

GRANT AGREEMENT

SENEGAL Flood Risk Management

under

the Stormwater Management and Climate Change Adaptation Project (PROGEP)

between

THE REPUBLIC OF SENEGAL

and

NORDIC DEVELOPMENT FUND

Dated **21** MAR 2013

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GRANT AGREEMENT

between REPUBLIC OF SENEGAL (the "Recipient") and NORDIC DEVELOPMENT FUND (the "Fund").

WHEREAS

- a) the Fund was established as a Nordic multilateral development financing institution pursuant to an agreement between the Governments of Denmark, Finland, Iceland, Norway and Sweden for the purpose of promoting economic and social development in developing countries through participation in financing on concessional terms of projects of interest to the Nordic Countries;
- b) the Recipient, having satisfied itself of the feasibility and priority of the project described in Annex 1 to this Agreement (the "Project"), has requested the Fund to assist in the financing of the Project;
- c) the Recipient will enter into an agreement (the <"[Financing Agreement]">) with the World Bank (the "Lead Agency") to assist in the financing of the Project;
- d) the Project will be carried out by the Municipal Development Agency (MDA) (the "Implementing Agency"). The Recipient will make the proceeds of the Grant (as defined in Article 1) available to the Implementing Agency as provided for in this Agreement;
- f) the Fund, in accordance with a co-operation agreement dated 19 April, 2012, will cooperate and exchange information with the Lead Agency during the implementation of the Project;
- g) the Recipient and the Fund have on 25 May 1999 entered into an agreement on the legal status of the Fund in the Republic of Senegal;
- h) the Fund has agreed, on the basis, inter alia, of the foregoing, to extend the Grant to the Recipient upon the terms and conditions set forth in this Agreement;

NOW IT IS AGREED:

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ARTICLE I

Definitions

1.01 Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the Preamble to this Agreement have the meanings therein set forth, and the following additional terms have the following meanings:

"Agreement" means this particular grant agreement, including all annexes, schedules and agreements supplemental hereto, as such agreement may be amended from time to time;

"Anticorruption Policy" means NDF's Policy on Anticorruption and Integrity dated 1 October 2012, as amended from time to time;

"Banking Day" means, in relation to any place where transactions under this Agreement have to be carried out, a day on which commercial banks in such place are neither required nor authorised to be closed;

"Closing Date" means a date after which the right of the Recipient to make drawdowns under this Agreement may be terminated by the Fund;

"Contractor" means a supplier of goods, works and/or services for the Project, selected in accordance with Annex 1 to this Agreement;

"Dollar(s)", "USD" and the sign "\$" mean the currency of the United States of America;

"EUR" and the sign "€" mean euro, the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25th March 1957), as amended by the Treaty on European Union (signed in Maastricht on 7th February 1992);

"Grant" means the grant provided for in this Agreement or any part thereof, as the context requires;

"Prohibited Practices" mean corrupt, fraudulent, collusive, coercive and obstructive practices, as defined in the Anticorruption Policy;

"Taxes" includes imposts, levies, fees and duties of any nature, whether in effect at the date of this Agreement or imposed thereafter.

ARTICLE II

The Grant

Use of the Grant - Financing of Taxes

Disbursements

- 2.01 The Fund agrees to grant to the Recipient, on the terms and subject to the conditions set forth or referred to herein, an amount of up to EUR 3,000,000.00 (three million euros).
- 2.02 The Recipient shall be entitled to draw down the Grant in accordance with the provisions of this Agreement, for the purpose of paying eligible expenditures incurred in respect of the reasonable cost of goods, works and services required for the Project and to be financed by means of the Grant.
- 2.03 Unless the Fund shall agree otherwise, no amount of the Grant shall be drawn or be applied, directly or indirectly, on account of expenditures incurred prior to the date of this Agreement. The use of any of the proceeds of the Grant to pay for Taxes levied by, or in the territory of, the recipient on or in respect of eligible expenditures, or on the importation, manufacture, procurement or supply of goods, works and services for such eligible expenditures, if permitted pursuant to this Agreement, is subject to the Fund's policy of requiring economy and efficiency in the use of the proceeds of its grants. To that end, if the Fund at any time determines that the amount of any such Tax is excessive, or that such Tax is discriminatory or otherwise unreasonable, the Fund may, by notice to the Recipient, adjust the percentage of such expenditures to be financed out of the proceeds of the Grant, as required to ensure consistency with such policy of the Fund.
- 2.04 Drawdowns shall reflect the implementation of the Project. The proceeds of the Grant shall be paid in accordance with the Fund's Disbursement Instructions (i) directly to the Contractor(s), or (ii) to a third party for eligible expenditures under special commitments entered into, in writing, at the Recipient's request and on terms and conditions agreed between the Fund and the Recipient, or (iii) to one or more special accounts opened for the purposes of the Project on terms and conditions acceptable to the Fund.
- 2.05 Subject to the conditions of disbursement specified in Article III having been, and remaining, fulfilled to the Fund's satisfaction, disbursements under the Grant shall be made upon receipt by the Fund of (i) a disbursement request acceptable to the Fund, duly documented, and submitted by or on behalf of the Recipient, or (ii) in case of special commitment, a payment request submitted by the third party to whom the special commitment was provided by the Fund.
- 2.06 Each disbursement shall be made on a date determined by the Fund. Unless the Recipient has requested disbursement on a specified later date, disbursement will normally be made not later than 30 calendar days after receipt of the disbursement request, provided that all conditions precedent to disbursement set out in Article III hereof have been fulfilled.
- 2.07 The Closing Date shall be 31 December 2018, or such later date as the Fund shall establish. The Fund shall promptly inform the Recipient of such later date.

ARTICLE III
Conditions of Disbursement

3.01 Unless otherwise agreed, the making of disbursements from the Grant shall be subject to the conditions precedent that

(a) this Agreement is in full force and effect, and no event, which would entitle the Fund to suspend disbursements under this Agreement, shall have occurred and be continuing;

(b) the Recipient has taken or caused to be taken all action necessary or advisable to enable the Recipient to receive the Grant and to perform its obligations hereunder, including obtaining all required exemptions, consents and permits; and

(c) the Fund has received and accepted

- (i) a legal opinion showing that this Agreement has been duly authorised or ratified by, and executed and delivered on behalf of, the Recipient and is legally binding upon the Recipient in accordance with its terms;
- (ii) if requested by the Fund, further evidence satisfactory to it that the execution and delivery of this Agreement on behalf of the Recipient has been duly authorised by all necessary authorities;
- (iii) evidence satisfactory to it of the authority of the person or persons authorised to sign disbursement requests and the authenticated specimen signature of any such person;
- (iv) evidence satisfactory to it that other financing for the Project, including financing from the Recipient as well as the Lead Agency, has been obtained and that conditions precedent to the effectiveness of such financing have been met;
- (v) if relevant, certified copies of implementation agreements, acceptable to the Fund, whereby the Recipient makes the Grant available to the Implementing Agencies;
- (vi) if relevant, evidence that Special Account(s) have been opened on terms and conditions satisfactory to the Fund; and
- (vii) any other documentation the Fund reasonably requests relating to the execution of this Agreement or the implementation of the Project

ARTICLE IV
Currency Provisions

4.01 The proceeds of the Grant shall be disbursed in freely convertible currency with reference to EUR in accordance with section 4.02 hereof.

4.02 Whenever it shall be necessary for the purpose of this Agreement to determine the value of one currency or unit of account with reference to another currency or unit of account as of a given date, such value shall be as reasonably determined by the Fund.

ARTICLE V
Co-operation and Information

Recipient's Undertakings and Representations

5.01 The Recipient and the Fund shall co-operate fully to ensure that the purpose of the Grant will be accomplished. To that end, each of them shall furnish to the other party all such information as it shall reasonably request with regard to the general status of the Project.

5.02 (a) The Recipient and the Fund declare their commitment to counteract Prohibited Practices, as defined in NDF's Anticorruption Policy, in relation to the Grant and the execution of the Project. The Recipient shall promptly inform the Fund whenever such Prohibited Practices are indicated.

(b) The Recipient undertakes to take all necessary action prevent Prohibited Practices within its territory and to pursue, by all appropriate means, any such practices whenever identified and to ensure that the Project is implemented in accordance with the Anticorruption Policy.

5.03 The Recipient shall promptly inform the Fund of (i) any condition which interferes or threatens to interfere with the accomplishment of the purpose of the Grant (including substantial increase in the cost of the Project), and (ii) any event which with the lapse of time or otherwise would entitle the Fund to suspend disbursements under this Agreement.

5.04 The Recipient recognises that the Fund follows policies similar to other multilateral financial institutions as regards project execution.

ARTICLE VI
Execution of the Project

6.01 The Recipient shall take or cause to be taken all action which shall be necessary to execute the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering, social, environmental and climate change mitigation and adaptation practices. These practices also include transparency in project operations and wide and

easy access to public information on the project. In particular, the Recipient shall make available to the public (i) project related safeguards assessments and plans related to environment, resettlement, and indigenous peoples; (ii) audited annual financial statements for the project; (iii) procurement plans; and (iv) results of procurement procedures.

6.02 (a) The Recipient shall ensure that the proceeds of the Grant shall be used only for the financing of the Project or, as applicable, Project component(s) for which the Grant is extended. Procurement of the goods, works and services required for the Project and to be financed out of the proceeds of the Grant shall be governed by the provisions of Annex 1 to this Agreement as said provisions may be further elaborated in the Procurement Plan.

(b) The Recipient shall prepare or cause to be prepared a Procurement Plan in accordance with procurement guidelines acceptable to the Fund for a period covering at least 18 initial months of the project execution, and update the Procurement Plan and furnish such update to the Fund for "no objection" not later than 12 months after the date of the preceding Procurement Plan.

(c) The Recipient shall ensure that in respect of procurement of goods, works and services for the Project, invitations to tender as well as procurement contracts shall, respectively, include clauses that gives the Recipient and the buyer the right to (i) demand investigations of the tenderer's/Contractor's books by independent auditors for the purpose of ascertaining whether or not Prohibited Practices have taken place, (ii) reject any tender and cancel any procurement contract in case any Prohibited Practices have taken place in connection with the procurement procedure related to the contract or the execution thereof, (iii) claim compensation for the damage or loss arising from any such rejection of tender or cancellation of contract, and (iv) exclude the tenderer/Contractor, either indefinitely or for a certain period of time, from competing for and participating in the execution of contracts in the territory of the Recipient.

6.03 In addition to the proceeds of the Grant the Recipient shall make available or cause to be made available promptly when needed, all other funds that are required for the execution of the Project (including any funds that may be required to meet any increase in cost).

6.04 The Recipient shall insure or cause to be insured, or make adequate provision for the insurance of, the imported goods to be financed out of the proceeds of the Grant against hazards incidental to the acquisition, transportation and delivery thereof to the place of use or installation. Any indemnity for such insurance shall be payable in a freely usable currency to replace or repair such goods.

6.05 The Recipient shall:

(i) maintain or cause to be maintained records and procedures adequate to record and monitor the progress of the Project (including its cost and the benefits to be derived from it), to identify the goods, works and services financed out of the proceeds of the Grant and to disclose their use in the Project;

(ii) enable the Fund's representatives to visit any facilities and construction sites included in the Project and to examine the goods, works and services financed out of proceeds of the Grant and

any plants, installations, sites, works, buildings, property, equipment, records and documents relevant to the performance of the obligations of the Recipient under this Agreement; and

(iii) furnish or cause to be furnished to the Fund at regular intervals reasonably detailed information concerning the Project, its budgeted and actual cost, the budgeted and actual expenditure of the proceeds of the Grant, and the goods and services financed out of such proceeds. Audited accounts of the use of the Grant for the preceding financial year (January-December) shall be provided not later than 30 June each year up to and including Project completion.

6.06 Promptly after completion of the Project, but in any event not later than six months after the Closing Date or such later date as may be agreed for this purpose between the Recipient and the Fund, the Recipient shall prepare and furnish, or cause to be prepared and furnished, to the Fund a reasonably detailed report on the execution and initial operation of the Project, its cost and the benefits derived and to be derived from it.

ARTICLE VII

Suspension and Cancellation

7.01 If any of the following events of suspension shall have occurred and be continuing, the Fund may, by notice to the Recipient, suspend in whole or in part the right of the Recipient to draw down the Grant:

- (a) The Recipient shall have failed to perform any obligation under this Agreement.
- (b) The Recipient shall have failed to make payment of principal, charges or any other amount due to the Fund under any credit, grant or guarantee agreement between the Recipient and the Fund.
- (c) The Recipient shall have failed to perform any of its obligations (other than payment obligations) under any credit or grant agreement with the Fund which gives the Fund the right to suspend in whole or in part the right of the Recipient to make drawings under such agreement
- (d) As a result of events which have occurred after the date of this Agreement, an extraordinary situation shall have arisen which shall make it improbable that the Project can be carried out or that the Recipient will be able to perform its obligations under this Agreement.
- (e) An extraordinary situation shall have arisen in which any further disbursement by the Fund would exceed its resources available for disbursement.
- (f) A representation made by the Recipient in or pursuant to this Agreement, or any statement furnished in connection therewith, and intended to be relied upon by the Fund in extending the Grant, shall have been incorrect in any material respect.
- (g) (i) (A) The right of the Recipient to draw down the proceeds of any grant or loan made to the Recipient (other than by the Fund) for the financing of the Project shall have been

suspended, cancelled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor, or

(B) any such grant shall have become repayable or any such loan shall have become due and payable prior to the agreed maturity thereof.

(ii) Subparagraph (i) of this paragraph shall not apply if the Recipient establishes to the satisfaction of the Fund that (A) such suspension, cancellation, termination or prematuring is not caused by the failure of the Recipient to perform any of its obligations under such agreement; and (B) adequate funds for the Project are available to the Recipient from other sources on terms and conditions consistent with the obligations of the Recipient under this Agreement.

(h) The Fund shall have determined, with respect to any contract to be financed in full or in part out of the proceeds of the Grant, that Prohibited Practices were engaged in by representatives of the Recipient or any beneficiary of the Grant during the procurement of goods and services, consultants' selection or the execution of a contract, without the Recipient having taken timely and appropriate action satisfactory to the Fund to remedy the situation; or the Fund shall have determined that the procurement of any goods or services to be financed out of the proceeds of the Grant is inconsistent with the relevant procedure agreed on between the Recipient and the Fund.

(i) The Recipient has failed to pay any of its external debt to a multilateral financial institution.

(j) Payments to the Recipient are prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations.

The right of the Recipient to draw down the Grant shall continue to be suspended in whole or in part, as the case may be, until the event or events which gave rise to such suspension shall have ceased to exist, unless the Fund shall have notified the Recipient that the right to draw down has been restored in whole or in part, as the case may be.

7.02 If (a) the conditions precedent to the first disbursement have not been fulfilled 90 calendar days after the date of this Agreement, or (b) the right of the Recipient to draw down the Grant shall have been suspended for a continuous period of thirty days, or (c) at any time, the Fund determines, after consultation with the Recipient, that an amount of the Grant will not be required to finance the Project's costs to be financed out of the proceeds of the Grant, or (d) at any time the Fund determines, with respect to any contract to be financed in full or in part out of the proceeds of the Grant, that Prohibited Practices were engaged in by representatives of the Recipient or any beneficiary of the Grant during the procurement of goods and services, consultants' selection or the execution of a contract, without the Recipient having taken timely and appropriate action satisfactory to the Fund to remedy the situation; (e) after the Closing Date, an amount of the Grant shall remain undrawn, the Fund may, by notice to the Recipient, terminate the right of the Recipient to draw down the Grant or,

as applicable, the relevant amount of the Grant. Upon the giving of such notice, the Grant or the relevant amount of the Grant, shall be cancelled.

7.03 Notwithstanding any suspension or cancellation, all the provisions of this Agreement shall continue in full force and effect except as specifically provided in this Article.

ARTICLE VIII

Repayment

8.01 The Recipient shall upon the Fund's demand promptly repay to the Fund (or, if applicable and agreed by the Fund, to the Special Account) any amount of the Grant used in a manner inconsistent with the provisions of this Agreement.

8.02 The Recipient shall upon the Fund's demand promptly repay to the Fund any amount of the Grant standing to the credit of a Special Account if the Fund determines, after consultation with the Recipient, that such amount will not be required to finance the Project's costs to be financed out of the proceeds of the Grant.

ARTICLE IX

Enforceability and Arbitration

Failure to Exercise Rights

Waiver of Immunity

9.01 The rights and obligations of the Recipient and the Fund under this Agreement shall be valid and enforceable in accordance with the terms hereof notwithstanding the law of any state or political subdivision thereof to the contrary. Neither the Recipient nor the Fund shall be entitled in any proceeding under this Article to assert any claim that any provision of this Agreement is invalid or unenforceable because of any provision of the Articles of Agreement or the Statutes of the Fund.

9.02 Any dispute, controversy or claim arising out of or relating to the interpretation, application or performance of this Agreement, including its existence, validity or termination, which has not been settled by agreement of the parties within 60 calendar days, shall be settled by final and binding arbitration under the Permanent Court of Arbitration Optional Rules for Arbitration Involving International Organizations and States, as in effect on the date of this Agreement.

The place of arbitration shall be Paris and the language of the arbitral proceedings shall be English.

9.03 Service of any notice of process in connection with any proceeding under this Article may be made in the manner provided for in section 10.02 hereof. The parties hereto waive any and all other requirements for the service of any such notice of process.

9.04 No delay in exercising or omission to exercise any right, power or remedy accruing to any party under this Agreement upon default or otherwise shall impair any such right, power or remedy or

be construed to be a waiver thereof, nor shall any action of such party in respect of any default affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

9.05 The parties hereby expressly waive any right of immunity they might have on the grounds of sovereignty or otherwise in connection with any arbitral proceeding pursuant to section 9.02 hereof or with the enforcement of any award pursuant thereto.

ARTICLE X

Miscellaneous Provisions

10.01 The Minister of the Recipient at the time responsible for finance is designated as representative of the Recipient for the purposes of signing and executing on behalf of the Recipient any documents used in connection with this Agreement. This notwithstanding, the Implementing Agency and the Fund may agree in writing upon any change to, or further specification of, Annex 1, Project Description, including the attached Procurement Schedule, provided that the amount of the Grant will not be increased, and any such change or further specification shall be deemed an integral part of this Agreement.

10.02 Any document, notice or request required or permitted to be given or made under this Agreement shall be made in writing in the English language and may be delivered (i) by airmail or internationally recognised courier service, (ii) by telefax, or (iii) by other electronic means to the party to which it is required or permitted to be given or made, at such party's address specified below or at such other address as such party shall have designated by notice to the other party. Any document, notice or request expressly required under this Agreement shall, if given by telefax or by other electronic means, promptly be confirmed by letter, and the Fund shall not be under any obligation to take any action until receipt of such letter.

For the Fund:

Nordic Development Fund

P.O.Box 185
FIN00171 Helsinki
Finland

tel: +358 9 18 00451 telefax: +358 9 622 1491

For the Recipient:

Ministère de l'Économie et des Finances
Avenue Carde - Bâtiment CEPOD
Dakar
République du Sénégal

tel: +221 33 832 08 56

telefax: +221 33 832 08 56

For the Implementing Agency:

Municipal Development Agency
No. 5, Avenue Carde, Carde Building Renovations, 3rd floor
BP: 6783 Dakar-Etoile
Dakar
Senegal

tel: +221 33 849 2710

telefax: +221 33 842 25 76

10.03 The Fund may disclose this Grant Agreement and any information related to this Grant Agreement in accordance with its policy on access to information, in effect at the time of such disclosure.

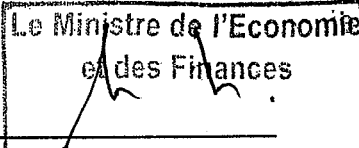
10.04 This Agreement is made in two copies each of which shall be an original.

10.05 The following annex forms part of this Agreement:

Annex 1 Project Description/Procurement

IN WITNESS WHEREOF the parties hereto, acting through their duly authorised representatives, have caused this Agreement to be signed with their respective names as of _____.


THE REPUBLIC OF SENEGAL

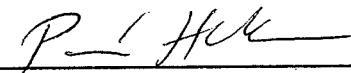
Le Ministre de l'Economie
et des Finances

Amadou KANE

By: _____

NORDIC DEVELOPMENT FUND

By: _____


SATU SANKKA


PASI HELLMAN

**Grant Agreement: Senegal Flood Risk Management
under the Stormwater Management and Climate Change Adaptation Project (PROGEP)**

KEY PROJECT INFORMATION:

Sector/Climate change focus: Flood Prevention/Control (CRS code 41050).
Rio Markers: Mitigation: 0, Adaptation: 2

Recipient country/institutions: Republic of Senegal/Ministry of Economy and Finance/Municipal
Development Agency (MDA)

Lead/Partner Agency: The World Bank (WB)

Lead/Partner Agency Project: Stormwater Management and Climate Change Adaptation Project
(PROGEP)

Project implementation period: November 2012 - December 2017

Cost -estimate and Financing plan: NDF grant EUR 3 million (approximately USD 4 million) for
Component A: Flood risk mainstreaming in key sectors (EUR 1.3
million)
Component B: Drainage investment and management (EUR 0.4
million)
Component C: Community engagement in urban flood-risk reduction
and adaptation to climate change (EUR 0.6 million)
Component D: Project monitoring, management and evaluation (EUR
0.3 million)
Contingency: (EUR 0.4 million)

Total World Bank budget for PROGEP is SDR 35.9 million
(approximately USD 55.6 million)

**Relevance and rationale for
NDF's climate change mandate:** Flooding is a serious hazard in the project area and it is expected to
increase with climate change. The WB project PROGEP will reduce
the risk of flooding, while NDF's contribution is aimed to strengthen
the climate change adaptation aspects of the WB project. The project
has undergone NDF's climate screening and is assessed to be relevant
to NDF's climate change mandate.

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Schedule I: Project Description

1.1 Introduction

The climate change affected flooding incidents in Dakar have significant social and economic impacts and are becoming increasingly severe. Flooding has affected over 900,000 people in Senegal over the past 30 years and also caused significant damage to infrastructure along with economic losses. Suburban Dakar, where 80 % of the country's economic activities are concentrated, has lately been hardest hit. Climate change is likely to cause more frequent and severe extreme weather events, sea level rise and stronger storm surges, which all increase flood risks.

Following the 2009 floods, the Government of Senegal conducted a post-disaster needs assessment, which outlined a medium and long-term strategy for flood risk reduction. This assessment provides an important strategic and operational instrument for the Senegal Stormwater Management and Climate Change Adaptation Project (PROGEP) which has been approved by the Board of the World Bank on May 10, 2012. NDF and the World Bank carried out a joint pre-appraisal mission in October 2011 and a joint appraisal mission in January 2012 to assess and develop jointly the project concept. PROGEP was declared effective on November 21, 2012.

1.2 Relevance and Rationale

The core interventions of PROGEP focus on structural investments, institutional capacity building, and stakeholder involvement in reducing the risk and impacts of flooding in the peri-urban areas of Dakar aimed to improve the living conditions and livelihood of those living in flood prone areas. NDF's support will contribute to PROGEP by strengthening Senegal's abilities to prevent, prepare for and manage floods and to generate, disseminate and replicate related climate change knowledge.

The ultimate beneficiaries will be the populations living in the most vulnerable flood prone areas in Pikine and Guédiawaye (130,000 residents directly impacted by the investments and about 425,000 indirectly impacted). They have been affected by floods for many years, and most of them have complained that the Government has not yet taken the appropriate measures to assist them. Over 90% of the population in peri-urban Dakar lives in areas classified as slums or spontaneous settlements.

PROGEP is considered highly relevant for NDF's climate change mandate. Coastal zone flooding is identified as being amount the most severe climate related hazards for Senegal in Senegal's NAPA (National Adaptation Programme of Action).

Through the project community based flood risk reduction and adaptation measures can be integrated into the detailed project design and implementation relating to the investments in infrastructure. Furthermore, the project will support climate resilience related capacity building, public awareness raising, knowledge dissemination, and promotion of replication and up-scaling to other cities.

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[Signature]

1.3 Project Objective

The Project Development Objective of the PROGEP is to improve stormwater drainage and flood prevention in peri-urban Dakar for the benefit of local residents.

1.4 Project Activities and Expected Results

PROGEP comprises the following components and activities:

Component A. Flood risk mainstreaming in urban sector aiming at integrating flood risks into national and local urban planning, management and enforcement tools. This component will consist of three interrelated sub-components: (i) Urban planning and management aiming to integrate flood risks into local and national urban planning and management tools to ensure short- and medium-term flood prevention and decreased vulnerability; (ii) Institutional strengthening of national government departments and municipalities of Pikine and Guédiawaye through development and implementation of a module-based training program to address flood risk management and urban climate change adaptation; and (iii) Development of a larger integrated urban storm water management and climate change adaptation program for peri-urban Dakar and diagnostic study for a national strategic program on integrated urban storm water management and climate change in four to five selected cities in Senegal.

Component B. Provision of drainage investments and management will comprise two sub-components: (i) Drainage infrastructure investments, and (ii) Operation and maintenance of drainage systems. The component aims to establish a primary drainage system in the districts of Pikine and Guédiawaye; to be done in two subsequent investment phases and to ensure its effective O&M through clear institutional responsibilities and adequate financial, technical and human capacity. The component will include a limited contingency fund for rapid response measures against extreme floods and support the development and implementation of an impact evaluation process as a baseline for impact assessments.

Component C. Community engagement in urban flood-risk reduction and adaptation to climate change. This component will interact closely with the structural investments under Component B in terms of: (i) Flood resilience awareness, communication and community capacity-building, and (ii) Flood risk-reduction community investments. The component aims to increase local and national awareness of flood prevention and adaptation measures and to engage municipalities, local residents and community groups within peri-urban Dakar. The component will develop a climate change adaptation oriented Information, Education and Communication (IEC) strategy and media support tools targeting local and national stakeholders. Implementation of this strategy at local level will be done by non-governmental "social facilitators" based on a consultative and participatory process.

Component D. Project implementation management and monitoring. This component has an important function to secure a sound implementation performance and credible M&E that contributes to knowledge enhancement and dissemination of good practices.

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1.5 NDF's components

The NDF components are supporting the PROGEP components as contained in the World Bank project appraisal document by focusing particularly on the climate oriented aspects of the PROGEP as follows:

Component A Flood risk mainstreaming in key sectors

The NDF activities under this component are interrelated by addressing the following:

- (i) Development of a GIS for flood risk mapping covering the peri-urban areas of Dakar;
- (ii) Development of communal action plan for Pikine and Guédiawaye to strengthened local resilience and launch implementation of priority actions;
- (iii) Development and implementation of flood prevention and climate change adaptation training program;
- (iv) Program design study for integrated urban storm water management and climate change adaptation program and action plan for Dakar; and
- (v) Diagnostic study to prepare the ground for extending the climate change adaptation initiative to 4-5 other cities.

Component B: Drainage investments and management:

The project will comprise (i) the impact evaluation process in the targeted communities for Phase 1 and end of project (EoP) Evaluation. This is an important activity in terms of setting the baseline situation to guide the supervision of project performance and documentation of impact with special attention to the climate change resilience aspects.

Component C: Community engagement in urban flood-risk reduction and adaptation to climate change.

Under this component the project aims to increase local and national awareness of flood prevention and adaptation measures and to engage municipalities, local residents and community groups within Pikine and Guédiawaye through:

- (i) Design and implementation of a project and sector related Information, Education and Communication (IEC) strategy including media support tools targeting local and national stakeholders and annual work plans. Implementation of this strategy at local level will be done by non-governmental "social facilitators" based on a consultative and participatory process;
- (ii) Community driven climate change adaptation expert to MDA (international expert).

Component D: Project coordination, management, monitoring and evaluation

This activity has an important function to secure a sound implementation performance and credible M&E that contributes to knowledge enhancement and dissemination of good practices. The project is to finance:

- (i) Assignment of a national M&E specialist to MDA.

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1.6 Cost Estimates and Financing Plan

The provisional cost estimates for the project are summarised in Table 1.

Table 1 Cost Estimate for NDF Funded Components

Component / Subcomponent	EUR
Component A Flood risk mainstreaming in key sectors	
A1.2 Development of a GIS for flood risk mapping covering the peri-urban areas of Dakar (District of Pikine and Guediawaye)	300 000
A1.5 Development of communal action plan for Pikine and Guediawaye to strengthened local resilience and launch implementation of priority actions	175 000
A2.1 Development and implementation of flood prevention and climate change adaptation training program	350 000
A3.1 Program design study for integrated urban storm water management and climate change adaptation program and action plan for Dakar	225 000
A3.2 Diagnostic study to prepare the ground for extending the climate change adaptation initiative to 4-5 other cities	250 000
A3.6 Community driven climate change adaptation expert to MDA	250 000
Subtotal Component A	1 550 000
Component B Drainage investments and management	
B1.6 Impact evaluation process for the targeted communities for Phase1 and end of project (EoP) evaluation	400 000
Subtotal Component B	400 000
Component C Community engagement in urban food-risk reduction and adaptation to climate change	
C1.1 Design and implementation of a project and sector related Information, Education and Communication (IEC) strategy including media support tools and annual work plans	350 000
Subtotal Component C	350 000
Component D Project monitoring, management and evaluation	
D2.5 M&E Specialist to MDA	300 000
Subtotal Component D	300 000
Contingency	400 000
TOTAL COST ESTIMATE	3 000 000

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The financing plan for PROGEP is summarised in Table 2.

Table 2 PROGEP financing plan (in USD million)

COMPONENTS	IDA	NDF	MDA	GoS	TOTAL
Component A Flood risk mainstreaming in key sectors	1.7	2.1			3.8
Component B Drainage investments and management	47.9	0.5		7.2	55.6
Component C Community engagement in urban flood-risk reduction and adaptation to climate change	3.6	0.5			4.1
Component D Project monitoring, management and evaluation	2.4	0.4	2.6	3.4	8.8
Contingency		0.5			0.5
	55.6	4.0	2.6	10.6	72.8

Schedule II: Implementation Arrangement, Project Monitoring, Reporting and Evaluation

2.1 Project Organization

The agreed institutional arrangement for PROGEP is taking into account the institutional complexity and strategic importance of the project. Project implementation will be governed and monitored by an organisational set-up with clear mandates and lines of responsibility.

MDA will be the Implementing Agency responsible for the overall project coordination and implement all project components. It will interact closely with the two beneficiary municipalities and the other relevant ministries and agencies involved in the stormwater and drainage sector. To ensure the smooth and rapid implementation of the component B an implementation support consultant financed by the WB will be recruited by MDA.

Since MDA's functions include enhancing municipal development in the entire country it is expected that lessons learnt from the climate change adaptation activities in Pikine and Guédiawaye can easily be disseminated by MDA to other relevant areas in Senegal.

2.2 Project Reports; Completion Reports

The Implementing Agency shall prepare progress reports in accordance with the provisions of Section 6.05 of the Agreement and on the basis of indicators specified for the Project. Each progress report shall cover a calendar semester and shall be furnished to NDF and the World Bank not later than 14 days after the end of the semester. It is foreseen that the progress reporting for the project can be integrated into the overall PROGEP progress reporting in such a way that the NDF financed component can be clearly identified.

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The Implementing Agency shall prepare the Completion report in accordance with the provisions of Section 6.06 of the Agreement. The Completion report shall be furnished to NDF and the World Bank not later than one month after the closing date. It is foreseen that the Completion report for the project can be integrated into the overall Completion report for PROGEP in such a way that the NDF financed component can be clearly identified.

In addition to the above, the consulting firms will prepare reports as specified among the deliverables in the Contract between the consulting firm and the Implementing Agency.

2.3 Financial Reporting/Audits

The Implementing Agency shall prepare financial report in accordance with the provisions of Section 6.05 of the Agreement and on the basis of an agreed format specified for the project. The financial reporting relating to the NDF component can be integrated in the overall PROGEP reporting.

The Auditor General is primarily responsible for the auditing of all government projects. The Implementing Agency will submit an audit report to the World Bank within six month after the end of each financial year. This audit report shall also include reporting on the NDF activities. The arrangements for the external audit of the financial statement of the project should be communicated to the World Bank/NDF through agreed terms of references. Appropriate terms of references for the external audit should be developed by the institutions and agreed with the World Bank and NDF.

2.4 Monitoring and Evaluation

The Implementing Agency is expected to have the overall responsibility for establishing the monitoring system, including establishing the baseline and collecting data for each indicator and reporting regularly to NDF and the World Bank.

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Schedule III: Grant Proceeds, Disbursement, Eligible Expenditures

3.1 Disbursement

The Recipient may request disbursement of the grant proceeds in accordance with the provisions of the Grant Agreement, this Schedule and such additional instructions as NDF may specify by notice to the Recipient.

The disbursements may be made to finance eligible expenditures for the project through (i) direct payments to consultants, suppliers, contractors and services providers or (ii) through direct payments to a third party under a special commitment.

Requests by the Recipient for direct payments to consultants, suppliers, contractors and services providers shall be supported by copies of invoices, certificates and other necessary documents as well as by copies of or references to contracts signed with the payees.

Unless otherwise agreed by NDF in writing during the project implementation, there will be no Special Account opened for the NDF grant funds.

The disbursement of the NDF grant will be based on the consultant's outputs. The tentative disbursement schedule is shown below:

	2013	2014	2015	2016	2017	Total
Million EUR	0.6	0.7	0.7	0.6	0.4	3.0
%-of total	20%	23%	23%	20%	14%	100%

3.2. Eligible Expenditures

The following table specifies the categories of eligible expenditures that may be financed out of the proceeds of the Grant, the allocations of the amounts of the Grant to each category and the percentage of expenditures to be financed in each category.

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Definition of Eligible Expenditures

Category	Amount of the Grant Allocated (EUR)	Percentage of Expenditures to be Financed (including taxes)
A. Goods (CIP+installation)		
IT equipment and software, supplementary aerial photos, digital models, cadastral services etc. for the GIS system under PROGEP's component A1.2	55,000	
Training material/modules, audio-visual and training equipment etc. under PROGEP's component A1.6	30,000	
IEC material, brochures, tools produced for national and local level education and information initiatives under PROGEP's component C1.1	40,000	
Other goods items (subject to approval by NDF)	75,000	
Customs duties and taxes on goods		
A. Goods TOTAL	200,000	100%
B. Works (Works+equipment CIP+installation)	0	
C. Consultants' fees and expenses	2,400,000	100%
D. Contingencies (unallocated)	400,000	100%
TOTAL	3,000,000	

The contingency allocation D can with the acceptance of NDF be used to finance eventual cost overruns in categories A, B and C and to finance supporting activities approved by NDF.

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Schedule IV: Procurement

4.1 NDF General Procurement Guidelines

All goods, works and services (other than consultants' services) shall be procured in accordance with the provisions of Section 4 of the "NDF General Procurement Guidelines for Grant-financed Projects", and with the provisions of this Schedule.

All consultants' services shall be procured in accordance with Section 5 of the "NDF General Procurement Guidelines for Grant-financed Projects", and with the provisions of this Schedule.

4.2 Particular Methods of Procurement of Goods, Works and Services (other than Consultants' Services)

A. International Competitive Bidding

Except as otherwise provided in Section 4.5 - Procurement Thresholds - or later in this Section, contracts shall be awarded on the basis of *International Competitive Bidding (ICB)* encouraging consortium with national service providers. The provisions of the Procurement Guidelines, providing for domestic preference in the evaluation of bids, shall apply to goods manufactured in the territory of the Recipient and works to be carried out by local contractors.

B. Other Procurement Procedures

1. Goods and Services which can only be purchased from a limited number of suppliers/service providers may be procured under contracts awarded on the basis of *Limited International Bidding*.

2. *National Competitive Bidding (NCB) and Shopping* can be used in cases defined in the Procurement Thresholds Table (see section 4.5).

3. Goods which NDF agrees meet the requirements for *Direct Contracting* may be procured in accordance with the provisions of this procurement method.

4. *Procurement from UN Agencies*. Goods which NDF agrees may be procured directly from United Nations Agencies, in accordance with the provisions of the Procurement Guidelines, or as otherwise agreed by NDF.

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4.3 Particular Methods of Procurement of Consultants' Services

A. Except as otherwise provided in Section 4.5 - Procurement Thresholds - or later in this Section, consultants' services shall be procured under contracts awarded on the basis of *Quality- and Cost-based Selection*. The shortlist of consultants for services estimated to cost less than €100,000 equivalent per contract may comprise of entirely national consultants.

B. Other Methods

1. *Selection Under a Fixed Budget*. NOT APPLICABLE in this project

2. *Least-cost Selection*. NOT APPLICABLE in this project

3. *Selection Based on Consultants' Qualifications* can be used in cases defined in the Procurement Thresholds Table (see section 4.5)

4. Services for tasks in circumstances which meet the requirements of the Guidelines for *Single Source Selection*, may, with NDF's prior agreement, be procured under contracts awarded on the basis of this method in accordance with the provisions of the Guidelines.

5. *Individual Consultants*. Services for assignments that meet the requirements set forth in the Guidelines may be procured under contracts awarded to individual consultants in accordance with the provisions of the Guidelines. Under the circumstances described in paragraph 5.4 of the World Bank Consultant Guidelines, such contracts may be awarded to individual consultants on a sole-source basis.

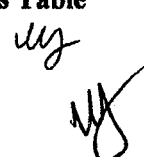
C. Other Procedures

To achieve the outcomes relating to the NDF financed component, one or several international consulting firms will be recruited, following the Quality- and Cost-based Selection method (90/10) after submission of a full technical proposal, to provide international and national consulting services. The consultant firms will be engaged by the Implementing Agency in accordance with *NDF Procurement Guidelines*.

The Terms of Reference (ToR) for the different activities in the consultancy contract will be prepared by MDA on the basis of the activity sheets drafted during the appraisal mission. A detailed Procurement Schedule shall be provided by MDA to NDF. NDF will consult with the Lead Agency before providing its 'No objections' to the Implementing Agency.

4.4 Review by NDF of Procurement Decisions

Except as the NDF shall otherwise determine by notice to the Recipient, the contracts shall be subject to Prior Review by NDF in accordance with the **Procurement Thresholds Table** (see section 4.5). All other contracts shall be subject to Post Review by NDF.



In addition, all amendments of contracts raising the initial contract value by more than 15% of original amount or above the prior review thresholds will be subject to Prior Review by NDF.

4.5 Procurement Thresholds

Expenditure Category	Contract Value Threshold (EUR)	Procurement Method	Contracts Subject to Prior Review (EUR)
1. Works	Above EUR 3,000,000	ICB	All contracts
	Below EUR 3,000,000	NCB	Above EUR 100,000
	Below EUR 50,000	Shopping	First two contracts
2. Goods	Above EUR 300,000	ICB	All contracts
	Below EUR 300,000	NCB	Above EUR 50,000
	Below EUR 30,000	Shopping	First two contracts
3. Non-consulting Services	Above EUR 200,000	ICB	All contracts
	Below EUR 200,000	NCB	Above EUR 40,000
	Below EUR 30,000	Shopping	First two contracts
4. Consulting Services with Firms	Above EUR 100,000	QCBS	All contracts
	Below EUR 100,000	Qualifications/Other	Above EUR 30,000
5. Consulting Services with individuals		Individual	Above EUR 15,000
6. All types of contracts	All contracts	Single-source/Direct contracting and TORs	Above EUR 15,000

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