Financing Agreement

(Additional Financing for the Public Sector Governance Project)

between

ISLAMIC REPUBLIC OF MAURITANIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between ISLAMIC REPUBLIC OF MAURITANIA ("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) apply to and form 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 a grant, deemed by the Association to be on concessional terms, as set forth or referred to in this Agreement, in an amount equivalent to ten million one hundred thousand Special Drawing Rights (SDR 10,100,000) ("Financing"), to assist in financing the project described in Schedule I to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section III of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.

2.04. The Payment Dates are April 15 and October 15 in each year.

2.05. The Payment Currency is Dollar.

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 in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
4.02. For purposes of Section 10.05 (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 Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

5.01. The Recipient’s Representative is its minister responsible for finance.

5.02. For purposes of Section 11.01 of the General Conditions: (a) the Recipient’s address is:

Ministère de l’Économie et des Finances
BP 238
Nouakchott
Mauritania

(b) the Recipient’s Electronic Address is:

Facsimile:
222-45-25-33-35

5.03. For purposes of Section 11.01 of the General Conditions: (a) The Association’s address is:

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

(b) the Association’s Electronic Address is:

Telex: Facsimile:
248423 (MCI) 1-202-477-6391
AGREED as of the Signature Date.

ISLAMIC REPUBLIC OF MAURITANIA

By

Authorized Representative

Name: El Moctar Cheikh Diay
Title: Ministre de l'Economie et des Finances
Date: August 16th, 2018

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Laurent Pisellati
Title: Country Manager
Date: August 16th, 2018
SCHEDULE 1

Project Description

The objective of the Project is to enhance transparency and improve the mobilization, allocation and management of public resources.

The Project consists of the following parts of the Original Project, as modified below:

Part A  Enhancing Transparency and Efficiency in Public Resource Management

1. Enhancing the systems for transparent public financial management and reporting

Implement a program of activities to enhance the systems for transparently and efficiently managing and reporting on public resources through: (a) technical assistance for an in-depth assessment of current GFMIS and the development of a GFMIS integration master plan; (b) upgrading of the existing GFMIS modules for budget preparation and execution; (c) introduction of a modernized GFMIS accounting module; (d) development of interfaces between the budget and accounting GFMIS, as well as interfaces between these systems and other selected public finance information management systems; (e) technical assistance and training for improved public investment management; and (f) capacity-building for the Court of Accounts to enhance external oversight of annual budget execution.

2. Increasing monitoring of SOEs and autonomous agencies

Implement a program of activities designed to improve performance and accountability of state owned enterprises and autonomous government agencies, including through: (a) technical assistance to the DTF to strengthen financial oversight and performance monitoring of the parastatal sector, including the formulation of a national policy for the parastatal sector, production of annual reports on parastatal agencies and SOEs, training for DTF and SOE board members, and elaboration of performance agreements with selected SOEs; (b) the development of a platform for the consolidation and sharing of financial data and information on the parastatal sector between the DTF, IGE and the Court of Accounts; (c) introduction of international auditing standards and a quality review scheme for the auditing of EPAs/AGAs; (d) capacity-building for the IGE and the Court of Accounts to enhance internal and external controls over the parastatal sector; and (e) diagnostic studies on the internal control system of the MEF.
3. **Enhancing the public procurement system**

Enhance the public procurement system, including through: (a) elaboration and dissemination of practical tools and systems for the implementation of the new procurement regulatory and institutional framework; (b) study on procurement management norms; (c) elaboration of standardized technical specifications for high frequency contracts; (d) introduction of a certification system for procurement specialists; (e) procurement training programs; (f) capacity building and training for relevant stakeholders, including private sector operators; and (g) design and implementation of whistleblower mechanisms.

**Part B Strengthening the Administration of Land Registration and Mining Taxation**

1. **Strengthening the administration of land registration**

Implement a program of activities, including: (a) a legal and institutional land review, as well as community consultations; (b) a review of the property taxation and valuation system and processes; (c) an update of taxpayer censuses in selected cities; (d) provision of logistical support and equipment for the management and updating of the land information system, and related capacity building activities for DGDPE; and (e) piloting of land rights registration in selected rural and urban areas, including support to the COTREF and DGDPE to supervise the pilots.

2. **Broadening the tax base and strengthening fiscal management in the mining sector**

Implement a program of activities, including: (a) support to the DMG in administering the newly introduced modern mining registry and the geo-science portal to promote new investments and better manage existing investments; and (b) a dedicated technical assistance program to improve intra-governmental coordination and strengthen capacity for fiscal management and tax auditing in the mining sector.

**Part C Project Management**

Support to the Recipient for activities related to the management of the Project including the cost of hiring and maintaining the PIU staff, equipment and Operating Costs directly linked to the daily management of the Project, the cost of External Audits of Project Accounts, and the cost associated with the Technical Committee.
Part D Strengthening National Statistical Capacity, Medium-term Programming and Annual Budget Processes

1. Enhancing the capacity of the National Statistical System to produce timely and quality statistics

Implement a program of activities designed to support the NSS, including: (a) training of statisticians and NNS staff; (b) technical assistance to clarify and enhance the effectiveness of the institutional arrangements for ONS and the National Statistics Council; and (c) technical assistance to support the ONS in revising the methodologies for the production of selected statistics.

2. Improving medium-term planning and budgeting

Implement a program of activities, including: (a) training and technical assistance to the MEF Directorate for Economic Previsions; (b) development of systems for macroeconomic modelling and fiscal simulation; and (c) technical assistance to support the elaboration of two sectoral MTEFs and their alignment with annual sectoral budgets.

3. Enhancing access to statistical information

Implement a program of activities, including: (a) support for the introduction of a regulatory and policy framework to facilitate citizen access to selected economic, fiscal and financial information; (b) development of on-line portals and open data bases for the dissemination of micro-data and fiscal information; and (c) communication and outreach campaigns for information end-users of micro-data and fiscal information.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall vest overall responsibility for the implementation of the Project in the MEF.

2. The Recipient shall maintain a Project Steering Committee, until the completion of the Project, with a mandate, composition and resources acceptable to the Association, for the purposes of providing strategic guidance and oversight of the Project.

3. The Recipient shall maintain a ROSC Steering Committee, until the completion of the Project, with a mandate, composition and resources acceptable to the Association, for the purposes of implementing the ROSC recommendations.

4. The Recipient shall establish and maintain a technical advisory committee, until the completion of the Project, with a mandate, composition and resources acceptable to the Association, to facilitate regular monitoring of progress towards Project results in order to enable certain adjustments to Project implementation modalities to be made, as needed.

5. The Recipient shall maintain a Project implementation unit (PIU) within the MEF, until the completion of the Project, with personnel, funding and terms of reference acceptable to the Association, to be responsible for: overall financial management, technical coordination, and support for implementation of activities under the Project according to the terms outlined in the Project Manual.

B. Counterpart Funding

The Recipient shall: (a) designate an amount up to $900,000 Dollars over the life of the Project for Parts C and D of the Project; (b) designate the amount representing the Recipient's counterpart contribution for said Parts of the Project in the annual national budget consistent with the AWP&B; and (c) ensure that such designated amounts shall be used exclusively for the purposes of defraying the cost of expenditures incurred for the execution of the Project, and not otherwise financed out of the proceeds of the Financing.
C. **Project Manual**

1. The Recipient shall, no later than three (3) months after the Effective Date, update the Project manual ("Project Manual"), in form and substance satisfactory to the Association.

2. The Recipient shall ensure that the Project is implemented in accordance with Project Manual, which shall include, *inter alia*, detailed administrative, procurement, financial management, monitoring and evaluation procedures and arrangements for the Project.

3. The Recipient shall afford the Association a reasonable opportunity to review the Project Manual.

4. The Recipient shall not amend, abrogate, waive or permit to be amended, abrogated or waived, the Project Manual, or any provision thereof, without the prior written consent of the Association.

5. In the event of any inconsistency between this Agreement and the Project Manual, the provisions of this Agreement shall prevail.

D. **Annual Work Plan and Budget**

1. The Recipient shall prepare, in accordance with terms of references acceptable to the Association, and furnish to the Association no later than November 15 of each year throughout the implementation of the Project, a work plan of activities proposed for inclusion in the Project for the next calendar year, together with a budget for such activities and a timetable for their implementation.

2. The Recipient shall: (a) afford the Association a reasonable opportunity to exchange views with the Recipient on such proposed work plan and budget; and, thereafter; and (b) carry out such work plan during the period covered by the said plan, according to such budget, both as shall have been approved by the Association ("AWP&B").

3. Only such activities as shall have been included in the AWP&B shall be eligible for inclusion in the Project and for financing out of the proceeds of the Financing.

E. **Safeguards**

1. The Recipient shall ensure that all terms of reference for any technical assistance or studies carried out under the Project shall be consistent with and pay due regard to the Association’s environmental and social safeguard policies and procedures.
2. The Recipient shall ensure that a social assessment is carried out and any necessary mitigation measures are identified, in a manner satisfactory to the Association, prior to the implementation of land rights registration activities under Part B.1(e) of the Project.

Section II. Project Monitoring, Reporting and Evaluation

The Recipient shall furnish to the Association each Project Report not later than one month after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of the Proceeds of the Financing

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods, non-consulting services, consulting services, Training, and Operating Costs for the Project</td>
<td>10,100,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>10,100,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of part A above, no withdrawal shall be made for payments made prior to the Signature Date.

2. The Closing Date is December 31, 2022.
APPENDIX

Section I. Definitions

1. "Anti-Corruption Guidelines" means, for purposes of paragraph 5 of the Appendix to the General Conditions, 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 and as of July 1, 2016.

2. "Annual Work Plans and Budget" or "AWP&B" means the plan of activities for each calendar year including, the budget and activities for the implementation of the Project.

3. "Category" means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.


5. "Court of Accounts" is the Recipient’s supreme audit institution.


7. "DMG" means the Recipient’s Directorate of Mines and Geology.

8. "DTF" means the Direction de Tutelle Financière, the Directorate of Financial Oversight based in the Recipient’s Ministry of Economy and Finance which is responsible for monitoring the parastatal sector.

9. "EPA" or "AGA" means Autonomous Government Agencies (Etablissement Public à Caractère Administratif (EPA)), autonomous organizations performing non-commercial functions on behalf of the Recipient’s government.

10. "External Audits of Project Accounts" means a financial audit of project expenditures by an independent auditor.


14. "Ministry of Economy and Finance" or "MEF" means Ministère de l'Economie et des Finances, the Recipient's Ministry responsible for the economy and finance, or any of its successors.

15. "MTEF" means medium term expenditure framework.


19. "Operating Costs" means costs related to office rental; equipment; travel; operating expenditures; and vehicles.

20. "Original Financing Agreement" means the financing agreement for a Public Sector Governance Project between the Recipient and the Association, dated April 13, 2016 (Grant No. D103-MR).

21. "Original Project" means the Project described in Schedule 1 to the Original Financing Agreement.

22. "Procurement Plan" means the Recipient's procurement plan for the Project, and provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the Association.


24. "Project Implementation Unit" or "PIU" means the entity referred to in Section I.A.5 of Schedule 2 to this Agreement.

25. "Project Steering Committee" means the steering committee established by the Recipient and referred to in Section I.A.2. of Schedule 2 to this Agreement.


27. "ROSC Steering Committee" means the steering committee established by the Recipient and referred to in Section I.A.3 of Schedule 2 to this Agreement.

28. "Signature Date" means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to "the date of the Financing Agreement" in the General Conditions.
29. "Technical Committee" means the technical committee established by the Recipient and referred to in Section I.A.4 of Schedule 2 to this Agreement.

30. "Training" means courses delivered on the job by contracted experts (consultants), established training courses in institutes/schools in the territory of the Recipient and abroad, workshops, lectures, and coursework and study tours.