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CONFORMED COPY

CREDIT NUMBER 4495-MR

Financing Agreement

(Transport Sector Institutional Development and Technical Assistance Project)

between

ISLAMIC REPUBLIC OF MAURITANIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated October 1, 2009

CREDIT NUMBER 4495-MR

FINANCING AGREEMENT

AGREEMENT dated October 1, 2009, entered into between the ISLAMIC REPUBLIC OF MAURITANIA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

WHEREAS (A) As part of its poverty reduction strategy, the Recipient intends to support its economic growth, including through the development of its transport sector, and more specifically the improvement of the management of its land, maritime and air transport sub-sectors;

(B) The Recipient intends to allocate an amount equivalent to one million Dollars (\$1,000,000) for its contribution to the financing of the activities of the Project.

THE PARTIES HERETO 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 two million eight hundred thousand Special Drawing Rights (SDR 2,800,000) (variously, “Credit” and “Financing”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are April 1 and October 1 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is the Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project 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 Recipient has adopted the Project Implementation Manual in form and substance satisfactory to the Association.
 - (b) The Recipient has recruited for the Project Coordination Team an accountant for the Project, with terms of reference, qualifications and experience satisfactory to the Association.

- (c) The Recipient has opened an account in its name in the Recipient's central bank, and on terms and conditions acceptable to the Association, for the deposit of the funds required for the financing of such portion of the Project expenditures which will not be financed from the proceeds of the Financing, and has made an initial deposit in an amount equivalent to one hundred thousand Dollars (\$100,000) into said account.
- 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 ten years after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient's Representative is the Minister of the Recipient at the time responsible for economic affairs and development.

5.02. The Recipient's Address is:

Minister of Economic Affairs and Development
Ministère des Affaires Economiques et du Développement
BP 238
Nouakchott
Mauritania

Facsimile:

222- 5255110

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 Nouakchott, Mauritania, as of the day and year first above written.

ISLAMIC REPUBLIC OF MAURITANIA

By /s/ Sidi Ould Tah

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Madani M. Tall

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to improve the Recipient's land, maritime and air transport sector management.

The Project consists of the following parts:

Part 1 - Institutional Support and Capacity-Building for the Recipient's Land Transport Sub-sector

Institutional support and technical capacity-building for the Recipient's land transport sub-sector, including the DGTT, with a focus on road safety assessment, knowledge building, road accident prevention, management, monitoring and evaluation.

Part 2 - Support to Institutional and Technical Capacity-Building for the Recipient's Maritime Transport Sub-sector

Institutional Support and technical capacity-building for the Recipient's maritime transport sub-sector, including: (i) institutional strengthening of the DMM and the Maritime Affairs Studies and Coordination Unit, (ii) support to the design of a port information system, (iii) knowledge building within the sub-sector, and (iv) improvement of the legal and regulatory framework.

Part 3 - Support to the Recipient's Air Transport System Re-organization and Technical Capacity-Building

Support to the Recipient's air transport system, including for: (i) the design of a development program for the Recipient's airports; and (ii) the revision of the Recipient's Civil Aviation Legislation.

Part 4 – Support to the Recipient's Ministry Responsible for Transport Coordination and Project Activities Coordination

Strengthening MOT's management capacity, including in the areas of planning, programming and multi-modal coordination role.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The MOT

- (a) In the MOT, the General Secretary shall be responsible for providing overall Project strategic guidance and oversight. The General Secretary shall meet with the Project Coordination Team and the Executing Agencies, at least once every calendar quarter to review the progress in the implementation of the Project. Minutes of these meetings describing, *inter alia*, the supervision activities carried out and the strategic guidance provided to the Project Coordination Team and the Executing Agencies, will be prepared and provided to the Association for information.
- (b) The Inspector General of the MOT shall be responsible for the internal audit of the Project, pursuant to modalities described in more details in the Project Implementation Manual.

2. The Project Coordination Team

- (a) The Recipient shall maintain, throughout Project implementation, within the DEPC, a Project Coordination Team with terms of reference, composition and resources, satisfactory to the Association.
- (b) Without limitation upon the provisions of subparagraph (a), the Project Coordination Team shall be responsible for Project implementation and coordination, procurement and financial management, monitoring and evaluation, and shall provide necessary guidance to the Executing Agencies. The Recipient shall ensure that, throughout the implementation of the Project, the Project Coordination Team has sufficient resources available, including staff sufficient in number, with terms of reference, qualifications and experience satisfactory to the Association including, *inter alia*: (i) a Project coordinator; (ii) a procurement specialist (subject to the provisions of Section V, Paragraph (A)(1) below) ; (iii) a financial management specialist; (iv) an accountant; and (v) an executive assistant.

3. The Executing Agencies

- (a) Under the coordination of the Project Coordination Team, throughout Project Implementation, each Executing Agency shall be responsible for the preparation and technical implementation of its respective activities and shall report to the Project Coordination Team. The Recipient shall ensure that, throughout Project implementation, each Executing Agency maintains a level of institutional resources and capacity sufficient and considered satisfactory by the Association to efficiently prepare and implement its respective activities under the Project.

B. Project Manual

1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Project Implementation Manual and, unless the Recipient and the Association shall otherwise agree in writing, shall not amend or waive any provision of the Project Implementation Manual in a manner which, in the opinion of the Association, could have a material adverse impact on the implementation of the Project.

C. Anti-Corruption

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

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than one month after the end of the period covered by such report.
- (b) The performance indicators referred to above in sub-paragraph (a) consist of the following:

(i) At the completion of the Project, the Recipient has adopted, further to a broad stakeholders consultation process including civil society representatives, a letter of transport sector policy designed to address policy, institutional and legal issues for the efficient operation of the transport sector on the Recipient's territory, in scope and details satisfactory to the Association.

(ii) At the completion of the Project, the Recipient has, further to (A) a broad stakeholders consultation process including civil society representatives, and (B) consultation with the Global Road Safety Partnership for the purpose of seeking its review and comments, adopted a road safety strategy substantially consistent with said comments.

(iii) At the completion of the Project, the Recipient has, further to:

(A) the development of a road safety manual for primary schools, in close collaboration with the Recipient's government services in charge of education, and

(B) a broad stakeholders consultation process involving teachers, parents of students and civil society representatives,

launched road safety curricula in pilot schools.

(iv) At the completion of the Project, the Recipient has revised its Merchant Shipping Code and regulations, which will be consistent with the IMO conventions ratified by the Recipient, and the relevant IMO standards, including the provisions of the ISPS Code.

(v) At the completion of the Project, the Recipient has revised the Civil Aviation Legislation and adopted a new civil aviation code which will be consistent with the text of the International Civil Aviation Convention establishing the ICAO, and its subsequent annexes, and comply substantially with the relevant norms and standards recommended by ICAO.

2. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than March 31, 2013.

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. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than 45 days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient, with the exception of the first audit, which shall start as soon as the external auditor shall have been recruited in accordance with the provisions of Section V, paragraph A (2) of this Schedule, and cover each fiscal year of the Recipient during which withdrawals under the Project Preparation Advance were made. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

Section III. Procurement

A. General

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

B. Particular Methods of Procurement of Goods

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods. The Procurement Plan shall specify the circumstances under which such methods may be used:

Procurement Method
<i>(a) National Competitive Bidding (*)</i>
<i>(b) Shopping</i>
<i>(c) Direct Contracting</i>

(*) Subject to complementing the rules applicable to National Competitive Bidding to ensure that: (i) bids are advertised in national newspapers with wide circulation; (ii) bid evaluation, bidder qualification and award criteria are specified clearly in the bidding documents; (iii) bidders are given adequate response time (minimum four weeks) to prepare and submit bids; (iv) bids are awarded to the lowest evaluated bidder provided that this bidder is qualified; (v) eligible bidders, including foreign bidders, are not precluded from participating; and (vi) no preference margin is 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 table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method
<i>(a) Quality Based Selection</i>
<i>(b) Selection Under a Fixed Budget</i>
<i>(c) Least Cost Selection</i>
<i>(d) Selection based on Consultants' Qualifications</i>
<i>(e) Single Source Selection</i>
<i>(f) Selection of Individual Consultants</i>

3. Shortlist including national consultants only. The shortlist for the selection of consultants for each contract for consultants' services estimated to cost less than the equivalent of \$100,000 may include national consultants only, pursuant to paragraph 2.7 of the Consultants Guidelines.

D. Review by the Association of Procurement Decisions

- (a) Except as the Association shall otherwise determine by notice to the Recipient, or otherwise provided in the Procurement Plan approved in writing by the Association, the following contracts shall be subject to Prior Review by the Association: (a) each contract for goods estimated to cost the equivalent of \$250,000 or more procured on the basis of International Competitive Bidding; (b) each contract for goods procured on the basis of Direct Contracting; (c) each contract for consultants' services provided by a firm estimated to cost the equivalent of \$100,000 or more; (d) each contract for consultants' services provided by an individual estimated to cost the equivalent of \$50,000 or more; and (e) each contract for consultants' services procured on the basis of Single Source Selection.
- (b) All other contracts shall be subject to Post Review by the Association.
- (c) Each terms of reference for consultants' services, and each technical specifications and standards for the procurement of goods, shall be subject to Prior Review by the Association.

- (d) All Training activities will be carried out on the basis of annual programs submitted annually for the prior written approval of the Association, identifying the general framework of the Training activities for the year, including: (i) the type of Training; (ii) the justifications for the Training; (iii) the content of the Training; (iv) the personnel to be trained; (v) the selection method of the institutions or individuals conducting the Training; (vi) the location of the Training; (vii) the individual or firm which will conduct the Training; (viii) the duration of the proposed Training; and (ix) the estimated cost of the Training. Upon completion of each Training, the Recipient shall cause the trainee to prepare, and shall transfer to the Association, a report on the Training received.

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 and consultants’ services for the Project, including Training, Operating Costs and audits	2,050,000	90%

(2) Refund of Project Preparation Advance	750,000	Amount payable pursuant to Section 2.07 of the General Conditions
TOTAL AMOUNT	2,800,000	

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 September 30, 2012.

Section V. Other Undertakings

A. Staff

- (1) No later than (3) three months after the Effective Date, or such later date as may be agreed upon by the Recipient and the Association in writing, the Recipient shall have recruited for the Project Coordination Team a procurement specialist for the Project, with terms of reference, qualifications and experience satisfactory to the Association.
- (2) No later than (3) three months after the Effective Date, or such later date as may be agreed upon by the Recipient and the Association in writing, the Recipient shall have recruited an external auditor for the Project, for the purpose of completing the audit referred to in Section II, paragraph B.3 of this Schedule, with terms of reference, qualifications and experience satisfactory to the Association.
- (3) No later than (6) six months after the Effective Date, or such later date as may be agreed upon by the Recipient and the Association in writing, the financial management specialist of the Project Coordination Team will have received training on the Project's financial management system, in a manner and with results satisfactory to the Association.

B. Mid-Term review

No later than eighteen (18) months after the Effective Date, or such later date as may be agreed upon by the Recipient and the Association in writing, the Recipient and the Association shall carry out a mid term review of the Project, covering the progress achieved in the implementation of the Project. The Recipient shall prepare, under terms of reference satisfactory to the Association, and furnish to the Association three months prior to the beginning of such mid term review of the Project, or on such other date agreed upon with the Association in writing, a report integrating the results of the monitoring and evaluation activities performed pursuant to this Agreement, on the progress achieved in the carrying out of the Project during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives of the Project during the period following such date.

C. Complementary Activities

No later than completion of the Project, the Recipient shall have completed and financed as part of the amounts referred to in the Preamble to this Agreement, the following activities to complement those included in Part 1 of the Project:

- (i) the completion of a road safety education base; and
- (ii) the acquisition and installation of road signs equipment to fulfill the needs identified while implementing the activities included in Part 1 of the Project.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each April 1 and October 1:	
commencing October 1, 2018 to and including April 1, 2028	1%
commencing October 1, 2028 to and including April 1, 2048	2%

* 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. “ANAC” means the Recipient’s National Civil Aviation Agency (“*Agence Nationale d’Aviation Civile*”) established by Decree No. 2004-079/PM/MET dated 11 August, 2004.
2. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “Civil Aviation Legislation” means collectively: (i) the Recipient’s law No. 78-009 of January 18, 1978 governing civil aviation and its regulations, and (ii) the provisions which have not yet been abrogated of the Recipient’s law No. 62-137 of July 3, 1962 adopting a code of civil aviation and its regulations.
5. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
6. “DEPC” means the Recipient’s Directorate of Studies, Planning and Cooperation (“*Direction des Etudes, de la Programmation et de la Coopération*”) established within the MOT.
7. “DMM” means the Recipient’s Merchant Maritime Directorate (“*Direction de la Marine Marchande*”) established within the MOT.
8. “DGTT” means the Road Transport General Directorate (“*Direction Générale des Transports Terrestres*”) established within the MOT.
9. “Executing Agency” means an entity or agency of the Recipient which is a direct beneficiary of an activity implemented under the Project including, DGTT, ANAC, Mauritanian Airports Corporation, Maritime Affairs Studies and Coordination Unit, and DMM.

10. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).
11. “Global Road Safety Partnership” means the global partnership between business, civil society and governmental organizations collaborating to improve road safety conditions around the world, established by and operating in accordance with its constitution and operating modalities approved by all its members in steering committee on June 1, 2005, as further revised from time to time.
12. “ICAO” means International Civil Aviation Organization, the organization established pursuant to the International Civil Aviation Convention of September 7, 1944, and whose objective is to promote the secure and organized development of international civil aviation across the world.
13. “IMO” means the International Maritime Organization, the United Nations’ agency responsible for improving maritime safety and preventing pollution from ships, established by Convention adopted in Geneva on March 6, 1948, which became effective on March 17, 1958.
14. “ISPS Code” means the International Ship and Port Facility Security Code adopted by the IMO by resolution dated December 12, 2002 amending the Safety of Life at Sea Convention, to provide a standardized, consistent framework for evaluating risk, enabling Governments to offset changes in threat with changes in vulnerability for ships and port facilities through determination of appropriate security levels and corresponding security measures.
15. “Maritime Affairs Studies and Coordination Unit” means the Recipient’s units for the survey and coordination of maritime affairs (“*Cellule d’Etudes et de Coordination des Affaires Maritimes*”) established under the authority of the MOT by decision (*arrêté*) No. 2733/MT of November 9, 2007.
16. “Mauritanian Airports Corporation” (“*Société des Aéroports de Mauritanie*”) means the operator of the Recipient’s airports in Nouakchott and Nouadhibou pursuant to the Recipient’s decree No. 94-105 of December 15, 1994.
17. “Merchant Shipping Code” means the Recipient’s “*Code de la marine marchande*” adopted by law No. 95-009 of January 31, 1995.
18. “MOT” means the Recipient’s ministry in charge of transport established by decree No. 096-2007/PM of June 20, 2007.

19. “Operating Costs” means the incremental operating expenses, based on annual budgets approved by the Association, incurred by DEPC on account of the Project implementation, management, monitoring and evaluation, including rent for buildings; office, vehicles, office equipment and other operation and maintenance costs; water and electricity utilities, telephone, office supplies, bank charges, additional staff costs, travel and supervision costs, *per diem*, but excluding the salaries of officials and public servants of the Recipient’s civil service.
20. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
21. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 19, 2008 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
22. “Project Coordination Team” means the team established by the Recipient within the DEPC, responsible, *inter alia*, for the coordination of the Project, referred to in Section I, Paragraph A.2 of Schedule 2 to this Agreement.
23. “Project Implementation Manual” means the manual adopted by the Recipient, outlining implementation, organizational, administrative, monitoring and evaluation, financial management, disbursement, procurement arrangements and accounting procedures, as shall have been agreed with the Association for purposes of Project implementation, as the same may be amended from time to time with the prior written concurrence of the Association, and such term includes any schedules to the Project Implementation Manual.
24. “Project Preparation Advance” means the advances 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 17, 2005 and on behalf of the Recipient on September 7, 2005.

25. "Training" means the training of persons involved in Project-supported activities, carried out on the basis of annual programs specified in Section III. D (d) of Schedule 2 to this Agreement, and such term includes seminars, workshops, and study tours, and costs associated with such activity include travel and subsistence costs for training participants, costs of securing the services of trainers, rental of training facilities, preparation and reproduction of training materials and other costs directly related to course preparation and implementation related to the Project.