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CREDIT NUMBER 5562-SN

# Financing Agreement

(Skills for Jobs and Competitiveness Project)

between

REPUBLIC OF SENEGAL

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated December 19, 2014

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**CREDIT NUMBER 5562-SN**

**FINANCING AGREEMENT**

AGREEMENT dated December 19, 2014, entered into between REPUBLIC OF SENEGAL (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

**ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

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

**ARTICLE II — FINANCING**

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to twenty three million seven hundred thousand Special Drawing Rights (SDR 23,700,000) (variously, “Credit” and “Financing”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%).
- 2.05. The Payment Dates are January 15 and July 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is Euro.

### **ARTICLE III — PROJECT**

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through the MVTTAAC in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

### **ARTICLE IV — EFFECTIVENESS; TERMINATION**

- 4.01. The Additional Conditions of Effectiveness consist of the following:
  - (a) The Co-financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.
  - (b) The Recipient has recruited an accountant to DAGE, with qualifications, experience and terms of reference satisfactory to the Association, and in accordance with the provisions of Section III of Schedule 2 to this Agreement.
  - (c) The Recipient has prepared and adopted the Project Implementation Manual, in form and substance satisfactory to the Association.
  - (d) The Recipient has staffed the Fonds Unique and appointed private and public sector members to its board of directors in a manner satisfactory to the Association.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 4.03. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

### **ARTICLE V — REPRESENTATIVE; ADDRESSES**

- 5.01. The Recipient's Representative is its Minister in charge of finance.
- 5.02. The Recipient's Address is:

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

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

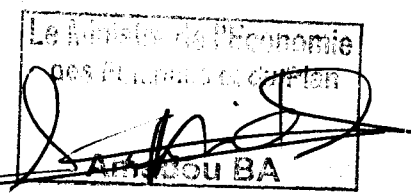
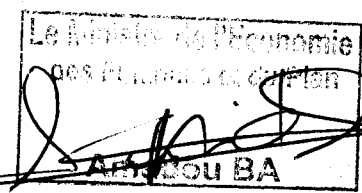
5.03. The Association's Address is:

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

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

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

REPUBLIC OF SENEGAL

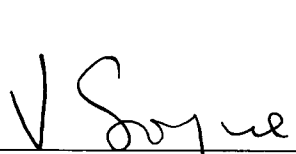

By  

Authorized Representative

Name: Amadou Ba

Title: Minister of Economy, Finance and Planning

INTERNATIONAL DEVELOPMENT ASSOCIATION

By  

Authorized Representative

Name: Vera Songwe

Title: Country Director for Senegal

## SCHEDULE 1

### Project Description

The objective of the Project is to strengthen the TVET system and to improve the employability of youth in selected priority sectors of the economy.

The Project consists of the following parts:

#### **PART A. Improvement of the Quality and Relevance of Training**

##### **1. *Improvement of the Quality of Existing Training Institutions***

Improving the quality and relevance of technical training in the Recipient's territory through: (a) renovation of the infrastructure of Selected Lycées Techniques; (b) provision of Performance-Based Payments, pursuant to Performance-Based Contracts, to Selected Lycées Techniques to improve the quality of service delivery; and (c) implementation of revised technical baccalaureate programs in the Selected Lycées Techniques.

##### **2. *Improving Workers' Skills in the Horticulture, Poultry Farming, and Tourism Sectors***

- (a) Development and implementation of program design and management tools to increase the expertise of trainers and skills of workers in the horticulture, poultry farming, and tourism sectors, including through curriculum development, capacity building, and the training of tutors to facilitate and establish better links with the private sector.
- (b) Improvement of workers' skills in the horticulture sector, including through: (i) construction and rehabilitation of Training Centers for the horticulture sector; and (ii) provision of equipment for Training Centers.
- (c) Improvement of workers' skills in the poultry farming sector, including through construction and rehabilitation of, and provision of equipment for, a Mbao Training Center.
- (d) Improvement of workers' skills in the tourism sector, including through construction and rehabilitation of, and provision of equipment for, Training Centers (other than for the Diarniadio Training Center).
- (e) Provision of FU Grants, pursuant to FU Grant Agreements, to Training Centers and/or Clusters of Training Centers to implement FU Sub-projects.

3. *Certificate of Specialization Program*

Carrying out a Certificate of Specialization program to provide high quality training and improve the employability of youth, including: (a) development of training standards; (b) provision of Training Vouchers to Voucher Beneficiaries to support part of the training fees; (c) renovation and provision of equipment to Training Institutions to increase their standards and consultancies for the development and implementation of mechanisms to ensure sustainability.

**PART B. Reform of TVET Sector's Financial System**

1. Carrying out a program of activities to streamline and reinforce the TVET sector's financial system to make it consistent with sector reforms, including: (a) revising and strengthening the DAGE and ONFP operating systems, including support for the development of the construction management and pedagogical engineering capacity of ONFP, and the resources management capacity of DAGE; and (b) operationalizing the Fonds Unique.

**PART C. Support for the System Management, Monitoring and Evaluation, and Project Management**

1. Strengthening the management of the TVET sector by building the capacity of the DFPT, DA, the agency responsible for communication and orientation, and CEP; supporting the establishment of a monitoring and evaluation system; supporting Project management, including fiduciary management and coordination of Project activities; development and implementation of a communication program on reforms, necessary documentation, and studies relating to the TVET sector; all through the provision of technical advisory services, Training, and the acquisition of goods.
2. Carrying out annual external evaluations of PBCs.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional and Other Arrangements

##### 1. Steering Committee

The Recipient shall maintain throughout the implementation of the Project, a steering committee for the Project with composition, mandate and resources satisfactory to the Association, to be chaired by the minister of MVTTAAC and comprised of representatives of key ministries (including representatives from the ministries responsible for finance, agriculture livestock, and tourism), relevant directorates, and related private sector stakeholders (“Steering Committee”). The Steering Committee shall be responsible for providing overall guidance and strategic support to the Project, including, *inter alia*, endorsing the proposed Annual Work Plans for the Project.

##### 2. Direction de l’Administration Générale et de l’Equipement (DAGE)

The Recipient shall maintain, throughout the implementation of the Project, DAGE, to be responsible for the overall financial management of the Project, and to have primary responsibility for procurement under the Project, other for procurement to be carried out by the ONFP, Selected Lycées Techniques, and the Training Centers, as further detailed in the PIM.

##### 3. Clusters of Training Centers

(a) In order to ensure the proper and efficient implementation of Parts A.2 and A.3 of the Project, the Recipient shall establish, not later than January 31, 2015, and thereafter maintain throughout the implementation of the Project, Clusters of Training Centers for each of the horticulture, poultry farming, and tourism sectors, to be responsible for implementing Parts A.2 and A.3 of the Project, including preparing and implementing strategic development plans aimed at increasing the performance and productivity of the said sectors through improving the level of expertise of trainers and the qualification of workers.

(b) The Recipient shall cause each Cluster of Training Center to carry out its activities: (i) pursuant to a governance framework acceptable to the Association; and (ii) under the direction of a board of directors comprised of representatives from the public and private sectors selected in accordance with the Project Implementation Manual.



4. The Recipient shall maintain, throughout the implementation of the Project, the following entities with functions, staffing and resources satisfactory to the Association, as set forth below and as further described in the Project Implementation Manual:

- (a) **Office National de la Formation Professionnelle (ONFP):** The ONFP shall be responsible for, *inter alia*, the following: (i) technical management of construction, rehabilitation and equipment of facilities, on behalf of MVTAAAC, the Training Centers, and the Selected Lycées Techniques; (ii) technical implementation of the Safeguards Instruments and ensuring compliance therewith; and (iii) provision of quality control for infrastructural work under Part A of the Project and ensuring that appropriate standards are maintained. To this end, by no later than December 31, 2014, the Recipient shall enter into a delegated management contract with ONFP, in form and substance satisfactory to the Association.
- (b) **Direction de la Formation Professionnelle et Technique (DFPT):** DFPT shall *inter alia*, oversee the implementation of the PBCs by the Selected Lycées Techniques under Part A.1 (b) and shall coordinate the implementation of activities under Part A.1 (c) of the Project.
- (c) **Direction de l'Apprentissage (DA):** The DA shall, *inter alia*, be responsible for the implementation of activities under Part A.3 of the Project and shall oversee the activities of eligible Training Centers participating in the administration of the Certificate of Specialization program.
- (d) **Cellule d'Etude et de Planification (CEP):** The Recipient shall maintain, at all times during the implementation of the Project, the CEP with functions, staffing and resources satisfactory to the Association to be responsible for technical day-to-day management of the Project, including: (i) planning and developing the information and statistics system; (ii) monitoring and evaluation and reporting; and (iii) general coordination and implementation of Project activities.

**B. Project Implementation Manual (PIM) and Fonds Unique Manual (FUM)**

1. The Recipient shall prepare, in accordance with terms of reference acceptable to the Association, and furnish to the Association:

- (a) an implementation manual for the Project, in form and substance acceptable to the Association, containing, *inter alia*, detailed: (i) technical, administrative, procurement, financial and accounting, safeguards, monitoring and evaluation procedures, organizational guidelines and procedures, and other arrangements for the Project; and

- (ii) arrangements for the implementation of PBCs, including:
      - (A) procedures for preparation, approval, and implementation of PBCs;
      - (B) agreed performance targets and indicators for PBCs and methodology for monitoring and evaluating same; (C) a model form of agreement for PBCs; and (D) procurement and financial management procedures for PBCs; and
    - (b) a manual for the Fonds Unique, in form and substance acceptable to the Association, containing, *inter alia*, detailed arrangements for the administration of the FU and the implementation of FU Sub-projects, including: (i) arrangements for the management of the Fonds Unique and procedures for the review and approval of FU Grants; (ii) procedures for preparation, approval, and implementation of FU Sub-projects; (iii) a model form of agreement for FU Grant Agreements; and (iv) technical, administrative, procurement, financial and accounting, safeguards, monitoring and evaluation procedures, organizational guidelines and procedures, and other arrangements for FU Sub-projects.
- 2. The Recipient shall: (a) furnish the manual referred to in Section B.1(a) above to the Association for review; (b) afford the Association a reasonable opportunity to exchange views with the Recipient on said manual; and (c) thereafter adopt said manual as shall have been approved by the Association (“Project Implementation Manual”).
- 3. By no later than three (3) months after the Effective Date, the Recipient shall: (a) furnish the manual referred to in Section B.1(b) above to the Association for review; (b) afford the Association a reasonable opportunity to exchange views with the Recipient on said manual; and (c) thereafter adopt said manual as shall have been approved by the Association (“Fonds Unique Manual”).
- 4. The Recipient: (a) shall ensure that the Project is carried out in accordance with the PIM and the FUM; and (b) shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the PIM or the FUM, or any provision thereof, without the prior written agreement of the Association
- 5. Notwithstanding the foregoing, in the event of any inconsistency between the provisions of the PIM or the FUM, and those of this Agreement, the provisions of this Agreement shall prevail.
- C. Annual Work Plan**
- 1. The Recipient shall prepare and furnish to the Association not later than November 30 of each calendar year throughout the implementation of the Project, a work plan of activities proposed for inclusion in the Project for the next calendar year, including: (a) a detailed timetable for the sequencing and implementation of these

activities; (b) the types of expenditures required for such activities and a proposed financing plan (including counterpart funds to be provided by the Recipient and approved amount of Co-financing) for such expenditures; and (c) each Safeguard Document required for such activities pursuant to Section I.E of this Schedule and the measures proposed to be carried out under such Safeguard Document.

2. The Recipient shall afford the Association a reasonable opportunity to exchange views with the Recipient on such proposed work plan; and, thereafter, carry out such work plan during the period covered by said plan, according to such budget, both as shall have been approved by the Association (“Annual Work Plan”).
3. Only activities included in an Annual Work Plan shall be eligible for inclusion in the Project and for financing out of the proceeds of the Financing.

**D. Anti-Corruption**

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

**E. Safeguards**

1. The Recipient shall carry out the Project in accordance with the Safeguard Frameworks and all Safeguard Documents. To this end, the Recipient shall take the following measures:
  - (a) If any activities included in a proposed Annual Work Plan would, pursuant to the ESMF, require the carrying out of an ESIA, no such activities shall be implemented unless and until:
    - (i) an ESIA for such activities has been: (A) prepared, in accordance with the ESMF and furnished to the Association as part of the Annual Work Plan; (B) disclosed locally as required by the ESMF; and (C) approved by the Association and publicly disclosed; and
    - (ii) if said ESIA would require the preparation of an ESMP, such ESMP has been: (A) prepared in accordance with such ESIA and furnished for the Association as part of the Annual Work Plan; (B) disclosed locally as required by the ESMF; and (C) approved by the Association and publicly disclosed.
  - (b) If any activities included in a proposed Annual Work Plan would, pursuant to the RPF, require the preparation of a RAP, no such activities shall be implemented unless and until:

- (i) a RAP for such activities has been: (A) prepared in accordance with the requirements of the RPF and furnished to the Association as part of the proposed Annual Work Plan; (B) disclosed as required by the RPF; and (C) approved by the Association and publicly disclosed; and
  - (ii) (A) all measures required to be taken under said RAP prior to the initiation of said activities have been taken, including, without limitation to the above, providing funds for resettlement compensation when and if required under a RAP; (B) a report, in form and substance satisfactory to the Association, on the status of compliance with the requirements of said RAP has been prepared and furnished to the Association; and (C) the Association has confirmed that said activities may be commenced.
- 2. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall regularly collect, compile and submit to the Association every calendar semester, reports, in form and substance satisfactory to the Association, on the status of compliance with the Safeguards Instruments, giving details of:
  - (a) measures taken in furtherance of such Safeguards Instruments;
  - (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Safeguards Instruments; and
  - (c) remedial measures taken or required to be taken to address such conditions.
- 3. The Recipient shall afford the Association a reasonable opportunity to review the reports prepared under paragraph 2 of this Part E, and thereafter shall carry out or cause to be carried out, with due diligence, all remedial measures agreed with the Association so as to ensure the proper implementation of the Project in accordance with the Safeguards Instruments.
- 4. The Recipient shall not amend, suspend or waive, or permit to be amended, suspended or waived, the ESMF or RPF, or any provision thereof without the prior written approval of the Association.
- 5. In the event of a conflict between the provisions of any of the Safeguards Instruments and the provisions of this Agreement, the provisions of this Agreement shall prevail.

**F. Performance-Based Contracts (PBCs)**

1. In order to achieve the objectives of Part A.1(b) of the Project, the Recipient shall enter into Performance-Based Contracts with PBC Beneficiaries and make Performance-Based Payments pursuant thereto, subject to the provisions of this Section F and any other eligibility criteria and procedures acceptable to the Association and set forth in the PIM, which shall include the following:
  - (a) no PBC Beneficiary shall be eligible to enter into a PBC or receive a PBP unless:
    - (i) the Recipient has determined, on the basis of an appraisal carried out in accordance with guidelines acceptable to the Association and further elaborated in the PIM, that the PBC Beneficiary has prepared and adopted, in form and substance satisfactory to the Association, a strategic development plan setting out the objectives, vision, and long and medium term goals of the PBC Beneficiary; and
    - (ii) such PBC Beneficiary has established and undertaken to maintain throughout the duration of its PBC, a management board, with composition, mandate and resources satisfactory to the Association, and which shall be responsible for endorsing and overseeing the implementation of such PBC Beneficiary's PBC; and
  - (b) the Recipient shall:
    - (i) by no later than six (6) months after the Effective Date, recruit technical auditors with qualifications, experience and terms of reference satisfactory to the Association and in accordance with the provisions of Section III of Schedule 2 to this Agreement, to conduct yearly external evaluations of the PBCs; and
    - (ii) establish the modalities, satisfactory to the Association, for assessing and verifying the implementation of each PBC, and thereafter assess and verify the implementation of each such PBC in accordance with such modalities and in a manner satisfactory to the Association.
2. The Recipient shall make each PBP to a PBC Beneficiary under a PBC with the respective PBC Beneficiary on terms and conditions approved by the Association, which shall include, *inter alia*, the following:

- (a) (i) the activities to be carried out, and objectives to be met, by the PBC Beneficiary; (ii) the budget for such activities for the first year of the PBC and corresponding funding commitment; (iii) proposed activities for subsequent years and funding projections for the activities; and (iv) performance targets and indicators for monitoring such targets;
- (b) the amount of, and payment arrangements for, the PBP;
- (c) the conditioning of the PBP upon the PBC Beneficiary's satisfactory implementation of its PBC and compliance with the assessment and verification modalities referred to in Section F.1(b) above;
- (d) the PBP shall be made on a non-reimbursable grant basis, subject to the provisions of paragraph (e)(i) below; and
- (e) the Recipient shall obtain rights adequate to protect its interests and those of the Association, including the right to:
  - (i) suspend or terminate the right of the PBC Beneficiary to use the proceeds of the PBP or obtain a refund of all or any part of the amount of the PBP then withdrawn, upon the PBC Beneficiary's failure to perform any of its obligations under the PBC; and
  - (ii) require each PBC Beneficiary to:
    - (A) carry out its PBC with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient;
    - (B) provide, promptly as needed, the resources required for the purpose;
    - (C) procure the goods, works and services to be financed out of the PBC in accordance with the provisions of this Agreement;
    - (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the PBC and the achievement of its objectives;

- (E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the PBC; and (2) at the Association's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association;
  - (F) enable the Recipient and the Association to inspect any operations related to the PBC and any relevant records and documents; and
  - (G) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.
3. Prior to entering into each PBC, the Recipient shall ensure that the Association shall have given its no objection to the entry into such PBC.
  4. The Recipient shall exercise its rights and carry out its obligations under each PBC in such a manner as to protect its interest and those of the Association and to accomplish the purposes of the grant provided thereunder, and except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the PBC, or any provision thereof.

**G. Training Vouchers**

1. The Recipient shall provide Training Vouchers to selected Voucher Beneficiaries to finance all or a portion of the training fees payable by said Voucher Beneficiaries for enrollment in the Certificate of Specialization under Part A.3 of the Project, in a manner acceptable to the Association, and in accordance with the eligibility criteria and procedures and on terms and conditions as further detailed in the PIM.
2. The Recipient shall ensure that the Training Vouchers are carried out with due diligence and efficiency and in accordance with sound technical, financial, and managerial standards and practices acceptable to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to the recipients of the Training Vouchers proceeds other than the Recipient.

**H. Fonds Unique (FU) and FU Grants**

1. The Recipient shall maintain, during the implementation of the Project, the FU with functions, staffing and resources satisfactory to the Association, to be responsible for, *inter alia*: (a) receiving and reviewing strategic development plans and requests for FU Grants from proposed FU Beneficiaries; (b) making FU Grants under Part A.2(e) of the Project to eligible FU Beneficiaries, and subject to the provisions of this Section H; and (c) carrying out quality assurance of the activities of the Training Centers, all in accordance with the provisions of the FUM.

2. Eligibility Criteria and Procedures for Provision of FU Grants

The Recipient, through the FU, shall provide FU Grants to eligible FU Beneficiaries for purposes of undertaking FU Sub-projects, in accordance with eligibility criteria and procedures acceptable to the Association, which shall include the following:

- (a) No proposed FU Beneficiary shall be eligible for a FU Grant unless the Recipient has determined on the basis of an appraisal carried out in accordance with guidelines acceptable to the Association and further elaborated in the FUM, that:
  - (i) the FU Beneficiary has prepared a satisfactory strategic development plan and budget for the implementation of a proposed FU Sub-project;
  - (ii) the proposed FU Sub-project is aimed at improving the expertise of trainers and the qualifications of workers in the horticulture, poultry farming and tourism sectors with a view to improving the performance and productivity of, as well as creating new competencies for, said sectors;
  - (iii) the proposed FU Sub-project is technically feasible and economically and financially viable; and
  - (iv) the FU Beneficiary has the organization, management, technical capacity and financial resources necessary to carry out the proposed FU Sub-project.
- (b) The maximum amount of each FU Grant for a FU Sub-project shall not exceed 100% of the total estimated cost of the FU Sub-project minus the amount of other funds allocated to finance such cost.



3. Terms and Conditions for FU Grants to Training Centers

The Recipient shall make each FU Grant to a FU Beneficiary under a FU Grant Agreement with the respective FU Beneficiary on terms and conditions approved by the Association, which shall include, *inter alia*, the following:

- (a) The FU Grant shall be made on a non-reimbursable grant basis, subject to the provisions of paragraph (b)(i) and (ii) below.
- (b) The Recipient shall obtain rights adequate to protect its interests and those of the Association, including the right to:
  - (i) suspend or terminate the right of the FU Beneficiary to use the proceeds of the FU Grant or obtain a refund of all or any part of the amount of the FU Grant then withdrawn, upon the FU Beneficiary's failure to perform any of its obligations under the FU Grant Agreement; and
  - (ii) require each FU Beneficiary to:
    - (A) carry out its FU Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient;
    - (B) provide, promptly as needed, the resources required for the purpose;
    - (C) procure the goods, works and services to be financed out of the FU Grant in accordance with the provisions of this Agreement;
    - (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the FU Sub-project and the achievement of its objectives;
    - (E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the FU

Sub-project; and (2) at the Association's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association;

- (F) enable the Recipient and the Association to inspect the FU Sub-project, its operation and any relevant records and documents; and
- (G) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

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

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

**A. Project Reports**

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

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

- 1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
- 2. The Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal was made under the Preparation Advance for the Project. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.
4. The Recipient shall recruit, not later than four (4) months after the Effective Date, the independent auditor referred to in Section 4.09 (b) of the General Conditions, in accordance with the provisions of Section III of this Schedule and pursuant to terms of reference satisfactory to the Association.
5. The Recipient shall acquire and install in MVTTAAC and each Selected Lycée Technique, not later than four (4) months after the Effective Date, accounting software with specifications satisfactory to the Association and in accordance with the provisions of Section III of this Schedule, and shall thereafter maintain such accounting software in a manner satisfactory to the Association throughout the implementation of the Project.
6. The Recipient shall recruit at the internal audit department of MVTTAAC, not later than four (4) months after the Effective Date, a qualified auditor, in accordance with the provisions of Section III of this Schedule and pursuant to terms of reference satisfactory to the Association, to be responsible for strengthening the internal control environment of the TVET sector.

### **Section III. Procurement**

#### **A. General**

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II and III of the

Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods, Works and Non-consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) Shopping; (b) Direct Contracting; and (c) National Competitive Bidding.
3. The following additional provisions shall apply to National Competitive Bidding: (a) bids shall be advertised in national newspapers with wide circulation; (b) bid evaluation, bidder qualification and award criteria shall be specified clearly in the bidding documents; (c) bidders shall be given an adequate response time (minimum four weeks following the date of the invitation to bid or the date of availability of the bidding documents, whichever is later) to prepare and submit bids; (d) bids shall be awarded to the lowest evaluated bidder; (e) eligible bidders, including foreign bidders, shall not be precluded from participating; and (f) no preference margin shall be granted to domestic contractors.

**C. Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Least Cost Selection; (b) Selection based on Consultants' Qualifications; (c) Single-source Selection of consulting firms; (d) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (e) Single-source procedures for the Selection of Individual Consultants.

**D. Review by the Association of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

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

**A. General**

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

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consultants' services, Training and Operating Costs for the Project (except under Parts A.1(b), A.2(e), A.3(c), B.1 (b) of the Project)	17,700,000	100%
(2) Performance-Based Payments under Part A.1(b) of the Project	3,500,000	100% of amounts disbursed, payable under the respective Performance-Based Payments
(3) FU Grants under Part A.2(e) of the Project	1,000,000	100% of amounts disbursed, payable under the respective FU Grants
(4) Training Vouchers under Part A.3(c) of the Project	700,000	100% of amounts disbursed, payable under the respective Training Vouchers
(5) Refund of Preparation Advance	800,000	Amount payable pursuant to Section 2.07 of the General Conditions
<b>TOTAL AMOUNT</b>	<b>23,700,000</b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.

2. The Closing Date is January 25, 2020.

**Section V. Other Undertaking**

**A. Counterpart Funding**

The Recipient shall, not later than September 30 of each year, pay into an account within the Recipient's treasury, a percentage of the Counterpart Funding, acceptable to the Association, as shall be required to cover expenditures made against such Counterpart Funding, based on activities to be carried out pursuant to the applicable Annual Work Plan.

**B. Financing of the Fonds Unique**

The Recipient shall, not later than September 30 of each year, allocate an annual amount, acceptable to the Association, to the Fonds Unique.

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

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each January 15 and July 15, commencing January 15, 2021 to and including July 15, 2052	1.5625%

\* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.



## APPENDIX

### Definitions

1. “Annual Work Plan” means each annual work plan, together with the related budget and any required Safeguard Documents, for the Project approved by the Association pursuant to the provisions of Section I.C of Schedule 2 to this Agreement; and “Annual Work Plans” means more than one such plan.
2. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants,” dated October 15, 2006 and revised in January 2011.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “CEP” means the entity responsible for studies and planning, located within MVTAAAC, in charge of planning and development of its information and statistics system, or any successor thereto.
5. “Certificate of Specialization” means a certificate obtained after undertaking a training program of between two (2) to six (6) months, in a Training Institution.
6. “Cluster of Training Centers” means a group of centers in charge of providing training in the Recipient’s territory, established in the form of a public-private partnership; and “Clusters of Training Centers” means more than one Cluster of Training Centers.
7. “Co-financier” means the *Agence Française de Développement*, as referred to in paragraph 10 of the Appendix to the General Conditions.
8. “Co-financing” means, for purposes of paragraph 11 of the Appendix to the General Conditions an amount of equivalent to sixteen million five hundred thousand Dollars, to be provided by the Co-financier to assist in financing the Project.
9. “Co-financing Agreement” means the agreement to be entered into between the Recipient and the Co-financier providing for the Co-financing.
10. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under BRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011, and revised July 2014.
11. “Counterpart Funding” means the amount of funding in an aggregate amount equal to twenty five million Dollars (\$25,000,000), to be provided by the Recipient out

of its resources to co-finance the Project, and referred to under Section V.A of Schedule 2 to this Agreement.

12. “Diamniadio Training Center” means the center established in the Diamniadio region, for training in tourism.
13. “Displaced Person” means a person who, on account of the execution of an activity under the Project, has experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets, or (iii) loss of income sources or means of livelihood, whether or not such person must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person; “Displaced Persons” means all such persons.
14. “*Direction de l’Administration Générale et de l’Équipement*” and “DAGE” mean the Recipient’s directorate of general administration and equipment, operating pursuant to the Recipient’s Decree No. 2014-435 of April 3, 2014, relating to the organization of MVTTAAC, and referred to in Section I.A.2 of Schedule 2 to this Agreement, or any successor thereto.
15. “*Direction de l’Apprentissage*” and “DA” mean the Recipient’s directorate in charge of apprenticeship, operating pursuant to the Recipient’s Decree No. 2014-435 of April 3, 2014, relating to the organization of MVTTAAC, and referred to in Section I.A.4(c) of Schedule 2 to this Agreement, or any successor thereto.
16. “*Direction de la Formation Professionnelle et Technique*” and “DFPT” mean the Recipient’s directorate in charge of technical and vocational training, operating pursuant to the Recipient’s Decree No. 2014-435 of April 3, 2014, relating to the organization of MVTTAAC, and referred to in Section I.A.4(b) of Schedule 2 to this Agreement, or any successor thereto.
17. “Environmental and Social Impact Assessment” and “ESIA” mean, for a given activity included in the Project, the environmental and social impact assessment of said activity to be carried out in accordance with the ESMF and pursuant to provisions of Section I.E.1(a) of Schedule 2 to this Agreement.
18. “Environmental and Social Management Framework” and “ESMF” mean the Recipient’s framework entitled “Environmental and Social Management Framework,” disclosed in the Recipient’s territory on July 18, 2014 and at the Association’s *Infoshop* on October 21, 2014, detailing: (a) the measures to be taken during the implementation and operation of the Project to eliminate or offset adverse environmental and social impacts, or to reduce them to acceptable levels; and (b) the actions needed to implement these measures, including monitoring and institution strengthening.

19. “Environmental and Social Management Plan” and “ESMP” mean an environmental and social management plan for the Project to be prepared and implemented in accordance with the ESMF and pursuant to the provisions of Section I.E.1(a) of Schedule 2 to this Agreement.
20. “Fonds Unique” and “FU” mean the entity established by the Recipient, pursuant to Decree 2014-1264 of October 7, 2014, responsible for, *inter alia*, the financing of vocational training in the territory of the Recipient.
21. “Fonds Unique Manual” and “FUM” mean the Recipient’s manual for the Fonds Unique referred to in Section I.B.3 of Schedule 2 to this Agreement, as the same may be amended from time to time in accordance with the terms of this Agreement, and such terms include any schedules to said manual.
22. “FU Beneficiary” means a Training Center and/or a Cluster of Training Centers that have met the eligibility criteria set forth in Section I.H.2 of Schedule 2 to this Agreement, and to which the Recipient has extended a FU Grant under a FU Grant Agreement for a FU Sub-project; and “FU Beneficiaries” means more than one FU Beneficiary.
23. “FU Grant” means a grant allocated or proposed to be allocated out of the proceeds of the Financing to an eligible FU Beneficiary in accordance with the provisions of Section I.H of Schedule 2 to this Agreement; and “FU Grants” means more than one FU Grant.
24. “FU Grant Agreement” means an agreement between MVTAAAC and an eligible FU Beneficiary providing for a FU Grant pursuant to Section I.H of Schedule 2 to this Agreement; and “FU Grant Agreements” means more than one FU Grant Agreement.
25. “FU Sub-project” means a specific development project to be carried out by a FU Beneficiary using the proceeds of a FU Grant, including projects related to: (a) on-the-job training of workers on request of existing businesses that need to upgrade the skills of employees; (b) activities of Training Centers on the basis of performance criteria; (c) on an individual basis, youths that are seeking qualifications to enter the labor market; and (d) quality assurance, including standard setting, program accreditation of both public and private providers, quality audits, and the publication of reports on the activities of the Training Centers; and “FU Sub-projects” means more than one FU Sub-project.
26. “General Condition:” means the “International Development Association General Conditions for Credits and Grants,” dated July 31, 2010.
27. “Mbao Training Center” means the center established in the Mbao region, for training in poultry farming.

28. “Ministry of Finance, Economy and Planning” means “Ministry of Economy and Finance” means the Recipient’s ministry in charge of economy and finance, or any successor thereto.
29. “Ministry of Vocational and Technical Training, Apprenticeship and Arts and Crafts” and “MVTTAAC” mean the Recipient’s ministry in charge of technical and vocational education and training, or any successor thereto.
30. “*Office National de Formation Professionnelle*” and “ONFP” mean the Recipient’s national office of professional training, established and operation pursuant to the Recipient’s Law No. 8644 of August 11, 1986, and referred to in Section I.A.4 (a) of Schedule 2 to this Agreement, or any successor thereto.
31. “Operating Costs” means the reasonable incremental operating costs under the Project, based on the Annual Work Plans and budgets approved by the Association, and incurred by the Recipient, on account of utilities and supplies, bank charges, communications, vehicle operation and maintenance, insurance, office space rental, building and equipment maintenance, public awareness-related media expenses, travel and supervision, and Results-Based Premiums, but excluding salaries of members of the Recipient’s civil service.
32. “PBC Beneficiary” means a Selected Lycée Technique that has been selected to enter into a PBC and receive PBPs pursuant to Section I.F of Schedule 2 to this Agreement.
33. “Performance-Based Contract” and “PBC” mean a contract referred to under Section I.F of Schedule 2 to this Agreement and entered into between the Recipient, acting through the MVTTAAC and a PBC Beneficiary, pursuant to which such PBC Beneficiary receives from time to time, Performance-Based Payments under Part A.1(b) of the Project.
34. “Performance-Based Payment” and “PBP” mean any payment made or proposed to be made out of the proceeds of the Financing by the Recipient to a PBC Beneficiary under Part A.1(b) of the Project and pursuant to a PBC in accordance with Section I.F of Schedule 2 to this Agreement.
35. “Preparation Advance” means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on August 19, 2014 and on behalf of the Recipient on August 19, 2014.
36. “Procurement Guidelines” means the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011, and revised July 2014.

37. "Procurement Plan" means the Recipient's procurement plan for the Project, dated October 27, 2014, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
38. "Project Implementation Manual" and "PIM" mean the Recipient's manual referred to in Section 4.01(c) and Section I.B.2 of Schedule 2 to this Agreement, as the same may be amended from time to time in accordance with the terms of this Agreement, and such terms include any schedules to said manual.
39. "RAP" means a resettlement action plan to be prepared and implemented in accordance with the RPF and pursuant to the provisions of Section I.E.1(b) of Schedule 2 to this Agreement; and "RAPs" means more than one such RAP.
40. "Results-Based Premium" means a payment made or proposed to be made in the form of a premium, out of the proceeds of the financing by the Recipient to members of the Recipient's civil service who are involved in Project implementation and have achieved satisfactory results in performing their duties, as further detailed in the PIM; and "Results-Based Premiums" means more than one Results-Based Premium.
41. "RPF" means the Recipient's framework entitled "Resettlement Policy Framework," disclosed in the Recipient's territory on July 18, 2014 and at the Association's *Infosuop* on October 21, 2014 containing guidelines, procedures, timetables and other specifications for the provision of compensation, rehabilitation and resettlement assistance to Displaced Persons, and referred to in Section I.E.1(b) of Schedule 2 to this Agreement.
42. "Safeguards Documents" means any ESIA, ESMP, RAP, or other supplemental social and environmental safeguard documents as required under the terms of the Safeguard Frameworks.
43. "Safeguards Frameworks" means, collectively, the ESMF and RPF prepared for the Project.
44. "Safeguards Instruments" means, collectively, the Safeguards Frameworks and the Safeguard Documents.
45. "Selected Lycées Techniques" means, collectively, training institutions participating in the Project, namely: Lycée Technique d'Industriel Maurice Delafosse in Dakar; Lycée Technique Andre Peytavin in Saint-Louis; and Lycée Technique, Industriel et Minier Mamba Guirassy in Kedougou, each operating pursuant to the Recipient's Decree No. 72-1396 of April 6, 1972 relating to the organization of *lycees techniques*, as amended from time to time; and any other training institutions may be agreed to by the Recipient and the Association; and,

in each case, which have been selected in accordance with criteria acceptable to the Association to enter into PBCs and receive PBP's under Part A.1(b) of the Project; and "Selected Lycée Technique" means one such Selected Lycées Techniques.

46. "Steering Committee" means the steering committee for the Project established pursuant to the Recipient's Executive Decision No. 14921 of September 23, 2014, and in accordance with Section I.A.1 of Schedule 2 to this Agreement.
47. "Training" means the costs of training under the Project, based on the Annual Work Plans approved by the Association, and attributable to seminars, workshops, and study tours, along with travel and subsistence allowances for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to course preparation and implementation.
48. "Training Center" means a training institution established and operating under the laws of the Recipient, which has been selected on the basis of eligibility criteria specified in PIM, to carry out certain activities under Parts A.2 and A.3 of the Project; and "Training Centers" means more than one Training Center.
49. "Training Institution" means an institution of the Recipient involved or responsible for training which has been selected on the basis of eligibility criteria specified in PIM; and "Training Institutions" means more than one Training Institution.
50. "Training Voucher" means a payment in the form of a non-refundable grant, in an amount acceptable to the Association, by the Recipient to an eligible Voucher Beneficiary under Part A.3(b) of the Project made or to be made in accordance with the provisions of the PIM, in support of the training fees to be paid by such Voucher Beneficiary for the Certification of Specialization; and "Training Vouchers" means more than one Training Voucher.
51. "TVET" means technical and vocational education training.
52. "Voucher Beneficiary" means a person eligible (literate and between the age of 16-40) to receive a Training Voucher pursuant to Section I.G of Schedule 2 to this Agreement, who has submitted a request to receive such Training Voucher, is pre-registered in a certified Training Center to participate in the Certificate of Specialization program under Part A.3 of the Project, and has met any other eligibility criteria specified in the PIM; and "Voucher Beneficiaries" means more than one Voucher Beneficiary.