	No DLR	DLR 6.7 30	DLR 6.8 50
Allocated amount: IDA / AFD	PP: 12 / 10 AF: 2.5 / 1.65									
Allocated amount: Total (PP + AF)	IDA: 14.5 AFD: 11.65		0 / 0	3 / 2.5	3.4* / 3*	0* / 0*	0* / 0*	5.6^ / 4.5^	1.25 / 0.85	1.25 / 0.80
DLI 7: Urban LGs that received at least 80 percent of the territorial coaching support identified in their annual capacity building plans (Percentage)		0	DLR 7.1 Annual capacity building plans developed	DLR 7.2 80	DLR 7.3 90	DLR 7.4 90	DLR 7.5 95	No DLR	No DLR	No DLR
Allocated amount: IDA / AFD	PP: 9 / 7 AF: 0 / 0									
Allocated amount: Total (PP + AF)	IDA: 9 AFD: 7		1.8 / 1.4	1 / 0.8	1.6 / 1.3	2.5 / 1.8	1.6* / 1.2*	0.5^ / 0.5^	0	0
DLI 8: Deployment of the National Determined Contribution (NDC) at the LG level (Text/ Percentage)		No LG standards on NDC implementation (2024)	No DLR	No DLR	No DLR	No DLR	No DLR	No DLR	DLR 8.7 LG Standards to deploy NDC at LG level developed & adopted by interministerial arrêté before Dec. 31, 2025.	DLR 8.8a: 30% of 124 PACASEN LGs have adopted a CAP in line with LGs' NDC standards specified in interministerial arrêté. DLR 8.8.b: 50% of 124 PACASEN LGs have validated a CRVS in line with LGs' NDC standards



	Indicative DLI Financing in US\$ million	DLI Baseline	DLRs under the Parent Program (PP)						DLRs under Additional Financing (AF)	
			Year 1 2019	Year 2 2020	Year 3 2021	Year 4 2022	Year 5 2023	Year 6 2024	Year 7 2025	Year 8 2026
										specified in interministerial arrêté
Allocated amount: IDA / AFD	PP: 0 / 0 AF: 10 / 6.6		0	0	0	0	0	0	5 / 3.3	5 / 3.3
Allocated amount: Total (PP + AF)	IDA: 10 AFD: 6.6									
DLI 9: Local property tax assessments in Principal Urban Center LGs (Percentage)		39 (2023)	No DLR	No DLR	No DLR	No DLR	No DLR	No DLR	DLR 9.7 44	DLR 9.8 49
Allocated amount: IDA / AFD	PP: 0 / 0 AF: 2.5 / 1.65		0	0	0	0	0	0	1.25 / 0.85	1.25 / 0.80
Allocated amount: Total (PP + AF)	IDA: 2.5 AFD: 1.65									
DLI 10: Urban LGs that received a minimum of coaching, incl on climate change, identified in their Annual Capacity Building Plans (text/Percentage)		0 (2024)	No DLR	No DLR	No DLR	No DLR	No DLR	No DLR	DLR 10.7.a: 85% of 124 PACASEN LGs have received at least 80% of their coaching which includes one-third of coaching interventions relating to CC DLR 10.7.b: 50% of 124 PACASEN LGs have benefited from coaching dedicated to the development of CRVS and CAP	DLR 10.8.a: 90% of 124 PACASEN CTs have received at least 100% of their coaching which includes two-thirds coaching interventions relating to CC DLR 10.8.b: 70% of 124 PACASEN CTs have benefited from capacity building on the development of CRVS and CAP.
Allocated amount: IDA / AFD	PP: 0 / 0 AF: 7.5 / 4.95		0	0	0	0	0	0	3.75 / 2.50	3.75 / 2.45
Allocated amount: Total (PP + AF)	IDA: 7.5 AFD: 4.95									
PP Total Financing allocated (USD million): IDA / AFD	103 / 83		19.2 / 15.4	20.4 / 16.3	21.4 / 17.3	14.9 / 11.8	17 / 13.7	10.1 / 8.5		
AF Total Financing allocated (USD million): IDA / AFD	50 / 33		0 / 0	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0	25.25 / 16.65	24.75 / 16.35
Total Financing allocated (USD million): IDA / AFD	153 / 116		19.2 / 15.4	20.4 / 16.3	21.4 / 17.3	14.9 / 11.8	17 / 13.7	10.1 / 8.5	25.25 / 16.65	24.75 / 16.35



Other, Complementary Changes

22. **With the AF’s addition of climate change requirements, the Ministry of Environment and Ecological Transition (*Ministère de l’Environnement et Transition Ecologique, METE*) will be included in the institutional arrangements for the Program.** The METE will nominate a focal point at the strategic level who will play a pivotal role with respect to the climate reforms envisaged under the AF. The METE (specifically the Directorate for Climate Change, Ecological Transition, and Green Financing (*Direction du changement climatique, de la transition écologique et des financements verts*), DCCTEFV),²⁵ as the mandated entity within GoS, will lead on climate resilience efforts, including: (i) developing LG standards to deploy Senegal’s NDC at the LG level (DLI 8); (ii) providing trainings related to climate resilience and LG standards of Senegal’s NDC (DLI 10); and (iii) deploying and updating the MMCs and PIs related to climate resilience in the annual LG PE (DLIs 4 and 5).
23. **The closing date of the PP (including PforR and IPF credits) will be extended to December 31, 2026, to run concurrently with the AF.** This allows: (i) disbursement of undisbursed PforR funds, and (ii) implementation of IPF activities until Program closure, disbursing existing IPF balances of US\$1.86 million equivalent for IDA and US\$4.27 million equivalent for AFD. The IPF will be implemented and reported on under the existing PP mechanism.
24. **The Results Framework is revised and updated** to reflect achievements and lessons under the PP, and to accommodate the focus of the AF on climate resilience and management. (Details in Section IX).
25. **The Program Action Plan is revised and updated** to reflect achievements and lessons under the PP, and to accommodate the AF’s focus on climate resilience and management. (Details in Annex 5).
26. **The Program Scope is revised to incorporate new climate requirements into State and LG level reforms, LG performance, and LG capacity building, supported by five DLIs.** Alongside continued support to fiscal reforms of LG investments and operating budgets, started under the PP, the AF expands the program scope to support the GoS’ climate reforms. The AF will thus support three reforms: (i) the existing fiscal reform of the FDD; (ii) a new reform of the FECT for future LG climate-resilient investments; and (iii) a new climate reform on LG standards to implement Senegal’s NDC.²⁶ The program scope is also expanded to incorporate climate resilience into the LG PE and capacity building activities.²⁷

Financing Data

27. **Overall Program financing amounts and sources** for the original PP and the AF are illustrated in Table 4. In addition, the original operation includes IPF component in the amount of US\$14 million.

Table 4: Program Financing (excluding IPF)

Financing Source	Original Program US\$ million	AF Program US\$ million	Total US\$ million
BORROWER/RECIPIENT	60	27	87
IBRD/IDA	103	50	153
OTHER: AFD	83	33	116
TOTAL	246	110	356

²⁵ Although the Directorate for Environment and Classified Establishments (*Direction de l’Environnement et des Etablissements Classés*, DEEC) has already been directly involved in PACASEN implementation, it was split in March 2024 into two separate directorates, i.e., the Directorate for Environmental Regulation and Control (*Direction de la Réglementation Environnementale et du Contrôle*, DREC) and DCCTEFV.

²⁶ Respective reforms are supported by DLIs 1 and 8.

²⁷ These are supported by DLIs 4, 5, and 10.



IV. APPRAISAL SUMMARY

A. Technical

28. **AF activities draw on extensive discussions with the GoS on both continued fiscal reforms and proposed climate reforms, including climate-focused LG PE and capacity building.** The AF design and activities were validated through technical discussions with PACASEN stakeholders in the three lead Ministries - Ministry of Urbanism, LGs, and Territorial Planning (*Ministère de l'Urbanisme, des Collectivités Territoriales, et de l'Aménagement des Territoires* or MUCTAT), Ministry of Finance and Budget (MFB) and METE; the Court of Auditors (*Cour des Comptes*, CdC); the Association of Mayors (*Association des Maires*, AMS); and other entities. Climate requirements are incorporated at three levels: (i) reforms (two fiscal and one climate reform); (ii) LG performance enhancement; and (iii) LG capacity building.

29. **Strategic Relevance.** The AF is deemed strategically relevant as it consolidates and deepens the PP focus on (i) strengthening LG capacity to support basic service delivery across the territory, and (ii) the need to crowd-in resources and capacity to close critical infrastructure gaps and drive socio-economic development in urban centers, while promoting reforms and implementation of CC-related policy, budgeting and planning at LG level. The AF contributes to GoS' Emerging Senegal Plan 2014-2035 (PSE) by (i) increasing and better orienting LG financing to enable LGs to respond more effectively to improving livelihoods of local populations; (ii) providing additional resources to Urban LGs for infrastructure investments; and (iii) strengthening LG capacity for resource management, planning and budgeting, based on CC considerations to promote local development. National reform efforts to consolidate institutional coordination, advance local taxation reform and create foundations for well-trained and capable local public administrations will further advance the necessary conditions for effective fiscal and administrative decentralization in Senegal. The AF will complement the significant progress made in recent decades on political decentralization and consolidate the social contract between local populations and locally elected governments by empowering LGs to better respond to local development challenges, including climate-related challenges.

30. **Technical soundness.** The AF is considered technically sound, responding to the needs of both national and local actors, while building on the lessons learned under the PP and integrating lessons on the orientation and phasing of decentralized service delivery from successful examples in the region. The LG PE system has demonstrated its potential and shown results under the PP, creating demand for continued support. Piloting of incentive and institutional support mechanisms in the 124 urban LGs has served as an effective strategy to demonstrate the positive impacts of reform and to support sustained reform momentum over the longer term. The Program combines increased LG financing with well-tested local PFM processes that align with national financial management (FM) processes and enable inclusive multi-year planning of strategic infrastructure investments. Current challenges with measuring LG expenditures²⁸ are addressed through the AF with (i) a revised MMC in the LG PE, where each LG is required to link its AIPs and Multi-year Investment Plan to its annual budget, thus committing LGs to realistic budgeting, programming and effective realization of its actual financial plans; (ii) using the Integrated PFM database 'GFILOC' to calculate AIP implementation and expenditures by comparing LG budget realization with its AIP; and (iii) additional efforts for LG coaching and training in PFM. The AF also continues the effective interventions on CE and transparency. In addition, the AF introduces new initiatives to: (i) institutionalize and implement the national climate agenda at the local level, based on best regional and international practices adjusted to the Senegal context; (ii) advance the role of women in CC management; and (iii) integrate CC in the annual LG PE. The AF also continues reform efforts related to the intergovernmental fiscal framework, including introducing more flexibility in the grant system based on best regional practices.

²⁸ As current FECT regulations do not allow for targeted LG expenditures, the LG expenditure side is not the focus of the AF.



31. **Paris alignment.** The AF is aligned with the goals of the Paris Agreement on both climate mitigation and adaptation. AF activities are consistent with Senegal’s 2017 NDC, the 2004 NAP, and existing LG CAPs, described in paragraph 3. The AF supports GoS in: (i) developing LG-level regulatory standards for NDC implementation, currently unavailable;²⁹ (ii) developing a financing mechanism to introduce future conditional grants in the existing intergovernmental transfer system dedicated to CC, allowing future financing of LG climate-resilient investments; (iii) strengthening LG capacities on CC; and (iv) assisting LGs with developing CRVS and CAPs.

(a) Assessment and reduction of mitigation risks. The AF is not at material risk of having a negative impact on Senegal’s low-Greenhouse Gas (GHG) emissions development pathways or leading to carbon lock-in. All AF-financed activities are either on the universally aligned list or low risk. Universally aligned activities include capacity strengthening of LGs on CC and development of LG standards for NDC implementation, under the category of economic services. The development of CC-related studies and plans (e.g., CRVS, CAPs) and a financing mechanism to introduce future conditional grants within the existing intergovernmental transfer system dedicated to climate resilience, allowing future financing of LG climate-resilient investments, are considered low-risk. Therefore, mitigation risks are considered low.

(b) Assessment and reduction of adaptation risks. There are no risks from climate hazards that have a material impact on the AF and its PDO. The AF will strengthen LG capacity on CC, enabling climate-informed and climate-focused planning and investments, thus building local climate resilience. Any local climate risks will be considered and addressed in the CRVS and CAPs.

32. **Institutional Arrangements** for the proposed AF are considered appropriate and adequate, building on the PP structures. Under the AF, the METE has a stronger role given the increased focus on climate resilience and management.

33. **The Expenditure Framework (EF)** for AF consists of a total of IDA US\$110 million through eight DLIs. The PforR-financed results areas will be appropriately embedded in the budget and expenditure management processes of both national and local governments. The Program EF primarily includes the conditional transfers made by the state to LGs. In the state budget those transfers are recorded under the GoS program 2087, “Local Development Financing Under Title 6 on Capital Transfers” (see Table 5). Conditional transfers will be used towards capital investments and maintenance costs, enhancing data access, IT hardware and software development, training and capacity building, and essential salary and operational costs for implementing agencies. It also includes expenses related to development of a framework for financing and execution of climate-resilient investments. To establish a sustainable resilient approach for the GoS, the AF aims to strengthen human resource capacities to ultimately become reform champions in the long run. Through a Memorandum of Understanding (MoU) with Treasury, GoS will commit to keeping payment delays within an agreed timeframe to ensure timely disbursement of funds from the Special Account (SA). Program allocations will be incorporated into the MUCTAT budget as appropriated by the National Assembly. The bulk of resources will be allocated to selected LGs in the form of conditional capital grants. These grants will be reflected in the FECT annual budget and will be transferred from the SA in the National Treasury to the participating LGs. The capital grants will be reflected in the annual budgets of the LGs that qualify for these allocations under the Program. AF-financed LG investments do not need to be completed by the program’s end as LG investments are not linked to a DLI (see details in Annex 3).

²⁹ LG standards for NDC implementation will draw on Paris Alignment Sector Notes
<https://worldbankgroup.sharepoint.com/sites/parali/SitePages/PublishingPages/Sectors.aspx>



Table 5. Program Expenditure Framework

Government program	Results Area	PARENT PROGRAM (US\$ million)			AF PROGRAM (US\$ million)		
		IDA	AFD	GOV	IDA	AFD	GOV
2087-LOCAL DEVELOPMENT FINANCING- 6- \$465	Results areas 1: Improve local government financing	30	24	60	12.5	8.25	27
	Results Area 2: Enhance the performance of selected LGs in managing public investments	73	59		37.5	24.8	
			103	83	60	50	33
	TOTAL FINANCING	246			110		

34. **Economic Analysis.** An ex-ante economic analysis was not carried out at AF appraisal as the Program is process oriented with benefits accruing by achieving DLI targets. Most DLIs under the PP are on target. Although most of the 124 selected LGs are receiving transfers from the central government following fulfillment of performance criteria, the LG expenditure levels remain low with funds often sitting idle for two main reasons: (i) delays in finalizing planned investment feasibility studies; or (ii) LGs waiting to accumulate enough funds from successive transfers to secure the full budget to execute prioritized planned investments. Idle LG funds are not efficient given that, on the one hand, the opportunity cost of capital is preventing LGs to pursue the next best alternative; and on the other hand, delays in LG expenditures are preventing a trickledown effect that will benefit the communities, and notably the poor and women, in terms of growth and new jobs. The AF is addressing these bottlenecks by further emphasizing that these transfers are fungible locally and can therefore be quickly disbursed across different LG priorities and projects. These efficiency gains will be possible to quantify thanks to the new Integrated PFM System (GFILOC) that will enable monitoring of funding flow and timely disbursement of local funds for priority planned investments.

35. **Lessons learned** have been considered from the PP, various analyses conducted in 2023 (including the evaluation of the PP), and from review of relevant comparator operations, including the Burkina Faso Local Governance for Basic Services and Resilience Program (P177875),³⁰ and the Morocco Municipal Performance Program (P168147). Key lessons include: (i) establishing consistent and capable technical management teams to oversee the program contributing to results; (ii) importance of integrating PforR systems into overall Government budgeting frameworks to ensure sustainability of programs and activities; (iii) targeting of a limited but specialized set of actors to drive new reforms, e.g., in the case of climate resilience and management; (iv) integrating learning by doing as an integral part of performance evaluation; and (v) ensuring the connection between performance and rewards in a transparent and predictable manner.

36. **Sustainability.** At the institutional level, the PP’s support of legal and regulatory reforms, including institutional mandates of GoS entities, intergovernmental transfers, and local taxes, will continue under the AF. By focusing on reforms of the regulatory framework (i.e., laws, decrees, *arrêtés*), the Program’s institutionalization efforts will remain after program closure. At the LG level, training, and capacity building of local actors under the Program, plus restructuring the FDD with the possibility of incorporating resources for personnel within eligible LGs, will help limit negative impacts of staff turnover. The Program seeks to ensure the sustainability of infrastructure financed via conditional capital grants through (i) FECT restructuring to allow project financing that can include financing needs for maintenance; and (ii) PIs under the annual LG PE to incentivize planning and budgeting of maintenance costs for infrastructure investments.

³⁰ The Burkina Faso Local Governance for Basic Services and Resilience Program introduced into its LG performance-based grant, a performance indicator related to climate resilience measures taken by LGs, similarly to that proposed by in AF.



B. Fiduciary

37. **A Fiduciary System Assessment (FSA) was conducted with the Project coordination unit ADM³¹ and implementing agencies involved in the Program³²** consistent with World Bank Policy, Directive and FSA Guidance Note for Program-for-Results Financing. The FSA objective was to conclude whether the Program fiduciary systems under the AF provide reasonable assurance that the financing proceeds will be used for the intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability. The FSA scope is based on the existing Program boundary and the EF. The PDO remains unchanged.

38. **Reasonable assurance:** The FSA concluded that the FM, Procurement and Governance systems capacity and performance continues to be adequate and provide reasonable assurance that funds will be used for intended purposes with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability.

39. **Risk assessment: The overall fiduciary risk of the AF program is Substantial.** For FM, key risks identified include: (i) staffing constraints both in numbers and capacity (e.g., CdC, Internal Inspectorate of the MUCTAT); (ii) no link between the LGs' three-year investment plan, AIPs and budgets to allow for proper local investment planning; and (iii) delays in auditing LG administrative accounts, due to the lack of interface between the LG PFM system, GFILOC, and the CdC's audit system, external audit software of the CdC. The audit process could be accelerated and made more efficient through such an interface. The evaluation also identified that supporting documents for all transactions carried out in GFILOC should be digitalized to benefit all users and make their tasks more efficient. The internal audit program of the Internal Inspectorate of the MUCTAT is not based on identified risks. An LG risk matrix has not yet been developed.

40. **The National Procurement Decree of 2022 is still applicable to all LGs - all of whom have an approved annual procurement plan published in the public procurement portal.** However, the updated FSA³³ shows that the LG procurement system can be improved. There are delays in planning activities even though information on the FECT Performance allocation is available in July of year N-1. Hence, LGs need to better plan and start procurement activities from the beginning of year N. Capacity issues and mobility of procurement unit agents remain a challenge; capacity building, training, and coaching should thus be continued with the Public Procurement Regulatory Authority (*Autorité de Régulation de la Commande Publics*, ARCOP), the General Directorate of Procurement (*Direction Centrale des Marchés Publics*, DCMP) and ARDs to ensure consistent and comprehensive capacity support on all relevant topics. The number of LGs to be audited regularly is expected to increase since ARCOP will contract private audit firms. Finally, the ARCOP audit report shows that audit procedures for 16 LGs need to be addressed, e.g., through digital mechanisms to manage risks of fraud and corruption.

41. **Fraud and corruption.** For the PP it was recommended to strengthen LG capacities to manage grievances and set up a regional grievance management system closer to LGs. As this has not yet been fully achieved, the AF will continue to support this under its Program Action Plan. The Program will continue to comply with the World Bank "Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing," dated February 1, 2012, and revised July 10, 2015.

42. **The following mitigation measures are included in updated Program Action Plans and restructured DLIs, i.e.,** (i) customize GFILOC to include LGs' AIP and three-year investment plans, and ensure a link with LG budgets; (ii) enhance

³¹ Implementing Entity of PACASEN (*Agence de Développement Municipal*)

³² Participation in the FSA was extended to the METE and its auxiliary entity, the DCCTEFV.

³³ FSA addendum is disclosed on the World Bank website: https://documents.worldbank.org/en/publication/documents-reports/documentlist?keyword_select=allwords&srt=score&order=desc&qterm=P181537&lang_exact=



the capacity of the Internal Inspectorate of MUCTAT and the CdC through additional training and financial support for their key activities; (iii) develop an LG risks matrix; (iv) create an interface between GFILOC and the external audit software of the CdC; (v) sensitize LGs and strengthen their capacities to undertake procurement effectively (e.g., procurement plan preparation, advanced launch of activities, etc.) and sign contracts with available funds in March of each year; (vi) recruit technically skilled staff adapted to LG activities (e.g. a civil engineer to respect the decree of January 8, 2020 on the standard LG organization chart identifying key staff to be recruited); (vii) involve the DCMP as participant and essential trainer during sessions organized by training centers, given DCMP's mandate and expertise; (viii) update the DCMP-ADM protocol to facilitate implementation; (ix) strengthen capacity of DCMP staff decentralization regulations to help the staff play their role of control; (x) update the ARCOP-ADM protocol to increase the number of audited LGs and training sessions; (xi) help LGs create an archiving system for the procurement process and contract execution; (xii) support LGs in defining their own strategy tailored to their focus of intervention; e.g., for LGs using MOD services, ensure that the terms of agreement provide for skill transfers and capacity building for municipal agents; and (xiii) set up official digital mechanisms to manage risks of fraud and corruption e.g. such as the systems implemented as part of the OFFLOCC³⁴.

C. Environment and Social Management

43. **The Environmental and Social Systems Assessment (ESSA)** evaluates the Program's potential environmental and social risks and impacts in its area of influence, examines alternatives and identifies ways of mitigating and managing adverse environmental and social impacts throughout Program implementation. The AF Program will exclude any activities that are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and the population. Key environmental and social requirements under PACASEN are included in Annex 4.

D. Waivers of Bank policies, or changes to the risk profile of the operation

44. No waivers of Bank policies are required. Changes to the risk profile are explained in section V. Key Risks.

E. Changes to implementation arrangements and appraisal thereof

45. Existing implementation arrangements of the PP are maintained, strengthened, and expanded to formally include the METE with its auxiliary entity of the DCCTEFV, which has the required in-house skills and human resources to accomplish the assigned tasks under the AF (see paragraph 22). MoUs³⁵ between the implementing entity and the PACASEN stakeholder structures have been revised to: (i) extend the agreements for the AF duration, (ii) integrate CC aspects, and (iii) revisit and recalibrate PACASEN stakeholders to ensure focus on the structures that support AF program implementation. Implementation arrangements for co-financing from AFD are retained as per the PP. The oversight and coordination systems established with the GoS under the PP continue under the AF.

F. Corporate requirements

46. **Climate Change.** Regarding CC, the AF's intent is to support Senegal's CC-related fiscal and climate reforms and its new climate focus in LG PE and LG capacity building, with five out of a total of eight DLIs under the AF directly financing

³⁴ OFFLOCC refers to the "Local Citizen Offensive for the Prevention and Fight against Corruption and Tax Evasion" (*Projet Offensive Local Citoyenne*), financed by the EU and implemented by Enda ECOPOP.

³⁵ MoUs delineate each structures' contribution to program implementation, measured by annual performance indicators and remunerated with annual performance-based grant allocations.



CC-related activities.³⁶ First, DLI 8 finances the creation of standards for LGs on NDC implementation at the LG level; this will close the current operational gap of unclear roles and responsibilities of LGs in implementing Senegal's NDC and strengthen LG mandates and relevance regarding CC adaptation. Specifically, the AF finances the development and rollout of standardized LG climate planning and budgeting standards that will (i) benefit all 601 LGs in Senegal, and (ii) standardize country-wide LGs' CRVS and CAPs, that LGs will produce using the AF-financed NDC guidelines for LGs. Second, to support LGs, DLI 10 finances LG capacity strengthening on CC and climate resilience, including on the new NDC LG guidelines, on the CRVS and CAPs, and via one third of all coaching focused on CC in 2025, increasing to two-thirds in 2026.³⁷ Third, DLIs 4 and 5 add CC requirements into the program's annual LG PE³⁸ to enhance LG performance in managing local public investments that are tailored to climate adaptation and mitigation: DLI 4 adds a new MMC which requires LGs to inscribe capacity building actions on CC into its annual capacity building plan and DLI 5 adds a new PI, with respect to existing LG safeguards focal point expanding his/her responsibilities as the LG's CC focal point. Finally, DLI 1 finances the reform of the 2018 FECT decree by: (i) changing the selection criteria to allow financing of future LG climate-resilient investments across all four FECT windows; (ii) using the FECT performance focus on climate resilience (via DLIs 4 and 5); (iii) creating a new financing mechanism under the FECT Special window to introduce conditional grants within the existing intergovernmental transfer system dedicated to future project financing of LG climate-resilient investments; and (iv) enabling two other FECT windows to consider climate resilience,³⁹ which will further incentivize climate action at the LG level.

47. **Gender.** *Gap analysis:* Senegal is among the countries with a relatively high level of female political participation in Africa and the world, e.g., 43.3 percent of women are represented in Parliament.⁴⁰ Nevertheless, lower levels of education reduce the ability of many women and girls to access information, and make their voices heard.⁴¹ As the climate agenda is relatively new for Senegal, it is key to ensure the full participation and leadership of women in policies and programs related to climate resilience. *Actions:* The AF aims to strengthen women's voice and agency in the national level development of LG climate standards to deploy Senegal's NDC at the LG level (DLI 8) to render these standards gender-responsive, given that these will guide LGs in their preparation of (i) CRVS, CAPs and (ii) future LG investments that are expected to provide safe and equal access for girls, boys, women and men to climate resilient local schools, or health care centers, etc. The AF will provide capacity building for women on CC and local governance to enhance their technical knowledge and decision-making skills, and thus prepare them for their leadership in the national-level development of the LG climate standards. The ministry designated a minimum of 33 percent of women to lead the development of the LG standards, to be selected among those who received capacity building support under the AF; with more women leading this LG standard development, women's concerns and priorities regarding climate resilient LG investments will be more effectively and comprehensively reflected, while the scope and quality of LG's preparation of future climate investments is expected to be more gender-response. Finally, as the AF-financed LG standards will become part of Senegal's climate regulation and country system, the AF's gender impacts will reach beyond the AF's

³⁶ Out of the AF's total 8 DLIs, three DLIs (DLIs 2, 6, 9) do not finance CC-related activities. The PP's DLIs 3 and 7 are discontinued under the AF.

³⁷ For 2025, DLI 10 finances 1/3 of its LG capacity building focused on CC, and all of its coaching focused on CRVS/ CAPs. Hence CC financing is US\$2.5 million (i.e., DLR 1.7a: US\$0.625 million (33 percent of US\$1.875 million) + DLR 1.7b: US\$1.875 million (100 percent)). For 2026, DLI 10 finances 2/3 of its LG capacity building focused on CC, and all of its coaching focused on CRVS/ CAPs. Hence CC financing is US\$3.1125 (i.e. DLR 1.8a: US\$1.2375 million (66 percent of US\$1.875 million) + DLR 1.8b: US\$1.875 million (100 percent)). Hence, total DLI 10 CC financing is US\$5.613 million.

³⁸ For DLI 4, one new MMC will be added, increasing the total number of MMCs from 6 to 7. For DLI 5, one new one PI will be added, increasing the total number of PIs from 10 to 11. Hence, DLI 4 & 5 CC financing is US\$1.75 M (i.e., DLI 4: US\$1,071,429 + DLI 5: US\$681,818).

³⁹ A CC focus is confirmed for FECT Special & Performance and envisaged for FECT Global & Intercommunal. Hence, DLI 1 CC financing is US\$3.5 million.

⁴⁰ <https://www.idea.int/news/senegal-leads-womens-political-participation>

⁴¹ Senegal has a Gender Inequality Index score of 0.521, slightly above the average for Sub-Saharan Africa. Illiteracy rates are 34 percent for men and 60 percent for women. More women than men tend to work in the informal sector, e.g., domestic services, street vending, home-based work, or waste picking, providing women with low pay and insecure conditions.



beneficiaries and program duration. *Measurement*: The proposed indicator is 'Women in leadership position at national level regarding the development of the LG-level NDC standards' (baseline: 0%; target 33%).

48. **Citizen Engagement.** The PP supported a series of CE workshops to develop action plans to further enhance CE. Specifically, seven (out of 14 regions in total) already have developed CE action plans that guide community activities to strengthen LG accountability and transparency. As the AF adds a focus on climate resilience, the existing seven CE action plans will be revised accordingly. A second CE workshop is envisaged to develop CE action plans for the remaining seven regions, for which climate-resilient actions will be integrated from the start.

V. KEY RISKS

49. **The Overall Risk Rating is Moderate,** with 7 out of 9 SORT risk ratings rated Moderate. Environmental and Social risk rating was changed from Substantial to Moderate due to implementation of the environmental and social audit recommendations in line with national regulations, stakeholder training sessions, and recruitment of a safeguard expert. The technical Design risk is changed from Low to Substantial, given the introduction of new CC policy actions that are new for PACASEN, and the existing challenges related to measuring LG budget execution. Fiduciary risk is changed from Moderate to Substantial due to: (i) staffing constraints in the CdC and MUCTAT; (ii) challenges with LG investment planning; and (ii) delays in auditing LG administrative accounts due to an absent interface between the LGs' PFM system GFILOC and the CdC's audit system external audit software of the court of auditors. The AF mitigates these risks by: (a) adding the technical leadership of the competent CC department in the METE to lead and oversee work on CC modules and policy development; (b) adaptation of accounting rules to multi-year investment contracts; (c) formal linkages between LG three-year investment plans, AIPs and budgets; and (d) advancing the draft law on the non-mandatory use of an MOD, with a separate MFB-issued public notification (circulaire), and additional awareness-raising of LGs on the fungibility of PforR funds with LGs' other municipal budget resources, and on the roles and responsibilities of LGs and the MoD. Following the March 2024 change of the GoS administration, there may be minor adjustments in policy direction, but no major change is expected on policy reforms. This risk is mitigated through close consultations with and support to the new administration, including on decentralization.

VI. WORLD BANK GRIEVANCE REDRESS

50. **Grievance Redress.** Communities and individuals who believe that they are adversely affected as a result of a World Bank supported PforR operation, as defined by the applicable policy and procedures, may submit complaints to the existing program grievance mechanism or the World Bank's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address pertinent concerns. Project affected communities and individuals may submit their complaint to the World Bank's independent Accountability Mechanism (AM). The AM houses the Inspection Panel, which determines whether harm occurred, or could occur, as a result of World Bank non-compliance with its policies and procedures, and the Dispute Resolution Service, which provides communities and borrowers with the opportunity to address complaints through dispute resolution. Complaints may be submitted at any time after concerns have been brought directly to the Bank's attention, and World Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's GRS, please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank's AM, please visit <https://accountability.worldbank.org>.



VII. SUMMARY TABLE OF CHANGES

	Changed	Not Changed
Change in Program Scope	✓	
Change in Results Framework	✓	
Change in Loan Closing Date(s)	✓	
Change in Program Action Plan	✓	
Change in Implementing Agency		✓
Change in Project's Development Objectives		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Change in Disbursements Arrangements		✓
Change in Safeguard Policies Triggered		✓
Change of EA category (IPF Component)		✓
Change in Legal Covenants		✓
Change in Technical Method		✓
Change in Fiduciary		✓
Change in Environmental and Social Aspects		✓

VIII. DETAILED CHANGE(S)

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Current Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
COFN-C1630	Closed	30-Jul-2023	30-Jul-2023	31-Dec-2026	30-Jun-2027
COFN-C1640	Closed	30-Jul-2023	30-Jul-2023	31-Dec-2026	30-Jun-2027



IDA-61790	Effective	30-Jul-2023	31-Dec-2024	31-Dec-2026	30-Jun-2027
IDA-61800	Effective	30-Jul-2023	31-Dec-2024	31-Dec-2026	30-Jun-2027



IX. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Senegal

AF for Municipal and Agglomerations Support Program

Program Development Objective(s)

The Program and Project Development Objectives (PDO) are to: (i) improve local government financing; and (ii) enhance the performance of participating urban local governments in managing public investments.

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	DLI	Baseline	Intermediate Targets	End Target
			1	
Improve local government financing				
Modalities for repartition of State transfers FECT/ FDD to LGs for investment/ recurrent spending & repartition of LVATF reformed and applied in timely resource transfer to LGs (Text)		Modalities for repartition of State transfers to LGs for recurrent as well as investment spending & for repartition of LVATF reformed and applied in timely transfer of resources to LGs not in place	DLR 1.7a: Promulgated decree on allocation criteria for FDD by December 31, 2025 DLR 1.7b: Allocations from FECT and FDD according to current decrees transmitted on time	DLR 1.8a: Decree reforming the FECT Special window, integrating a mechanism to finance projects to combat CC effects DLR 1.8b: Allocations from FECT and FDD according to current decrees transmitted on time.
Action: This indicator has been Revised	Rationale: Annual and end targets are revised under AF for DLI 1			



Indicator Name	DLI	Baseline	Intermediate Targets	End Target
			1	
State-financed intergovernmental capital and recurrent grants (FECT and FDD) to LGs (amount in billion of FCFA) (Number)		42.00	93.00	98.00
Action: This indicator has been Revised	Rationale: Annual and end targets are revised under AF for DLI 2			
Increase in local taxation revenues in the Principle Urban Center LGs (Percentage)		0.00		40.00
Enhance the performance of participating urban local governments in managing public investments (Action: This Objective has been Revised)				
Urban LGs that satisfied the annual Minimum Mandatory Conditions (MMC) (Percentage)		0.00	70.00	80.00
Action: This indicator has been Revised	Rationale: Annual and end targets are revised under the AF for DLI 4. Select MMCs are revised to reflect the improved performance of LGs, and 1 new MMC on CC is added (LG inscribed capacity building actions on CC into its annual capacity building plan), increasing the total number of MMCs to 7 under the AF.			
Principal Urban Center LGs that have executed their annual investment plans (AIPs) on schedule in terms of expenditures (Percentage)		0.00	30.00	50.00
Action: This indicator has been Revised	Rationale: Annual and end targets are revised under AF for DLI 6.			
Deployment of the National Determined Contribution (NDC) at the LG level (Text)	null 8	No LG standards on implementation of Senegal's NDC at LG level	DLR 8.7: Standards for LGs to deploy NDC at LG level developed, and adopted by interministerial arrêté before June 30, 2025	DLR 8.8a: 30% of 124 PACASEN LGs have adopted a climate action plan (CAP) in line with the LGs' NDC standards specified in interministerial arrêté.



Indicator Name	DLI	Baseline	Intermediate Targets	End Target
			1	
				DLR 8.8.b: 50% of 124 PACASEN LGs have validated a climate risk vulnerability study (CRVS) in line with the LGs' NDC standards specified in interministerial arrêté.
<i>Action: This indicator is New</i>		<p>Rationale: <i>No specific standards for LGs have been developed that guide them on their roles and responsibilities in implementing Senegal's NDC. Given LG mandates and their relevance in CC adaptation, the missing LG guidelines on NDC implementation are an important operational gap. The AF will address this gap by financing the development of standardized LG climate planning and budgeting standards, that will guide all 601 LGs in Senegal on how to implement the NDC at the LG level, including through the systematization of Climate Risk Vulnerability Studies (CRVSs), and subsequent Climate Action Plans (CAPs), as these will be based on the new LG climate standards.</i></p>		

Intermediate Results Indicators by Results Areas

Indicator Name	DLI	Baseline	Intermediate Targets	End Target
			1	
Enhancing the Financial Viability of Local Governments (Action: This Result Area has been Revised)				
1.1: Functional review of the Intergovernmental Transfer System (Text)		No review of intergovernmental transfer system	Development of a Strategy for the sustainability of the resource allocation system	Roll-out of Strategy for the sustainability of the resource allocation system, based on the review of intergovernmental transfer system
<i>Action: This indicator has been Revised</i>		<p>Rationale: <i>Strategy for the consolidation of intergovernmental transfer systems in Senegal not yet developed</i></p>		



Indicator Name	DLI	Baseline	Intermediate Targets	End Target
			1	
1.2: Urban LGs with a functioning Local Fiscal Commission (Number)		1.00		115.00
1.3: Reduction in time taken for payment of investment expenditures from the Program Special Account (Days)		5.00		2.00
1.2 Local property tax assessments in the Principal Urban Center LGs (Percentage)	null 9	39.00	44.00	49.00
Action: This indicator is New	Rationale: New DLI 9, with a focus on property tax assessments (distinguished into built/ unbuilt and commercial/ domestic)			
Enhancing the Performance of Selected Local Governments in Managing Public Investments (Action: This Result Area has been Revised)				
2.1 Urban LGs having received at least 3 training modules (including 1 CC module) identified in their annual capacity development plans (Number)		0.00	95.00	100.00
Action: This indicator has been Revised	Rationale: Revised to integrate climate resilience into LG capacity building.			
2.2: Proportion of Urban LGs that received at least 80 percent of the Territorial Coaching support identified in their Annual Capacity Building Plans (Percentage)		0.00		95.00
2.2: Information on fiscal transfers and LG performance in year N-1 is publicly accessible by March 31 in year N (Yes/No)		No	Yes	Yes
Action: This indicator has been Revised	Rationale: Annual and end targets are revised under AF			



Indicator Name	DLI	Baseline	Intermediate Targets	End Target
			1	
2.3: Principal Urban Center LGs that satisfied the annual Performance Indicators (PIs) (Percentage)		0.00	60.00	70.00
Action: This indicator has been Revised	Rationale: <i>Annual and end targets are revised under AF for DLI 5, plus a new Performance Indicator is added with respect to existing LG safeguards focal point expanding his/her responsibilities as the LG's CC focal point</i>			
2.4 Women at national level in leadership position developing the LG standards to deploy the National Determined Contribution (NDC) at the LG level (Percentage)		0.00	33.00	33.00
Action: This indicator is New	Rationale: <i>The AF aims to strengthen women's voice and agency in NDC climate standards for all 601 LGs in Senegal (DLI 8), i.e. the AF will provide capacity building for women on CC, decentralization/ LG governance and gender-informed LG investments, and promote women's active participation in leadership positions for the development of the national-level LG standards to implement the NDC at local level. The AF actions will help ensure that women's concerns and priorities inform and are directly reflected in (i) the LGs' CRVS and CAPs, and (ii) the LGs' standards for NDC implementation, which will be adopted by Inter-ministerial Order, and will be institutionalized into Senegal's country systems, thus benefiting all 601 Senegalese LGs.</i>			
2.5 Urban LGs that received a minimum of coaching, incl on climate change, identified in their Annual Capacity Building Plans (Percentage) (Text)		No climate change capacity building for LGs	DLR 10.7.a: 85% of 124 PACASEN LGs have received at least 80% of their coaching which includes one-third of coaching interventions relating to CC DLR 10.7.b: 50% of 124 PACASEN LGs have benefited from coaching dedicated to the development of CRVS and CAP	DLR 10.8.a: 90% of 124 PACASEN CTs have received at least 100% of their coaching which includes two-thirds coaching interventions relating to CC DLR 10.8.b: 70% of 124 PACASEN CTs have benefited from capacity building on the development of CRVS and CAP.



Indicator Name	DLI	Baseline	Intermediate Targets	End Target
			1	
<i>Action: This indicator is New</i>	<i>Rationale: New DLI 10, adding climate aspects to LG capacity building under the AF.</i>			

Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Modalities for repartition of State transfers FECT/ FDD to LGs for investment/ recurrent spending & repartition of LVATF reformed and applied in timely resource transfer to LGs	Modalities for repartition of State transfers to LGs for recurrent and investment spending & for repartition of LVATF reformed and applied in timely transfer of resources to LGs. This indicator is DLI 1, which is partially delayed due to the pending FDD reform.	Annual	MUCTAT; MFB	Publication of Decrees in the Official Gazette. Annual Interministerial Orders (Arrêté) on FECT and FDD allocations to LGs. Annual inscription in National Budget. Receipt of transfer to LGs.	MUCTAT; MFB
State-financed intergovernmental capital and recurrent grants (FECT and FDD) to LGs (amount in billion of FCFA)	State-financed intergovernmental capital and recurrent grants (FECT and FDD) to LGs (amount in billion of FCFA)	Annual	Audited National Budget Execution Report;	Annual national budget. FECT and FDD allocations inscribed in annual national budget	CNDCT; MFB



	This indicator is DLI 2, which is on track.		CNDCT Annual Report		
Increase in local taxation revenues in the Principle Urban Center LGs	<p>Year 1 Target: “Baseline established:” was declared achieved by the Government</p> <p>Year 2 Target: 10 %. Target achieved with 13% after data collection.</p> <p>Year 3 target: 20%: Target not achieved with 14.88%</p> <p>Year 4 target: 30%: Target not achieved with 23,87%</p> <p>Year 5 target: 40%: Realization throughout 2023; target can be assessed in Spring 2024. As this is an annual result, there are no changes in Actuals between the last and this ISR.</p>	Annual	Audited Accounts of selected LGs; Independent verification report		ADM; MFB; Court of Auditors
Urban LGs that satisfied the annual Minimum Mandatory Conditions (MMC)	Urban LGs that satisfied the annual Minimum Mandatory Conditions	Annual	Court of Auditors; ADM;	annual LG Performance Assessment.	Court of Auditors, DCT in MUCTAT



	(MMC) This indicator is DLI 4, which continues to exceed its annual targets.		MUCTAT (DCT)		
Principal Urban Center LGs that have executed their annual investment plans (AIPs) on schedule in terms of expenditures	Principal Urban Center LGs that reached the required execution rate of their Annual Investment Plans in terms of expenditures disbursed. This indicator is DLI 6, where disbursement is delayed.	Annual	MFB, MUCTAT , ADM/ARDs	AIP/GFILOC	MFB, MUCTAT, ADM/ARDs
Deployment of the National Determined Contribution (NDC) at the LG level	Deployment of the National Determined Contribution (NDC) at the LG level. This is the new DLI 8.	Annual	METE/ Directorate for Change, Ecological Transition and Green Finance (DCCTEFV).	Promulgated interministerial arrêté published in official gazette. Municipal council decisions on adopted CPAs, technically validated by CCETGFD as per interministerial arrêté. Evidence of CRVS formally validated by president of municipal council, technically validated by DCCTEFV, as per interministerial arrêté	METE/ Directorate for Change, Ecological Transition and Green Finance (DCCTEFV).



Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
1.1: Functional review of the Intergovernmental Transfer System	Functional review of the Intergovernmental Transfer System	Annual	Report prepared by DCT (MUCTAT) and approved by CNDCT	Report prepared by DCT (MUCTAT)	MUCTAT (DCT)
1.2: Urban LGs with a functioning Local Fiscal Commission	<p>This is DLI 3, which is on track.</p> <p>Year 1 target: "1 functioning Local Fiscal Commission", was achieved, DLR 3.1. was disbursed</p> <p>Year 2 target: "20 functioning Local Fiscal Commissions" was declared achieved by GoS, verified by the IVA as 95% achieved with 19 functional Local Fiscal Commissions. A prorated amount was</p>	Annual	DGID report; Independent verification report		ADM; MEFP; Court of Auditors



	<p>disbursed under DLR 3.2.</p> <p>Year 3 target: "40 functioning Local Fiscal Commissions" was declared achieved by GoS and verified by the IVA with 53 functioning Local Fiscal Commissions. DLR 3.3 was fully disbursed as target was exceeded.</p> <p>Year 4 target: "80 functioning Local Fiscal Commissions" was declared achieved by GoS and verified by the IVA with 107 functioning Local Fiscal Commissions. DLR 3.4 was fully disbursed with target exceeded</p> <p>Year 5 target: "115 functioning Local Fiscal Commissions": During the mission, GoS presented results of DLR 3.5 as achieved with 123 functional local fiscal commissions; if verified by</p>				
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	<p>the IVA, DLR 3.5 could be fully disbursed in early 2024, which will be reported in the next ISR. Hence, this ISR reports on the previous target, as DLR 3.5 results and verification are not yet due.</p>				
<p>1.3: Reduction in time taken for payment of investment expenditures from the Program Special Account</p>	<p>Baseline: 5 days</p> <p>Year 1 target "5 days": was achieved (2019 baseline)</p> <p>Year 2 target "3 days": GoS declared target as achieved for 2020, with MFB referencing current practice as "3 days" for PACASEN</p> <p>Year 3 target "3 days": MFB and local treasury offices confirmed the '3'day practice for PACASEN and MFB considers this indicator to be met for 2021 as long as there are no payment issues.</p>	<p>Annual</p>	<p>MFB</p>		<p>Treasury</p>



	<p>Year 4 target "2 days": MFB and local treasury offices confirmed the '2'day practice for PACASEN and MFB considers this indicator to be met for 2022 as long as there are no payment issues.</p> <p>Year 5 target "2 days": MFB and local treasury offices confirmed the '2'day practice for PACASEN and MFB considers this indicator to be met for 2023 as long as there are no payment issues.</p>				
<p>1.2 Local property tax assessments in the Principal Urban Center LGs</p>	<p>Annual increase of 5% in local property tax assessments in the Principal Urban Center LGs (distinguished into built/unbuilt and commercial/domestic), starting at the baseline of 39% in 2024 (total increase over AF</p>	<p>Annual</p>	<p>MFB/ BCT</p>	<p>"TEOM"/LGs with distinguished into built/unbuilt/'surtax' are compared with 2024 baseline (39%).</p>	<p>MFB/BCT</p>



	period: 10%)				
2.1 Urban LGs having received at least 3 training modules (including 1 CC module) identified in their annual capacity development plans	LG capacity building via training modules, incl. tailored on climate change.	Annual	Consolidated annual report on implementation of Annual Capacity Development Plans	Execution reports of LG's Annual Capacity Building Plans; training plan implementation of Directorate for Training	MUCTAT; ADM
2.2: Proportion of Urban LGs that received at least 80 percent of the Territorial Coaching support identified in their Annual Capacity Building Plans		Annual	Consolidated annual report on implementation of Annual Capacity Development Plans		MGT; ARD; ADM
2.2: Information on fiscal transfers and LG performance in year N-1 is publicly accessible by March 31 in year N	Information on fiscal transfers and LG performance in year N-1 is publicly accessible by March 31 in year N.	Annual	OBFILOC website; MUCTAT e-portal	Review of OBFILOC website, MUCTAT e-portal to verify publication	DGTCP; MUCTAT
2.3: Principal Urban Center LGs that satisfied the annual Performance Indicators (PIs)	Principal Urban Center LGs that satisfied the annual Performance Indicators (PIs). This indicator is DLI 5, which is generally on track.	Annual	Court of Auditors; ADM; MUCTAT (DCT)	annual LG performance evaluation.	Court of Auditors, DCT in MUCTAT



<p>2.4 Women at national level in leadership position developing the LG standards to deploy the National Determined Contribution (NDC) at the LG level</p>	<p>Women are in leadership position during the national-level development of LG standards to deploy the National Determined Contribution (NDC) at LG level</p>	<p>Annual</p>	<p>METE/ Directorate for Climate Change, Ecological Transition and Green Finance (DCCTEFV)</p>	<p>Assessment of capacity building for women and their active participation, including in leadership positions, during the national-level development of LG standards to implement the NDC at LG level. Review of Standards for LGs to deploy NDC at LG level developed, and adopted by interministerial arrêté before December 31, 2025.</p>	<p>METE/ ADM</p>
<p>2.5 Urban LGs that received a minimum of coaching, incl on climate change, identified in their Annual Capacity Building Plans (Percentage)</p>	<p>Urban LGs that received a minimum of Coaching, incl on climate change, identified in their Annual Capacity Building Plans (Percentage). This is DLI 10.</p>	<p>Annual</p>	<p>ADM/ ARDs/ MUCTAT</p>	<p>Urban LG Annual capacity building plan (PARCA), including a continuous territorial coaching action plan; LG progress report on territorial coaching received.</p>	<p>ADM/ ARDs/ MUCTAT</p>



Disbursement Linked Indicators Matrix

Disbursement Linked Indicators Matrix				
DLI 1	Modalities for repartition of State transfers FECT/FDD to LGs for recurrent & investment spending & repartition of LVATF reformed and applied in timely transfer of resources to LGs to IDA satisfaction			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	Yes	Text	20.00	0.00
Period	Value	Allocated Amount (USD)		Formula
Baseline	No			
Year 1	Promulgated FECL Decree published	5.00		
Year 2	Allocation of FECL resources to LGs in conformity with the FECL Decree	4.00		
Year 3	a. Promulgated decrees on the allocation criteria for FDD b. Timely transfer before March 31 of said year of FECT resources to LGs in conformity with the FECT decree c. Promulgated decrees on the allocation criteria for LVATF	5.00		
Year 4	a. Timely transfer before March 31 of said year of FDD resources to LGs in conformity with the regulatory framework b. Timely transfer before March 31 of said year of FECT resources to LGs in conformity with the regulatory framework	3.00		
Year 5	a. Timely transfer before March 31 of said year of FDD resources to LGs in conformity with the regulatory framework b. Timely transfer before	3.00		



	March 31 of said year of FECT resources to LGs in conformity with the regulatory framework		
Year 6: 2024			0.00
Year 7: 2025			0.00
Year 8: 2026			0.00

Action: This DLI has been Revised. See below.

DLI 1	<i>Modalities for repartition of State transfers FECT/ FDD to LGs for investment/recurrent spending & repartition of LVATF reformed and applied in timely resource transfer to LGs</i>			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
<i>Outcome</i>	<i>Yes</i>	<i>Text</i>	<i>27.50</i>	<i>15.35</i>
Period	Value		Allocated Amount (USD)	Formula
<i>Baseline</i>	<i>No</i>			
<i>Year 1</i>	<i>Promulgated FECL Decree published</i>		<i>5.00</i>	
<i>Year 2</i>	<i>Allocation of FECL resources to LGs in conformity with the FECL Decree</i>		<i>4.00</i>	
<i>Year 3</i>	<i>a. Promulgated decrees on the allocation criteria for FDD b. Timely transfer before March 31 of said year of FECT resources to LGs in conformity with the FECT decree c. Promulgated decrees on the allocation criteria for LVATF</i>		<i>4.00</i>	



Year 4	<i>a. Timely transfer before March 31 of said year of FDD resources to LGs in conformity with the regulatory framework b. Timely transfer before March 31 of said year of FECT resources to LGs in conformity with the regulatory framework</i>		0.00	
Year 5	<i>a. Timely transfer before March 31 of said year of FDD resources to LGs in conformity with the regulatory framework b. Timely transfer before March 31 of said year of FECT resources to LGs in conformity with the regulatory framework</i>		3.00	
Year 6: 2024	<i>No target. Disbursement cycle of parent was completed in 2023 (Y5)</i>		4.00	
Year 7: 2025	<i>DLR 1.7a: Promulgated decree on allocation criteria for FDD by Dec 31, 2025 DLR 1.7b: Allocations from FECT and FDD according to current decrees transmitted on time.</i>		4.00	
Year 8: 2026	<i>DLR 1.8a: Decree reforming the FECT Special window, integrating a mechanism to finance projects to combat CC effects DLR 1.8b: Allocations from FECT and FDD according to current decrees transmitted on time.</i>		3.50	

DLI 2	DLI 2: Increase in State-financed intergovernmental capital and recurrent grants (FECT and FDD) to LGs (in billion FCFA)			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	Yes	Number	10.00	0.00
Period	Value		Allocated Amount (USD)	Formula



Baseline	42.00		
Year 1	45.00		2.00
Year 2	50.00		2.00
Year 3	55.00		2.00
Year 4	60.00		2.00
Year 5	65.00		2.00
Year 6: 2024			0.00
Year 7: 2025			0.00
Year 8: 2026			0.00

Action: This DLI has been Revised. See below.

DLI 2	<i>DLI 2: State-financed intergovernmental capital and recurrent grants (FECT and FDD) to LGs (in billion FCFA)</i>			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
<i>Outcome</i>	<i>Yes</i>	<i>Number</i>	<i>15.00</i>	<i>11.33</i>
Period	Value		Allocated Amount (USD)	Formula
<i>Baseline</i>	<i>42.00</i>			
<i>Year 1</i>	<i>45.00</i>		<i>2.00</i>	



Year 2	50.00	2.00
Year 3	55.00	2.00
Year 4	60.00	2.00
Year 5	65.00	2.00
Year 6: 2024	88.00	0.00
Year 7: 2025	93.00	2.50
Year 8: 2026	98.00	2.50

DLI 3		DLI 3: Urban LGs with a functioning Local Fiscal Commission		
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	Yes	Number	12.00	0.00
Period	Value	Allocated Amount (USD)	Formula	
Baseline	1.00			
Year 1	1.00	2.40		
Year 2	20.00	2.40		
Year 3	40.00	2.40		
Year 4	80.00	2.40		



Year 5	115.00		2.40	
Year 6: 2024			0.00	
Year 7: 2025			0.00	
Year 8: 2026			0.00	
DLI 4	DLI 4: Proportion of Urban LGs which satisfied the annual Minimum Mandatory Conditions (MMC)			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	Yes	Percentage	23.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	0.00			
Year 1			4.00	MMC baseline established
Year 2	50.00		4.00	
Year 3	60.00		5.00	
Year 4	70.00		5.00	
Year 5	80.00		5.00	
Year 6: 2024			0.00	
Year 7: 2025			0.00	



Year 8: 2026			0.00	
<i>Action: This DLI has been Revised. See below.</i>				
DLI 4	<i>DLI 4: Urban LGs which satisfied the annual Minimum Mandatory Conditions (MMC)</i>			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
<i>Outcome</i>	<i>Yes</i>	<i>Percentage</i>	<i>30.50</i>	<i>0.00</i>
Period	Value		Allocated Amount (USD)	Formula
<i>Baseline</i>	<i>0.00</i>			
<i>Year 1</i>			<i>4.00</i>	<i>MMC baseline established</i>
<i>Year 2</i>	<i>50.00</i>		<i>4.00</i>	
<i>Year 3</i>	<i>60.00</i>		<i>5.00</i>	
<i>Year 4</i>	<i>70.00</i>		<i>5.00</i>	
<i>Year 5</i>	<i>80.00</i>		<i>5.00</i>	
<i>Year 6: 2024</i>			<i>0.00</i>	
<i>Year 7: 2025</i>	<i>70.00</i>		<i>3.75</i>	
<i>Year 8: 2026</i>	<i>80.00</i>		<i>3.75</i>	



DLI 5		DLI 5: Proportion of Principle Urban Center LGs who satisfied the annual Performance Indicators (PIs)		
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	Yes	Percentage	17.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	0.00			
Year 1			4.00	PI baseline established
Year 2	40.00		4.00	
Year 3	50.00		3.00	
Year 4	60.00		3.00	
Year 5	70.00		3.00	
Year 6: 2024			0.00	
Year 7: 2025			0.00	
Year 8: 2026			0.00	
Action: This DLI has been Revised. See below.				



<i>DLI 5</i>		<i>DLI 5: Principal Urban Center LGs that satisfied the annual Performance Indicators (PIs)</i>		
<i>Type of DLI</i>	<i>Scalability</i>	<i>Unit of Measure</i>	<i>Total Allocated Amount (USD)</i>	<i>As % of Total Financing Amount</i>
<i>Intermediate Outcome</i>	<i>Yes</i>	<i>Percentage</i>	<i>24.50</i>	<i>0.00</i>
<i>Period</i>	<i>Value</i>	<i>Allocated Amount (USD)</i>		<i>Formula</i>
<i>Baseline</i>	<i>0.00</i>			
<i>Year 1</i>		<i>4.00</i>	<i>PI baseline established</i>	
<i>Year 2</i>	<i>40.00</i>	<i>4.00</i>		
<i>Year 3</i>	<i>50.00</i>	<i>3.00</i>		
<i>Year 4</i>	<i>60.00</i>	<i>3.00</i>		
<i>Year 5</i>	<i>70.00</i>	<i>3.00</i>		
<i>Year 6: 2024</i>		<i>0.00</i>		
<i>Year 7: 2025</i>	<i>60.00</i>	<i>3.75</i>		
<i>Year 8: 2026</i>	<i>70.00</i>	<i>3.75</i>		



DLI 6	DLI 6: Proportion of Principle Urban Center LGs that have executed their Annual Investment Plans on schedule in terms of expenditures			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	Yes	Percentage	15.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	0.00			
Year 1			3.00	Not applicable
Year 2	40.00		3.00	
Year 3	50.00		3.00	
Year 4	60.00		3.00	
Year 5	70.00		3.00	
Year 6: 2024			0.00	
Year 7: 2025			0.00	
Year 8: 2026			0.00	
Action: This DLI has been Revised. See below.				



DLI 6		<i>DLI 6: Principal Urban Center LGs that have executed their annual investment plans (AIPs) on schedule in terms of expenditures</i>		
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
<i>Outcome</i>	<i>Yes</i>	<i>Percentage</i>	<i>14.50</i>	<i>0.00</i>
Period	Value		Allocated Amount (USD)	Formula
<i>Baseline</i>	<i>0.00</i>			
<i>Year 1</i>			<i>0.00</i>	<i>Not applicable</i>
<i>Year 2</i>	<i>40.00</i>		<i>3.00</i>	
<i>Year 3</i>	<i>50.00</i>		<i>3.40</i>	
<i>Year 4</i>	<i>60.00</i>		<i>0.00</i>	
<i>Year 5</i>	<i>70.00</i>		<i>0.00</i>	
<i>Year 6: 2024</i>	<i>0.00</i>		<i>5.60</i>	
<i>Year 7: 2025</i>	<i>30.00</i>		<i>1.25</i>	
<i>Year 8: 2026</i>	<i>50.00</i>		<i>1.25</i>	



DLI 7	DLI 7: Proportion of Urban LGs that received at least 80 percent of the Territorial Coaching support identified in their Annual Capacity Building Plans			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	Yes	Percentage	9.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	0.00			
Year 1			1.80	Annula Capacity Building Plans developed
Year 2	80.00		1.80	
Year 3	90.00		1.80	
Year 4	95.00		1.80	
Year 5	95.00		1.80	
Year 6: 2024			0.00	
Year 7: 2025			0.00	
Year 8: 2026			0.00	



DLI 8		Deployment of the National Determined Contribution (NDC) at the LG level		
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	Yes	Text	10.00	0.00
Period	Value	Allocated Amount (USD)		Formula
Baseline	No LG standards on implementation of Senegal's NDC at LG level			
Year 1		0.00		
Year 2		0.00		
Year 3		0.00		
Year 4		0.00		
Year 5		0.00		
Year 6: 2024		0.00		
Year 7: 2025	DLR 8.7: Standards for LGs to deploy NDC at LG level developed, and adopted by interministerial arrêté before June 30, 2025	5.00		
Year 8: 2026	DLR 8.8.a: 30% of 124 PACASEN LGs have adopted a climate action plan (CAP) in line with the LGs' NDC standards specified in interministerial arrêté. DLR 8.8.b: 50% of 124 PACASEN LGs have validated a climate risk vulnerability study (CRVS) in line with the LGs'	5.00		



	NDC standards specified in interministerial arrêté			
Action: This DLI is New	<p>Rationale: <i>No specific standards for LGs have been developed that guide them on their roles and responsibilities in implementing Senegal’s NDC. Given LG mandates and their relevance in climate change adaptation, the missing LG guidelines on NDC implementation are an important operational gap. The AF will address this gap by financing the development of standardized LG climate planning and budgeting guidelines, that will guide all 601 LGs in Senegal on how to implement the NDC at the LG level, including through the systematization of Climate Risk Vulnerability Studies (CRVSs), and subsequent Climate Action Plans (CAPs), as these will be based on the new LG climate standards.</i></p>			
DLI 9	Local property tax assessments in the Principal Urban Center LGs			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	No	Percentage	2.50	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	39.00			
Year 1			0.00	
Year 2			0.00	
Year 3			0.00	
Year 4			0.00	
Year 5			0.00	



Year 6: 2024			0.00	
Year 7: 2025	44.00		1.25	
Year 8: 2026	49.00		1.25	
Action: This DLI is New	Rationale: <i>New DLI with a focus on property tax assessments (distinguished into built/ unbuilt and commercial/ domestic)</i>			
DLI 10	Urban LGs that received a minimum of coaching, incl on climate change, identified in their Annual Capacity Building Plans (Percentage)			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	Yes	Text	7.50	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	No climate change capacity building for LGs			
Year 1			0.00	
Year 2			0.00	
Year 3			0.00	
Year 4			0.00	
Year 5			0.00	
Year 6: 2024			0.00	



Year 7: 2025	DLR 10.7a: 85% of the 124 PACASEN LGs have received at least 80% of their coaching which includes one-third (1/3) coaching interventions relating to CC. DLR 10.7b: 50% of the 124 PACASEN LGs have benefited from coaching dedicated to the development of CRVS and CAPs	3.75
Year 8: 2026	DLR 10.8a 90% of the 124 PACASEN LGs received at least 100% of their coaching, which includes two-third (2/3) coaching interventions relating to CC. DLR 10.8b 70% of the 124 PACASEN LGs have benefited from capacity-building on the development of CRVS and CAPs	3.75
Action: This DLI is New	Rationale: <i>Given the AF's focus on CC, capacity of LGs needs to be strengthened to allow them to develop and execute Climate Risk Vulnerability Studies, Climate Action Plans; implement the LG standards for NDC implementation; manage LG project financing, incl. climate resilient investments, once the financial reforms allow this, etc,</i>	

Verification Protocol Table: Disbursement Linked Indicators

DLI 1	Modalities for repartition of State transfers FECT/FDD to LGs for recurrent & investment spending & repartition of LVATF reformed and applied in timely transfer of resources to LGs to IDA satisfaction
Description	Modalities for the repartition of State transfers to LGs for recurrent and investment spending (FECT and FDD) and for the repartition of the LVATF reformed and applied in the timely transfer of resources to LGs, to the satisfaction of the Association



Data source/ Agency	MFB/MCTDAT
Verification Entity	IVA
Procedure	<p>Verification Protocol: For DLRs 1.1, 1.3.a and 1.3.c: Submission to the Association of relevant promulgated decrees as published in the official gazette. Verification of the achievement of the annual target include review of compliance of the promulgated decrees with the commitments earlier agreed. For DLR 1.2: Submission to the Association of the relevant inter-ministerial orders allocating FECT (Year 2) resources to LGs, together with verification of whether the actual allocations reflect the application of criteria outlined in the relevant decrees. For DLRs 1.3.b, 1.4.b and 1.5.b: Submission to the Association of (i) the annual inter-ministerial order (<i>arrêté</i>), adopted by December 31 of each year, allocating the FECT resources (i.e. global FECT, performance FECT, and other FECT windows that may apply) to LGs based on the formula outlined in the decree; (ii) proof of inscription of FECT resources (i.e. global FECT, performance FECT, and other FECT windows that may apply) into the annual national budget (of each year) as per the FECT decree; and (iii) proof of actual receipt by LGs of global FECT, performance FECT (and other FECT windows that may apply) transfers to LGs by March 31 of each year.</p> <p>Financing amount: For DLR 1.1, the reform of the FECL is a prior result and disbursement will take place upon Program effectiveness. For DLR 1.2, funds will be disbursed if FECT allocations (i.e. Global FECT, Performance FECT, and other FECT windows that may apply) are made before 31 March and apply the formula outlined in the decree. For each of DLRs 1.3.a and 1.3.c fully met, 25% of allocated amount of DLR 1.3 will be disbursed. For each of DLRs 1.3.b, 1.4.a, 1.4.b, 1.5.a, 1.5.b fully met, 50% of total annual allocation for each respective DLR will be disbursed.</p>
DLI 1	Modalities for repartition of State transfers FECT/ FDD to LGs for investment/recurrent spending & repartition of LVATF reformed and applied in timely resource transfer to LGs
Description	Modalities for the repartition of State transfers to LGs for recurrent and investment spending (FECT and FDD) and for the repartition of the LVATF reformed and applied in the timely transfer of resources to LGs.



Data source/ Agency	MFB / MUCTAT
Verification Entity	IVA
Procedure	<p><u>Verification Protocol:</u> For DLR 1.7a, 1.8a: Submission to the Association of relevant promulgated decrees as published in the official gazette. Verification of the achievement of the annual target include review of compliance of the promulgated decrees with the commitments earlier agreed. For DLR 1.7b, 1.8b: Submission to the Association of (i) the annual inter-ministerial order (<i>arrêté</i>), adopted by December 31 of each year, allocating the FECT resources (i.e. global FECT, performance FECT, and other FECT windows that may apply) to LGs based on the formula outlined in the decree; (ii) proof of inscription of FECT resources (i.e. global FECT, performance FECT, and other FECT windows that may apply) into the annual national budget (of each year) as per the FECT decree; and (iii) proof of actual receipt by LGs of global FECT, performance FECT (and other FECT windows that may apply) transfers to LGs by March 31 of each year.</p> <p><u>Financing amount:</u> For each of DLRs 1.7a, 1.7b, 1.8a, 1.8b fully met, 50% of total annual allocation for each respective DLR will be disbursed.</p>
DLI 2	DLI 2: Increase in State-financed intergovernmental capital and recurrent grants (FECT and FDD) to LGs (in billion FCFA)
Description	Measured at the national level. Amounts allocated to the FECT and FDD reach or exceed the annual target in billions FCFA.
Data source/ Agency	MFB
Verification Entity	IVA
Procedure	<p><u>Verification Protocol:</u> ADM will share with the Association the approved annual national budget reflecting the annual allocations to the FECT and FDD.</p>



	<p>Verification of the achievement of the annual target includes a review of the FECT and FDD allocations inscribed in the approved annual national budget.</p> <p><u>Financing amount:</u></p> <p>The DLI is scalable proportionate to the increase in total government allocations to both, FECT and FDD grant transfers to LGs– with a minimum disbursement threshold of an annual FCFA 2.5 billion increase on top of the previous year’s target.</p> <p>D= annual disbursement A= annual allocation G= annual target T= annual amount inscribed I= total annual increase on top of previous year’s target (*)= multiplied (/)= divided (>)= greater than (<)= lesser than</p> <p>$D = A * (T/G)$ If $I < \text{FCFA } 2.5 \text{ billion}$, $D = 0$ If $I \geq \text{FCFA } 5 \text{ billion}$, $D = A$</p>
DLI 2	DLI 2: State-financed intergovernmental capital and recurrent grants (FECT and FDD) to LGs (in billion FCFA)
Description	Measured at the national level. Amounts allocated to the FECT and FDD reach or exceed the annual target in billions FCFA.
Data source/ Agency	Audited National Budget Execution Report, CNDCT Annual Report CNDCT/ MFB
Verification Entity	IVA
Procedure	<u>Verification Protocol:</u>



	<p>ADM will share with the Association the approved annual national budget reflecting the annual allocations to the FECT and FDD. Verification of the achievement of the annual target includes a review of the FECT and FDD allocations inscribed in the approved annual national budget.</p> <p>Financing amount:</p> <p>The DLI is scalable proportionate to the increase in total government allocations to both, FECT and FDD grant transfers to LGs– with a minimum disbursement threshold of an annual FCFA 2.5 billion increase on top of the previous year’s target. D= annual disbursement. A= annual allocation. G= annual target. T= annual amount inscribed. I= total annual increase on top of previous year’s target. (*)= multiplied. (/)= divided. (>)= greater than. (<)= lesser than</p> <p>$D = A * (T / G)$</p> <p>If $I < \text{FCFA } 2.5 \text{ billion}$, $D = 0$</p> <p>If $I \geq \text{FCFA } 5 \text{ billion}$, $D = A$</p>
DLI 3	DLI 3: Urban LGs with a functioning Local Fiscal Commission
Description	Measured at the level of Urban LGs. Functioning local fiscal commissions are those that (i) are created by a formal written decision issued by the Head of the relevant Fiscal Services Centre (DGID); (ii) meet at least once a year as reflected in the minutes of meetings; and (iii) prepare an annual report to track progress against the performance agreement signed between the members of the Committee
Data source/ Agency	MFB (DGID)
Verification Entity	IVA
Procedure	<p>Verification Protocol:</p> <p>DGID will provide to the Association via ADM the (i) formal written decisions creating each commission; (ii) proof of each commission’s functionality through submission of the minutes of meetings held annually including signed attendance sheets; the signed performance agreement for each commission and the annual report tracking progress against the performance agreement for each commission.</p> <p>Verification includes a review of documentation attesting the creation and functionality of each commission.</p> <p>Financing Amount:</p>



	<p>The DLI is scalable proportionate to the number of functioning local fiscal commissions, – with a minimum disbursement threshold of fifty percent (50%) of annual target.</p> <p>D= annual disbursement A= annual allocation G= annual target T= total number of functioning local fiscal commissions (*)= multiplied (/)= divided (>)= greater than (<)= lesser than</p> <p>$D = A * (T/G)$ If $T < 0.5 * G$, $D = 0$ If $T \geq G$, $D = A$</p>
DLI 4	DLI 4: Proportion of Urban LGs which satisfied the annual Minimum Mandatory Conditions (MMC)
Description	<p>Measured at the level of Urban LGs By April 30 Year 1: Baselines for all MMCs are established for all Urban LGs and Performance Assessment Procedural Manual produced by the MGT to the satisfaction of the World Bank. Year 2: at least 50% of LGs achieve the applicable MMCs for that year and are notified of their first-tier conditional grant allocations by Inter-Ministerial Order no later than 31 March. Year 3: at least 60% of LGs achieve the applicable MMCs for that year and are notified of their first-tier conditional grant allocations by Inter-Ministerial Order no later than 31 March. Year 4: at least 70% of LGs achieve the applicable MMCs for that year and are notified of their first-tier conditional grant allocations by Inter-Ministerial Order no later than 31 March. Year 5: at least 80% of LGs achieve the applicable MMCs for that year and are notified of their first-tier conditional grant allocations by Inter-Ministerial Order no later than 31 March.</p>
Data source/ Agency	Court of Auditors; ADM; MCTDAT (DCT)
Verification Entity	IVA



<p>Procedure</p>	<p><u>Verification Protocol:</u></p> <p>Year 1: The Operations Manual to be submitted no later than three (3) months after the Effective Date will detail operating modalities of the MMC, outlining methods of MMC measurement and yearly MMCs to be applied in the annual performance evaluation. DCL/DCT will also provide a consolidated report on the level of achievement of all MMCs for the preceding year, as a baseline.</p> <p>Years 2 to 5: This DLI will be measured by the percentage of Urban LGs that have met the MMCs in the given year, as verified through the annual performance assessment carried out by a recruited firm for year 2, and by the court of auditors, or another designated entity, acceptable to IDA, for years 3 to 5.</p> <p>Verification includes a review of the documents produced under the annual performance assessment (questionnaires, individual reports, results tables, global report...) and interviews of stakeholders (including field visits). It should result in an assessment of the scoring methodology's solidity, and the consistency with which it was applied.</p> <p><u>Financing Amount:</u></p> <p>Years 2 to 5: The DLI is scalable proportionate to the percentage of Urban LGs that meet all MMCs, as provided by the Operations Manual – above the minimum threshold of twenty percent (20%).</p> <p>D= annual disbursement A= annual allocation C= number of Urban LGs compliant T= total number of Urban LGs G= annual target (*)= multiplied (/)= divided (>)= greater than (<)= lesser than</p> <p>$D = A * (C/T) / G$ If $C/T < 0.2$, $D = 0$ If $C/T \geq G$, $D = A$</p>
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DLI 4	DLI 4:Urban LGs which satisfied the annual Minimum Mandatory Conditions (MMC)
Description	Urban LGs which satisfied the annual Minimum Mandatory Conditions (MMC). Measured at the level of Urban LGs
Data source/ Agency	Court of Auditors; ADM; MUCTAT (DCT)
Verification Entity	IVA
Procedure	<p>Verification Protocol: Years 7 to 8: This DLI will be measured by the percentage of Urban LGs that have met the MMCs in the given year, as verified through the annual performance evaluation carried out by the court of auditors, or another designated entity, acceptable to IDA. Verification includes a review of the documents produced under the annual performance evaluation (questionnaires, individual reports, results tables, global report...) and interviews of stakeholders (including field visits). It should result in an assessment of the scoring methodology’s solidity, and the consistency with which it was applied.</p> <p>Financing Amount: Years 7 to 8: The DLI is scalable proportionate to the percentage of Urban LGs that meet all MMCs, as provided by the Operations Manual – above the minimum threshold of twenty percent (20%). D= annual disbursement. A= annual allocation. C= number of Urban LGs compliant. T= total number of Urban LGs. G= annual target. (*)= multiplied. (/)= divided. (>)= greater than. (<)= lesser than $D = A * (C/T) / G$ If $C/T < 0.2$, $D = 0$ If $C/T \geq G$, $D = A$</p>
DLI 5	DLI 5: Proportion of Principle Urban Center LGs who satisfied the annual Performance Indicators (PIS)
Description	<p>Measured at the level of Principle Urban Center LGs.</p> <p>Y1: Baselines for all PIS are established for all Principle Urban Centre LGs and Performance Assessment Procedural Manual produced by the MGT to the satisfaction of the World Bank.</p> <p>Y 2 to 5: This DLI will be measured by the percentage of Principal Urban Center LGs that have met all MMCs and have achieved a performance score above the agreed satisfactory performance score in the given year, as confirmed through the</p>



	annual performance assessment carried out by a recruited firm for year 2, and by the court of auditors, or another designated entity, acceptable to IDA, for years 3 to 5. The agreed satisfactory performance score is provided in the Operations Manual and any change is subject to IDA’s prior approval
Data source/ Agency	Court of Auditors; ADM; MCTDAT (DCT)
Verification Entity	IVA
Procedure	<p><u>Verification Protocol:</u></p> <p>Year 1: The Operations Manual to be submitted no later than three (3) months after the Effective Date will detail operating modalities of the performance mechanism. The DCL/DCT will also provide a consolidated report on the level of achievement of all performance assessments for all Principal Urban Center LGs for the preceding year, as a baseline.</p> <p>Years 2 to 5: This DLI will be measured by the percentage of Principal Urban Center LGs that have met all MMCs and have achieved a performance score above the agreed satisfactory performance score in the given year, as confirmed through the annual performance assessment carried out by a recruited firm for year 2, and by the court of auditors, or another designated entity, acceptable to IDA, for years 3 to 5.</p> <p>The agreed satisfactory performance score is provided in the Operations Manual and any change is subject to IDA’s prior approval</p> <p>Verification includes a review of the documents produced under the annual performance assessment (questionnaires, individual reports, results tables, global report...) and interviews of stakeholders (including field visits). It should result in an assessment of the scoring methodology’s solidity, and the consistency with which it was applied.</p> <p><u>Financing amount:</u></p> <p>Years 2 to 5: The DLI is scalable proportionate to the percentage of Principal Urban Center LGs that have met all MMCs, as provided by the Operations Manual, and have also achieved a performance score above the agreed satisfactory performance score – with a minimum percentage of Principal Urban Center LGs of twenty percent (20%).</p> <p>D= annual disbursement A= annual allocation C= number of Principal Urban Center LGs above satisfactory performance score T= total number of Principal Urban Center LGs</p>



	<p>G= annual target (*)= multiplied (/)= divided (>)= greater than (<)= lesser than</p> <p>$D = A * (C/T) / G$ If $C/T < 0.2$, $D = 0$ If $C/T \geq G$, $D = A$</p>
DLI 5	DLI 5: Principal Urban Center LGs that satisfied the annual Performance Indicators (PIs)
Description	Principal Urban Center LGs that satisfied the annual Performance Indicators (PIs). This indicator is DLI 5.
Data source/ Agency	Court of Auditors; ADM; MUCTAT (DCT)
Verification Entity	IVA
Procedure	<p><u>Verification Protocol:</u> Years 7 to 8: This DLI will be measured by the percentage of Principal Urban Center LGs that have met all MMCs and have achieved a PI score above the agreed satisfactory performance score in the given year, as confirmed through the annual PE carried out by the court of auditors, or another designated entity, acceptable to IDA, for years 3 to 5. The agreed satisfactory PI score is provided in the Operations Manual and any change is subject to IDA’s prior approval. Verification includes a review of the documents produced under the annual performance evaluation (questionnaires, individual reports, results tables, global report...) and interviews of stakeholders (including field visits). It should result in an assessment of the scoring methodology’s solidity, and the consistency with which it was applied.</p> <p><u>Financing amount:</u> Years 7 to 8: The DLI is scalable proportionate to the percentage of Principal Urban Center LGs that have met all MMCs, as provided by the Operations Manual, and have also achieved a PI score above the agreed satisfactory performance score –</p>



	<p>with a minimum percentage of Principal Urban Center LGs of twenty percent (20%). D= annual disbursement. A= annual allocation. C= number of Principal Urban Center LGs above satisfactory performance score. T= total number of Principal Urban Center LGs. G= annual target. (*)= multiplied. (/)= divided. (>)= greater than. (<)= lesser than</p> <p>$D = A * (C/T) / G$</p> <p>If $C/T < 0.2$, $D = 0$</p> <p>If $C/T \geq G$, $D = A$</p>
DLI 6	DLI 6: Proportion of Principle Urban Center LGs that have executed their Annual Investment Plans on schedule in terms of expenditures
Description	<p>Measured at the level of Principle Urban Center LGs Percentage of LGs which have executed at least the minimum annual target levels of expenditures as compared to their annual investment plan. The annual target levels are:</p> <p>Y1: 10% of LGs.</p> <p>Y2: 40% of LGs have financially executed 25% of their annual investment plans (AIPs);</p> <p>Y3: 50% of LGs have financially executed 30% of their AIPs;</p> <p>Y4: 60% of LGs have financially executed 40% of their AIPs;</p> <p>Y5: 70% of LGs have financially executed 50% of their AIPs.</p>
Data source/ Agency	MFB and ADM/ARDs
Verification Entity	IVA
Procedure	<p><u>Verification Protocol:</u></p> <p>In Year N+1, Principal Urban Center LGs will prepare a progress report on the percentage of their AIPs executed in terms of expenditures in Year N (January to December).</p> <p>In Year N+1, ADM will compile: (i) the LGs progress reports in a consolidated AIP progress report for Year N; and (ii) data from the MFB for Year N, pertaining to investment budget execution by Principal Urban Center LGs.</p> <p>Verification includes sample audits, review of the consolidated AIP execution report.</p> <p><u>Financing Amount:</u></p>



	<p>The DLI is scalable proportionate to the number of principal urban center LGs that achieve the annual target –with a minimum disbursement threshold of fifteen percent (15%).</p> <p>D= annual disbursement A= annual allocation C= number of Principal Urban Center LGs compliant T= total number of Principal Urban Center LGs G= annual target (*)= multiplied (/)= divided (>)= greater than (<)= lesser than</p> <p>$D = A * (C/T) / G$ If $C/T < 0.15$, $D = 0$ If $C/T \geq G$, $D = A$</p>
DLI 6	DLI 6: Principal Urban Center LGs that have executed their annual investment plans (AIPs) on schedule in terms of expenditures
Description	Principal Urban Center LGs that have executed their Annual Investment Plans on schedule in terms of expenditures
Data source/ Agency	MFB (GFILOC) and ADM/ARDs: AIPs
Verification Entity	IVA
Procedure	<p>Verification Protocol:</p> <p>In Year 7 and 8, Principal Urban Center LGs will prepare a progress report on the percentage of their AIPs executed in terms of expenditures in Year N (January to December). ADM will compile: (i) the LGs' progress reports in a consolidated AIP progress report for Year N; and (ii) data from the MFB/GFILOC for Year N, pertaining to investment budget execution by</p>



	<p>Principal Urban Center LGs. Verification includes sample audits, review of the consolidated AIP execution report.</p> <p>Financing Amount:</p> <p>The DLI is scalable proportionate to the number of principal urban center LGs that achieve the annual target –with a minimum disbursement threshold of fifteen percent (15%). D= annual disbursement; A= annual allocation; C= number of Principal Urban Center LGs compliant; T= total number of Principal Urban Center LGs; G= annual target; (*)= multiplied; (/)= divided; (>)= greater than; (<)= lesser than</p> <p>$D = A * (C/T) / G$</p> <p>If $C/T < 0.15$, $D = 0$</p> <p>If $C/T \geq G$, $D = A$</p>
DLI 7	DLI 7: Proportion of Urban LGs that received at least 80 percent of the Territorial Coaching support identified in their Annual Capacity Building Plans
Description	Measured at the level of Urban LGs Year 1: At least 95% of Urban LGs produce an Annual Capacity Building Plan. Year 2: At least 80 percent of Urban LGs have prepared and received at least 80 percent of the coaching missions specified in their Annual Capacity Build Plan. Year 3: At least 90 percent of Urban LGs have prepared and received at least 80 percent of the coaching missions specified in their Annual Capacity Build Plan. Years 4 and 5: 95 percent of Urban LGs have prepared and received at least 80 percent of the coaching missions specified in their Annual Capacity Build Plan
Data source/ Agency	ADM/ARDs/MCTDAT
Verification Entity	IVA
Procedure	<p>Verification Protocol:</p> <p>In Year N, each Urban LG, supported by the respective ARD, conducts a capacity assessment and prepares an annual capacity building plan (PARCA), including a continuous territorial coaching action plan, for Year N+1 and submits it to ADM by the required date of Year N.</p> <p>In Year N+1, each Urban LG prepares a progress report on the percentage of the territorial coaching it has received in Year N (January to December).</p> <p>Verification includes a review of supporting documents (including coaching mission documentation signed by LGs) and bi-annual satisfaction surveys of participating urban LGs, as well as a verification of the execution report on the territorial</p>



	<p>coaching actions plans.</p> <p>Financing Amount:</p> <p>The DLI is scalable proportionate to the percentage of Urban LGs that have met the annual target—with a minimum disbursement threshold of fifteen percent (15%).</p> <p>D= annual disbursement A= annual allocation C= number of Urban LGs compliant T= total number of Urban LGs G= annual target (*)= multiplied (/)= divided (>)= greater than (<)= lesser than</p> <p>$D = A * (C/T) / G$ If $C/T < 0.15$, $D = 0$ If $C/T \geq G$, $D = A$</p>
DLI 8	Deployment of the National Determined Contribution (NDC) at the LG level
Description	Deployment of the National Determined Contribution (NDC) at the LG level. This is the new DLI 8.
Data source/ Agency	METE/ Directorate for Climate Change, Ecological Transition, and Green Financing (DCCTEFV)
Verification Entity	IVA
Procedure	<p>Verification Protocol:</p> <p>For DLR 8.7: Submission to the Association of the promulgated interministerial arrêté as published in the official gazette, which will include standards to deploy the NDC at LG-level. Verification of the achievement of the annual target include</p>



review of compliance of the promulgated arrêté with the commitments earlier agreed, and the date of publication.

For DLR 8.8a: ADM will collect municipal council decisions of adoption of CAPs among the 124 Urban LGs and establish the percentage of these LGs that have adopted such plans. To be accounted for in the calculation of the DLR, the said CAPs will have to (i) have been technically validated by the CCETGFD as being in line with the standards set by the interministerial arrêté, and (ii) adopted before June 30, 2025.

For DLR 8.8b: ADM will collect evidence of CRVS having been formally validated by the President of the Municipal Council among the 124 Urban LGs and establish the percentage of LGs where these plans have been validated. To be accounted for in the calculation of the DLR, the said CRVS will have to (i) have been technically validated by the CCETGFD as being in line with the standards set by the interministerial arrêté, and (ii) validated before June 30, 2026.

Financing Amount

DLR 8.7 amount will be disbursed in its entirety once fully met. DLR 8.8.a is scalable proportionate to the number of Urban LGs that have adopted a climate plan – with a minimum disbursement threshold of fifteen percent (15%). D= annual disbursement. A= annual allocation. C= number of Urban LGs which have adopted a climate plan. T= total number of Urban LGs (124). G= annual target. (*)= multiplied. (/)= divided. (>)= greater than. (<)= lesser than.

$D = A * (C/T) / G$

If $C/T < 0.15$, $D = 0$

If $C/T \geq G$, $D = A$

DLR 8.8.b is scalable proportionate to the number of Urban LGs that have validated their vulnerability study – with a minimum disbursement threshold of fifteen percent (15%). D= annual disbursement. A= annual allocation. C= number of Urban LGs which have validated their vulnerability study. T= total number of Urban LGs (124). G= annual target. (*)= multiplied. (/)= divided. (>)= greater than. (<)= lesser than.

$D = A * (C/T) / G$

If $C/T < 0.15$, $D = 0$

If $C/T \geq G$, $D = A$

DLI 9	Local property tax assessments in the Principal Urban Center LGs
Description	Annual increase of 5% in local property tax assessments in the Principal Urban Center LGs (distinguished into built/ unbuilt and commercial/ domestic), starting at the baseline of 39% in 2024 (total increase over AF period: 10%)



Data source/ Agency	MFB/ BCT
Verification Entity	IVA
Procedure	<p><u>Verification Protocol:</u> In year N+1 and N+2, verification includes a review of the consolidated table of the percentage per LGs with distinguished into built/unbuilt/'surtaxe' and 'TEOM", compared with the baseline year N (2024, 39%). Decision on results achievement is Yes/No.</p> <p><u>Financing amount</u> Disbursement for DLR 9.7 if results are fully achieved. Disbursement for DLR 9.8 if results are fully achieved. Disbursement of undisbursed amounts is made in the following year.</p>
DLI 10	Urban LGs that received a minimum of coaching, incl on climate change, identified in their Annual Capacity Building Plans (Percentage)
Description	Urban LGs that received a minimum of Coaching, incl on climate change, identified in their Annual Capacity Building Plans (Percentage). Measured at the level of Urban LGs. This is DLI 10.
Data source/ Agency	ADM/ ARDs/ MUCTAT
Verification Entity	IVA
Procedure	<p><u>Verification Protocol:</u> In Year N, each Urban LG, supported by the respective ARD, conducts a capacity assessment and prepares an annual capacity building plan (PARCA), including a continuous territorial coaching action plan, for Year N+1 and submits it to ADM by the required date of Year N. In Year N+1, each Urban LG prepares a progress report on the percentage of the territorial coaching it has received in Year N (January to December). Verification includes a review of supporting documents (including coaching mission documentation signed by LGs) and bi-annual satisfaction surveys of participating urban LGs, as well as a verification of the execution report on the territorial coaching actions plans.</p>



Financing Amount:

The DLI is scalable proportionate to the percentage of Urban LGs that have met the annual target—with a minimum disbursement threshold of fifteen percent (15%). D= annual disbursement. A= annual allocation. C= number of Urban LGs compliant. T= total number of Urban LGs. G= annual target, (*)= multiplied. (/)= divided. (>)= greater than. (<)= lesser than.

$$D = A * (C/T) / G$$

$$\text{If } C/T < 0.15, D = 0$$

$$\text{If } C/T \geq G, D = A$$



ANNEX 1: INTEGRATED RISK ASSESSMENT

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Latest ISR Rating	Current Rating
Political and Governance	● Moderate	● Moderate
Macroeconomic	● Moderate	● Moderate
Sector Strategies and Policies	● Moderate	● Moderate
Technical Design of Project or Program	● Low	● Substantial
Institutional Capacity for Implementation and Sustainability	● Moderate	● Moderate
Fiduciary	● Moderate	● Substantial
Environment and Social	● Substantial	● Moderate
Stakeholders	● Moderate	● Moderate
Other	● Low	● Low
Overall	● Moderate	● Moderate

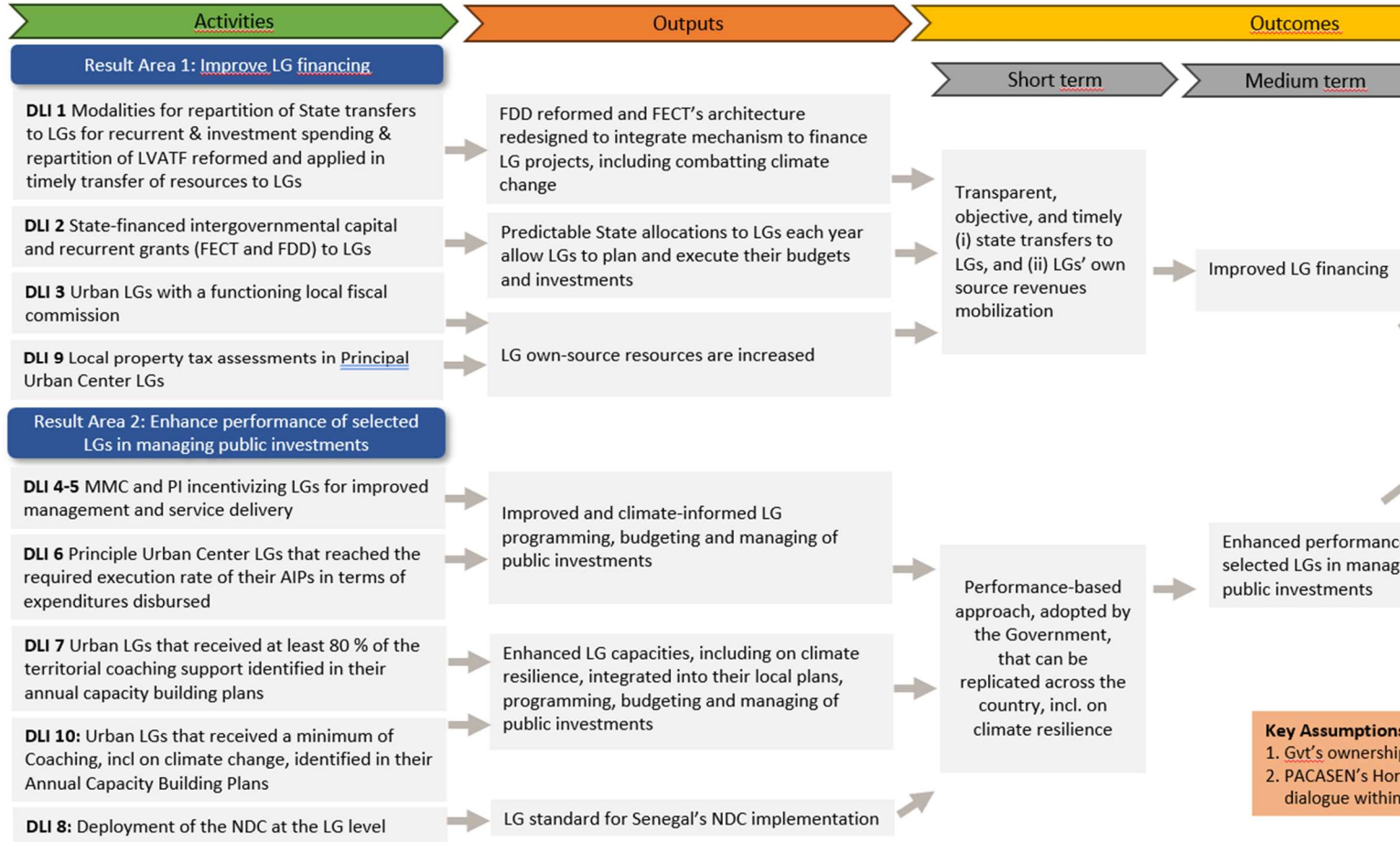


ANNEX 2: THEORY OF CHANGE

THEORY OF CHANGE
PACASEN

Problem statement: financial resources transferred from central Gov't to LGs are not sufficient to enable them to deliver their mandates, compounded by and weak technical, managerial capacity hamper the ability of LGs to effectively and efficiently manage local development and service delivery that is climate resilient

PDO: (i) improve local government financing; and (ii) enhance the performance of participating urban local governments in managing public investments



Key Assumptions:

1. Govt's ownership
2. PACASEN's Horizontal dialogue within



ANNEX 3: EXPENDITURE FRAMEWORK

1. **Program EF composition:** The Program EF of the AF primarily includes the conditional transfers made by the state to local governments. In the state budget those transfers are recorded under the program 2087- Local development financing under title 6- Capital transfers. The conditional transfers will be used towards capital investments and maintenance cost, enhancing data access, IT hardware and software development, training and capacity building, and essential salary and operational costs for implementing agencies. It also includes expenses related to the development of a framework for the financing and execution of climate-resilient investments. Further, for establishing sustainable resilient approach in GoS, the Program recognizes the importance of strengthening human resource capacity, who ultimately becomes the champions of these reforms in long run. The expenditures are specified in Table 3.1.

Table 3.1: Expenditure Framework

Government program	Implementing Agency	Nature of expenditures		Year		
		Capital expenditures	Operating costs	2025	2026	
2087-LOCAL DEVELOPMENT FINANCING- 6- \$465	Results areas 1: Improve local government financing					
	2087-6489-3990229-State performance-based transfers to 124 LG (FECT - Performance Window)	LG	77		38.4	38.6
	2087-6484-39500129999- State non performance based transfers to 124 LG (FECT- Global window)	LG	24		11.6	12.4
	Results Area 2: Enhance the performance of selected LGs in managing public investments					
	Local taxation- increase in property tax assessments	BCT ⁴²		0.8	0.4	0.4
	Territorial coaching- Training	ARD / CNFPLF ⁴³		1.7	0.85	0.85
	Enhance financial management and procurement capacity of LG	DSPL ⁴⁴ / ARCOP/ DCOMP		0.8	0.4	0.4
	Performance evaluation and audits	CdC		0.6	0.3	0.3
	Technical audit	DGAT ⁴⁵		0.2	0.1	0.1
	Internal audit	IAL ⁴⁶		0.2	0.1	0.1
	Program coordination	ADM		3.2	1.6	1.6
	Program implementation support	AMS / DODP ⁴⁷ / DCT ⁴⁸		0.4	0.2	0.2
	Climate change related aspects	DCCTEFV ⁴⁹		1	0.5	0.5
	Gender related aspects	MUCTAT		0.1	0.05	0.05
				101	9	
TOTAL			110			

⁴² Office of LGs (*Bureau des Collectivités Territoriales*)

⁴³ National Center for Local Civil Service and Training (*Centre National de la Fonction Publique Locale et de la Formation*)

⁴⁴ Local Public Sector Division (*Direction du Secteur Public Local*)

⁴⁵ General Directorate of Territorial Administration (*Direction générale de l'Administration territoriale*)

⁴⁶ Local Administration Inspectorate (*Inspection de l'Administration Locale*)

⁴⁷ Public Expenditure Management Department (*Direction de l'Ordonnement des Dépenses Publiques*)

⁴⁸ Local Government Directorate (*Direction des Collectivités Territoriales*)

⁴⁹ Directorate for Climate Change, Ecological Transition and Green Financing (*Direction du changement climatique, de la transition écologique et des financements vert*)



ANNEX 4: ENVIRONMENTAL AND SOCIAL SYSTEMS ASSESSMENT – Addendum

1. **Key Environmental and Social (E&S) effects (benefits, negative impacts, and risks) of the activities associated with the proposed transaction.** The Program will significantly improve social, community and environmental management situations and will strengthen environmental resilience provisions in the face of climate change and take address gender dimensions of local development. However, minor environmental and social issues will have to be managed and will be related to stakeholder consultation, claims management, pollution management, accident prevention, etc. The details for each intervention will be reviewed through the screening process to be done before the implementation of the projects at LG level.
2. **Management systems, legal and regulatory frameworks, institutional responsibilities, organizational structures, human and financial resources.** Environmental and social management is carried out at three levels: the local level (municipality), the regional level through the ARD, the Regional Division of Environment and Classified Establishments (*Division Régionale de l'Environnement et des Etablissements Classés*, DREEC), and the Regional Environmental Monitoring Committee (*Comité Régional de Suivi Environnemental* CRSE) and the national level, through the Environmental Regulation and Control Directorate (*Direction de la Reglementation Environnementale et du Control*).
3. **At the local level**, the LG, through the Municipal Council's ticket, will request the support of the technical services such as ARD, Support Centers for Local Development (*Centres d'Appui au Développement Local*) or any other departmental or decentralized technical services with the mandate to support and isupervise the preparation and implementation of program activities.
4. **At the regional level**, two entities support the LGs:
 - a) The ARD mobilizes its technical services for environmental and social monitoring, ensures the integration of environmental requirements (including any management plans and standard specifications) as per tender documents and contracts of the companies in charge of civil works, provides capacity building and awareness-raising among local stakeholders, ensures compliance with environmental and social measures and carries out the supervision, evaluation and technical and environmental approval of projects.
 - b) The Regional Committee for Environmental and Social Monitoring supports the screening of projects initiated by the LGs, verifies the integration of the measures of the Environmental and Social Management Plans and other environmental and social clauses in the tender documents and works files, and ensures the environmental and social monitoring.
5. **At the national level**, the DREC supports the monitoring and implementation of environmental and social strategies of projects and programs and participates in monitoring missions as needed.
6. **Effectiveness of the Borrower's systems in practice, in coping with the identified effects and fulfilling its institutional responsibilities.** The roles and responsibilities of the various actors involved in the environmental management of PACASEN activities are specified in the PACASEN Environmental and Social Procedures Manual. The key strengths of the program include the capacity building of local actors by the DREC, the environmental and social procedure manual, the integration of environmental clauses in the tender documents, and the availability and use of E&S screening forms.



7. However, several weaknesses are noted that reduce the environmental and social effectiveness of PACASEN. These include: (i) the failure to take into account criteria on environment in the evaluation of tenders (increasing the risk of recruitment of companies without environmental and social skills), (ii) the complexity of the Procedure Manual (depending on the actors involved), (iii) the inadequacy of capacity building, (iv) the low appropriation of the grievance redress mechanism by the actors, and (v) the failure to take into account gender and climate change issues. In addition, due to the lack of a harmonized procedure for the application of the E&S screening sheets, as well as the omission of E&S measures in cost estimates, non-budgeting of the results of the E&S screening in the unit estimates, the environmental services are often not sufficiently involved in the monitoring and supervision of civil works, including the supervision of compliance with E&S measures. regions.

8. There are five constraints to the effective implementation of E&S measures under the PP: (i) lack of environmental and social capacity at the LG level (the LGs are theoretically in charge of screening); (ii) lack of synergy between the ARDs and the DRECs, which do not ensure involvement of DREEC in environmental monitoring in general, but especially in relation to approval of civil works projects; (iii) inadequacy of the resources allocated to environmental monitoring through the DREEC-ADM protocol, which should serve as a framework for the involvement of the DREEC in the monitoring and support of PACASEN; (iv) late recruitment of an environmental and social specialist in the program, which made it difficult to plan activities at the strategic level, and (v) absence of a harmonized operating procedure for the application of E&S screening forms.

9. **Implementation of environmental and social management under the Additional Financing.** The environmental and social management of PACASEN will be under the responsibility of the Environmental and Social Unit of the ADM, which has already mobilized one Environmental and Social Expert in charge of the environmental and social monitoring indicators of PACASEN including climate change, vulnerability and green financing aspects in local planning. The DCCTEFV will designate a Focal Point to ensure regular follow-up with ADM.

- (a) **At the national level.** The organization of the environmental and social management will be based on the updating and the signing of a partnership agreement between the DREC and ADM. This agreement will be the basis for the DREEC's mobilization to support the program, particularly in the context of E&S screening, environmental and social monitoring operations and raising awareness among beneficiaries about the interventions, the related risks, and the safety measures to be respected.
- (b) **At the regional level.** At the regional level ADM will rely on the technical assistance of DREEC for the operational implementation of the management plan for environmental and social management measures, as per the agreements. Through the DREC and the DREEC, ADM will be able to mobilize technical services involved in the monitoring of interventions, through the CRSE.

Areas of intervention for integrating climate change in planning - national and regional level. The ADM will rely on the existing technical services in charge of managing these matters, in particular the DCCTEFV with which the signing of an MoU is envisaged. On the basis of this MoU, the DCCTEFV will be expected to mobilize regional and local actors in charge of local development planning, including Regional Committees on Climate Change (*Comites changement climatique*, COMRECC). The detailed content of this agreement will be discussed by mutual agreement between ADM and the DCCTEFV. The content of this agreement will be discussed and agreed between ADM and the DCCTEFV.

Performance Criteria for Accessing Conditional Grants:



10. The satisfaction of the Performance Criteria for Accessing Conditional Grants under the parent program associated with E&S aspect will be maintained throughout PACASEN implementation, as follows: “the Municipality observed the procedural manual provisions relative to the environmental and social requirements of PACASEN during the Year N-1”.

11. **Improvements are required to ensure that the borrower's systems will be consistent with the principles of the PforR and effective in managing the effects of the program.** Key improvements that PACASEN will have to take forward include:

- (a) **Implementation of environmental and social management requirements under the Additional financing will take into account various measures, including** (i) the signing of agreements with: (a) the DREC for the Environment and Social aspects, (b) the DCCTEFV for Climate Change related aspects and (c) the Gender unit of the MUCTAT on gender related aspects (ii) the designation of one Climate Change Focal Point under the DCCTEFV, in charge of issues relating to integration of climate change aspects in local planning; and (iii) the signing of a partnership agreement between the DREC / ADM to support monitoring/ supervision/ screening /capacity building missions by the DREC, the DREEC and CRSE.
- (b) **Integration of climate change in local planning::** PACASENADM will sign agreements with DCCTEFV and ADM to support the management of Climate Change in local planning and with the Gender Unit of the MUCTAT to support implementation of gender related aspects and action plans. The new agreements along with the current agreement between ADM/DEEC (new DREC) will be signed in line with the agreements of ADM with other PACASEN entities. The detailed content of these agreements will be agreed between ADM and the relevant partners.



ANNEX 5: MODIFIED PROGRAM ACTION PLAN

Action Description	Source	DLI#	Responsibility	Timing		Completion Measurement	Action
				Due Date			
Preparation and approval of Program Operation Manual	Other		ADM/MCTDAT	Due Date	06-Feb-2019	Guides finalized	Revised
Proposed Update and approval of Program Operation Manual	Other		ADM/MCTDAT	Other	One month after effectiveness	Updated POM (comprising all manuals) is approved and shared with stakeholders	
Operational Continuous Territorial Coaching (CTC) and Training Mechanisms	Other		ADM, ARDs, Training Unit of MGT	Recurrent	Yearly	Mechanisms operational	Revised
Proposed Operational Continuous Territorial Coaching (CTC) and Training Mechanisms, integrating climate angle	Other		ADM, ARDs, Training Directorate o MCTDAT	Recurrent	Yearly	Mechanisms operational. Modalities for CTC and training on climate change developed (& reflected in capacity building manual) and revised annually as necessary. Annual capacity-building and coaching of CTC actors	
Annual Survey on LG satisfaction with respect to CTC support	Other		MGT	Recurrent	Yearly	Annual surveys completed	No Change
Annual capacity building sessions	Technical		ADM/ARD/DREEC/Communes	Recurrent	Yearly	Sessions carried out.	Marked for Deletion
Human resources to be reinforced at support and	Other		ARD/DREEC	Due Date	30-Jan-2021	Human resources reinforced	Revised



oversight structures							
Proposed							
Human resources to be reinforced at support and oversight structures	Other		ARD/DREEC	Due Date	31-Jan-2025	Additional support for monitoring and reporting, incl. equipment	
Recruitment of a focal environmental and social staff at ADM	Other		ADM	Due Date	30-Jan-2019	Environmental and social staff recruited.	Revised
Proposed							
Maintain a focal environmental and social staff at ADM	Other		ADM	Recurrent	Yearly	Environmental and social staff maintained.	
Roll out GFILOC, a modernized and interconnected local government PFM information system in the 123 Urban LGs	Other		DSPL/ADM	Due Date	30-Jan-2021	Systems rolled out.	Revised
Proposed							
GFILOC configuration to allow calculation of the LG budget execution rate on the basis of the PAI's annual budget and the expenditure incurred during the (annual) year	Technical		DSPL/ADM	Recurrent	Yearly	For 2025 and 2026: GFILOC calculates the LG budget execution rate on the basis of the PAI's annual budget and the expenditure incurred during the (annual) year	
At least 60 urban LGs have been subjected to technical audits conducted by the Court of Auditors	Technical		Court of Auditors	Recurrent	Yearly	Technical audits conducted.	Revised
Proposed							



At least 30 new urban LGs have been subjected to technical audits conducted by the Court of Auditors	Technical		Court of Auditors	Recurrent	Yearly	During AF, the Court of Audit continues its annual technical audits of at least 15 previously unaudited LGs out of a total of 124 every year (15 in Y1, and 15 in Y2).	
The Inspectorate of Local Administration conducts 25 percent more control missions of LGs per year.	Technical		Inspectorate of Local Administration	Recurrent	Yearly	25 percent more control missions of LGs per year conducted.	Revised
Proposed The Inspectorate of Local Administration conducts 25% more control missions of LGs in 2025 et 30% more control missions of LGs in 2026	Technical		Inspectorate of Local Administration	Recurrent	Yearly	Annual report produced by the Inspection l'Administration Locales describing the missions carried out (reference value 2017 - 9 missions).	
Strengthen the Procurement Regional Poles to provide support advice and improve the supervision of procurement units in LGs. Reproduced and popularized procurement guidance document within LGs with training tailored to their needs.	Technical		DCMP/ADM	Recurrent	Yearly	Procurement Regional Poles strengthened	Revised
Proposed Strengthen capacity of 4 Regional DCMP Poles regarding their role to	Technical		DCMP/ADM	Recurrent	Yearly	Annual report detailing the content and scope of training sessions for 04 regional	



advise and supervise procurement units in LGs. Publicize and share standard procurement documents with select LGs						poles: 2 for 2025 and 2 others for 2026	
Procurement audits of at least 30 percent of Urban LGs covered by the Program by the ARMP	Technical		ARMP	Recurrent	Yearly	Procurement audits of at least 30 percent of Urban LGs	Revised
Proposed ARMP Procurement audits of at least 12 Urban LGs, including 7 of the 19 main urban LGs, covered by the ARMP program	Technical		ARMP	Recurrent	Yearly	Annual report by ARMP	
Strengthen the capacities of LGs to manage grievances and identification of local grievance focal points.	Technical		ARMP/ADM/DCL	Due Date	30-Jan-2020	LGs capacities strengthened.	Revised
Proposed Strengthen the capacities of LGs to manage grievances and identification of local grievance focal points.	Technical		ARMP/ADM/DCT	Due Date	30-Jun-2025	LGs capacities strengthened. List of focal points produced	
National complaints management system in place incorporating local modalities for receiving and	Technical		MGT	Due Date	31-Oct-2019	National complaints management system in place	Revised

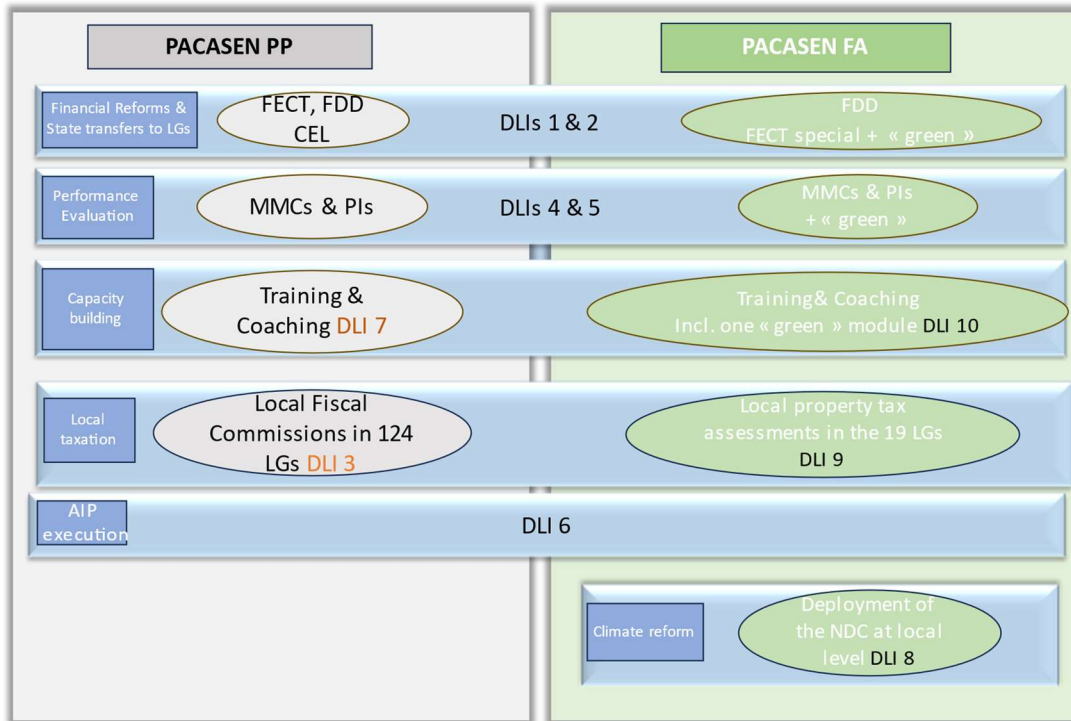


treating grievances and enhanced capacity of LGs to manage grievances.							
Proposed							
National complaints management system maintained, incorporating local modalities for receiving and treating grievances and enhanced capacity of LGs to manage grievances.	Technical		MCTDAT/ADM/LGs	Recurrent	Semi-Annually	National complaints management system maintained. Annual report on functionality of National complaints management system	
Annual report on the functionality of the National complaints management system	Technical		ADM/LGs	Recurrent	Yearly	National complaints management system functional	Marked for Deletion
Structure for Program-wide monitoring in place and operational (recruitment of 1 expert and 1 assistant)	Technical		ADM	Due Date	30-Jan-2020	Structure for Program-wide monitoring in place and operational	Marked for Deletion
Transfer of performance-based allocations to PACASEN structures before 31 March each year	Technical		MFB/ADM/IVA	Recurrent	Yearly	Annual performance-based allocations are timely transferred to PACASEN structures before 31 March each year	New
Respect of all milestones in PACASEN Calendar	Technical		MFB/MCDTAT/ADM/ PACASEN stakeholders	Recurrent	Continuous	All PACASEN milestones are met on time	New



ANNEX 6: DISBURSEMENT LINKED INDICATOR CHANGES

Table 6.1: Comparison between PACASEN PP and AF: continuity and differences



1. **Climate additions under the AF add one new DLI on climate reform and revise two existing DLIs to include climate aspects resulting in two new DLIs, thus increasing the number of DLIs from 7 to 8.** As the PP DLI 3 on local fiscal commissions was achieved, the AF will finance a new DLI 9 focusing on property tax assessments. DLI 7 on LG capacity building is revised to include climate capacity building under a new DLI 10. DLIs 1, 2, 4, 5, 6 are revised with some RLD adjustments to incorporate the AF’s new climate focus. Based on implementation experience and addition of climate considerations, the AF includes the below changes:

- DLI 1 is disbursed at 79 percent. As some reform aspects have been achieved, and others not yet, the DLI will be maintained but revised. Specifically, the FECT and CEL reforms have been achieved (FECT in 2018, CEL in 2019) and all associated disbursements have been executed. The FDD reform has not yet been achieved, and associated undisbursed funds under three DLRs could be disbursed through reallocation under a separate restructuring. State transfers to LGs generally adhere to the amounts indicated in the published legal documents, but annual adherence to the systematic transfer in line with the GoS budget calendar still needs to be confirmed. For the AF, the DLI is being revised with, continuation of support for the FDD reform, and a revision of the FECT decree that (i) provides a mechanism for project-specific financing of LG investments including climate-resilient investments, and (ii) adjusts its text to the actual proportion of allocations across the FECT windows for consistency.
- DLI 2 is disbursed at 100 percent. It focuses on the annual increase in State-LG transfers of 5 billion FCFA (corresponding to approximately US\$8.2 million equivalent). It is proposed to be maintained for the AF as its objectives remain relevant since the percentage of State-LG transfers remains low compare with other countries in West Africa, and to gradually meet the directives of the West African Economic and Monetary Union in this area. All



associated disbursements have been executed and the DLI is disbursed at 100 percent.

- DLI 3 disbursement is 80 percent with the final disbursement verified to reach 100 percent disbursement, once respective disbursement of DLR 3.5 is executed. As (i) the DLI was fully met under the PP, and (ii) the direct impact of LFCs on the increase of the tax base is limited, a new DLI 9 is proposed under the AF, with a focus on property tax assessments (distinguished into built/unbuilt and commercial/domestic).
- DLI 4 is disbursed at 100 percent. The DLI remains relevant as it focuses on the 124 LGs meeting the MMCs for the annual LG PE. However, some of the 6 MMCs will be revised to reflect the improved performance of LGs, while one MMC on CC is added (LG inscribed capacity building actions on CC into its annual capacity building plan), increasing the total MMCs to seven under the AF.
- DLI 5 disbursement stands at 97 percent. DLI 5 remains relevant as it focuses on the 19 principal LGs meeting the performance indicators in the annual LG PE, although some of the 10 PIs will be revised to streamline some performance targets, while one PI on CC is added (Existing LG safeguards focal point expands responsibilities to also be climate change focal point) and increasing the total PIs to 11 under the AF.
- DLI 6 achieved a disbursement of 48 percent; undisbursed funds (two DLRs) could be disbursed through reallocation under a separate restructuring. The DLI focuses on the 19 principal LGs to financially execute their AIPs. The DLI is proposed for revision, i.e., changing the calculation methodology to enhance LGs' absorptive capacities, and to require the formal attachment of AIPs to LG budgets (budget primitive).
- DLI 7 is currently disbursed at 77 percent and will be almost fully disbursed once the final disbursement, that is being processed, is executed; undisbursed funds could be disbursed through reallocation under a separate restructuring. The DLI focuses on the execution of hands-on coaching⁵⁰ of 124 LGs through LG-requested and stakeholder-provided annual capacity building plans (PARCAs): This DLI is proposed to be revised to include LG capacity building on climate change, including the NDC, CAPS, CRVSSs, etc., thus resulting in the new DLI 10.
- Under the AF, a new DLI 8 is added, i.e., the Deployment of the NDC at the LG level through newly created LG climate standards. Specifically, the AF will finance the development of standardized LG climate planning and budgeting guidelines (currently missing), that will guide all 601 LGs in Senegal on how to implement the NDC at the LG level, including through the systematization of CRVSSs, and subsequent CAPs, as these will be based on the new LG climate standards.

⁵⁰ The capacity building of PACASEN's 124 LGs has two elements: (i) class-room trainings, and (ii) hands-on, in the field coaching of LGs. This coaching is conducted via field visits and is called "continuous territorial coaching (CTC)."