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**Credit A SML/DPL: CREDIT NUMBER 7504-MR**  
**Credit B IDA standard/Cat-DDO: CREDIT NUMBER 7503-MR**

# **Financing Agreement**

**(Fiscal Management and Resilience Development Policy Financing  
with a Catastrophe Deferred Drawdown Option)**

**between**

**ISLAMIC REPUBLIC OF MAURITANIA**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

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**Credit A SML/DPL: CREDIT NUMBER 7504-MR**  
**Credit B IDA standard/Cat-DDO: CREDIT NUMBER 7503-MR**

**FINANCING AGREEMENT**

AGREEMENT dated as of the Signature Date between ISLAMIC REPUBLIC OF MAURITANIA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Association has decided to provide this financing on the basis, *inter alia*, of: (i) the actions which the Recipient has already taken under the Program and which are described in Section I of Schedule 1 to this Agreement; and (ii) the Recipient’s maintenance of an adequate macroeconomic policy framework. The Recipient and the Association therefore 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 credit, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to thirty-six million and two hundred thousand Special Drawing Rights (SDR 36,200,000) as such amount may be converted from time to time through a Currency Conversion (variously, “Credit” and “Financing”), which is composed of:
  - (a) Credit A, in an amount equivalent to eighteen million and one hundred thousand Special Drawing Rights (SDR 18,100,000), allocated to the financing of the Plain DPL Single Withdrawal Tranche; and
  - (b) Credit B, in an amount equivalent to eighteen million and one hundred thousand Special Drawing Rights (SDR 18,100,000), allocated to the financing of the Cat-DDO Withdrawal Tranche.
- 2.02.
  - (a) The Maximum Commitment Charge Rate accruing on Credit A only is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance of Credit A.
  - (b) There is no Commitment Charge on Credit B.

- 2.03. (a) There is no Service Charge on Credit A.
- (b) The Service Charge accruing on Credit B only is three-fourths of one percent ( $\frac{3}{4}$  of 1%) per annum, or such rate as may apply following a Currency Conversion, on the Withdrawn Credit Balance of Credit B.
- 2.04. (a) There is no Interest Charge on Credit A.
- (b) The Interest Charge accruing on Credit B only is one and a quarter percent (1.25%) per annum, or such rate as may apply following a Currency Conversion, on the Withdrawn Credit Balance of Credit B.
- 2.05. The Payment Dates are May 15 and November 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 2 to this Agreement and subject to provisions of Section 2.08 below.
- 2.07. The Payment Currency is Dollar.
- 2.08. (a) If, prior to the Closing Date, the Recipient requests an extension of the Closing Date in connection with Credit Account B, the Association may provide such extension on such terms and conditions as agreed by the Association.
- (b) Notwithstanding the provisions of sub-paragraph (a) above, the Closing Date shall not be extended if at the time of Recipient's request, the events specified in sub-paragraph (b) (i) of Section 3.05 of the General Conditions have occurred.
- 2.09. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Recipient shall promptly furnish to the Association such information relating to the provisions of this Article II as the Association may, from time to time, reasonably request.

### **ARTICLE III — PROGRAM**

- 3.01. The Recipient declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:
- (a) the Recipient and the Association shall from time to time, at the request of either party, exchange views on the Recipient's macroeconomic policy framework and the progress achieved in carrying out the Program;
- (b) prior to each such exchange of views, the Recipient shall furnish to the Association for its review and comment a report on the progress achieved

in carrying out the Program, in such detail as the Association shall reasonably request; and

- (c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Recipient shall promptly inform the Association of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

#### **ARTICLE IV — REMEDIES OF THE ASSOCIATION**

- 4.01. The Additional Event of Suspension consists of the following, namely, that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

#### **ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Condition of Effectiveness consists of the following, namely, that the Association is satisfied with the progress achieved by the Recipient in carrying out the Program and with the adequacy of the Recipient's macroeconomic policy framework.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 5.03. 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**

- 6.01. The Recipient's Representative is its minister in charge of economy.
- 6.02. For purposes of Section 11.01 of the General Conditions: (a) the Recipient's address is:

*Ministère de l'Economie et du Développement Durable*  
Avenue Nelson Mandela  
BP 238  
Nouakchott  
Mauritania; and

- (b) the Recipient's Electronic Address is:

Facsimile: 222-45-25-33-35

- 6.03. 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



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**Authorized Representative**

**Name:** M. Abdessalam Ould Mohamed Saleh

**Title:** MINISTRE ECONOMY

**Date:** 01-Mar-2024

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

By

**Keiko Miwa**

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**Authorized Representative**

**Name:** Keiko Miwa

**Title:** Country Director

**Date:** 01-Mar-2024

## SCHEDULE 1

### Program Actions; Availability of Financing Proceeds

#### Section I. Actions under the Program

##### Pillar 1 – Strengthening the foundations for sound fiscal and debt management.

1. *To improve debt management and transparency, the Recipient has issued and published in the official gazette a ministerial order (arrêté) mandating an annual publication of the Medium-Term Debt Management Strategy (MTDS), the resulting Annual Borrowing Plan (ABP), and an assessment of the implementation of the MTDS.*
2. *To improve the monitoring of state-owned enterprises' debt, the Recipient has issued and published in the official gazette a ministerial order (arrêté) to: (i) instruct the state-owned enterprises to share no later than March 31 each year, data on their stocks of state-guaranteed and non-guaranteed debt of the previous year with the Recipient's directorate of external debts, central bank and treasury; and (ii) instruct the Recipient's directorate of external debts to create a central data-basis of state-owned enterprises' debts.*
3. *To better address fiscal risk, the Recipient has issued and published in the official gazette a ministerial order (arrêté) to: (i) adopt a methodological framework for identifying and quantifying fiscal risk including those related to disaster and climate shocks; and (ii) mandate the publication of an annual fiscal risk statement quantifying the main risk identified and proposing mitigating measures.*
4. *To improve tax compliance and increase tax revenues, the Recipient has: (i) issued and published in the official gazette a ministerial order (arrêté) setting the conditions for online filing and payment of taxes; and (ii) enacted a rectification of its budget law published on the Recipient's ministry of finance website to increase the rate of the value added tax applicable to the telecommunication sector from 16 percent to 18 percent and introduce a new special levy of 5 percent of the turnover of telecommunication firms.*

##### Pillar 2 – Strengthening the foundations for a competitive and climate-resilient economy

5. *To enhance market dynamics, the Recipient has enacted and published in the official gazette a competition law to define and sanction anticompetitive behavior as well as to control the anticompetitive effects of mergers.*
6. *To effectively respond to disaster and climate related shocks in an inclusive and gender-responsible manner, the Recipient has issued and published in the official gazette a decree establishing a unified emergency preparedness and response*

*institutional framework, including a streamlined process to declare a natural catastrophe.*

7. *To limit the expansion of urban settlements in risk prone areas and avoid the creation of new risks, the Recipient's Parliament has adopted the New Urban Planning and Building Law (Code de l'Urbanisme) which governs the integration of disaster and climate risks consideration into urban planning instruments.*
8. *To increase the governance and climate resilience in coastal areas, the Recipient has issued a decree published in the official gazette for the establishment of a coastal observatory under its Ministry responsible for environment to monitor coastal ecosystems and facilitate decision making processes for coastal development and protection.*

**Section II. Availability of Financing Proceeds**

- A. General.** The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient.
- B. Allocation of Financing Amounts.** The Financing is allocated in two withdrawal tranches, from which the Recipient may make withdrawals of the Financing proceeds. The allocation of the amounts of the Financing to this end is set out in the table below:

<b>Allocations</b>	<b>Amount of Credit A Allocated (expressed in SDR)</b>	<b>Amount of Credit B Allocated (expressed in SDR)</b>
(1) Plain DPL Single Withdrawal Tranche	18,100,000	0
(2) Cat-DDO Withdrawal Tranche	0	18,100,000
<b>TOTAL AMOUNT</b>	18,100,000	18,100,000

**C. Withdrawal Tranche Release Conditions.**

1. No withdrawal shall be made of the Plain DPL Single Withdrawal Tranche unless the Association is satisfied: (a) with the Program being carried out by the Recipient; and (b) with the adequacy of the Recipient's macroeconomic policy framework.



2. (a) No withdrawal shall be made of the Cat-DDO Withdrawal Tranche unless the Association is satisfied, based on evidence satisfactory to it, that the state of catastrophe in a specified geographic area and for a specified period has been declared further to the occurrence of a degree 1 emergency, whether it is caused by a natural catastrophe or a public health related event, all in accordance with the provision of the Recipient's decree no. 2023-142 to respond to an imminent or occurring natural catastrophe.
- (b) Notwithstanding the foregoing, if, at any time prior to the receipt by the Association of a request for withdrawal of an amount of the Financing, the Association determines that a review of the Recipient's progress in carrying out the Program is warranted, the Association shall give notice to the Recipient to that effect. Upon the giving of such notice, no withdrawals shall be made of the from the Cat-DDO Withdrawal Tranche unless and until the Association has notified the Recipient of its satisfaction, after an exchange of views as described in paragraphs (a) and (b) of Section 3.01 of Article III of this Agreement, with the progress achieved by the Recipient in carrying out the Program.
- (c) No withdrawal shall be made of the Cat-DDO Withdrawal Tranche unless the Association is satisfied, based on evidence satisfactory to it, that the situation described in paragraph (c) of Section 3.01 of Article III of this Agreement has been resolved.

**D. Deposit of Financing Amounts.**

1. Notwithstanding the provisions of Section 2.03 of the General Conditions:
  - (a) the Recipient shall open, prior to furnishing to the Association the first request for withdrawal from the Financing Account, and thereafter maintain the following two dedicated accounts on terms and conditions satisfactory to the Association: (i) a dedicated account in USD ("Foreign Currency Dedicated Account"); (ii) a dedicated account in the Recipient's currency ("Local Currency Dedicated Account"); and
  - (b) all withdrawals from the Financing Account shall be deposited by the Association into the Foreign Currency Dedicated Account. Upon each deposit of an amount of the Financing into the Foreign Currency Dedicated Account, the Recipient shall deposit an equivalent amount into the Local Currency Dedicated Account.
2. The Recipient, within thirty (30) days after the withdrawal of each of the Plain DPL Single Withdrawal Tranche and Cat-DDO Withdrawal Tranche from the Financing Account, shall report to the Association: (a) the exact sum received into

the Foreign Currency Dedicated Account; (b) the details of the account to which the Ouguiya equivalent of the Financing proceeds will be credited; (c) the record that an equivalent amount has been accounted for in the Recipient's budget management systems; and (d) the statement of receipts and disbursement of the Foreign Currency Dedicated Account.

**E. Audit.** Upon the Association's request, the Recipient shall:

1. have the Dedicated Accounts audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association;
2. furnish to the Association as soon as available, but in any case not later than four (4) months after the date of the Association's request for such audit, a certified copy of the report of such audit, of such scope and in such detail as the Association shall reasonably request, and make such report publicly available in a timely fashion and in a manner acceptable to the Association and
3. furnish to the Association such other information concerning the Dedicated Accounts and their audit as the Association shall reasonably request.

**F. Closing Date.**

1. The Closing Date of Credit A is December 31, 2024.
2. The Closing Date of Credit B is June 30, 2027.

**SCHEDULE 2**

**Repayment Schedule**

*Repayment of Credit A (Shorter Maturity IDA credit with a 12-year maturity)*

<b>Date Payment Due</b>	<b>Principal Amount of the Credit A repayable (expressed as a percentage)*</b>
On each May 15 and November 15: commencing May 15, 2030, to and including May 15, 2035,	<b>8.33334%</b>
on November 15, 2035,	<b>8.33326%</b>

\* 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 3.05 (b) of the General Conditions.

*Repayment of Credit B (IDA credit with a 30-year maturity)*

<b>Date Payment Due</b>	<b>Principal Amount of the Credit B repayable (expressed as a percentage)*</b>
On each May 15 and November 15: commencing May 15, 2029 to and including November 15, 2048	<b>1.65%</b>
commencing May 15 2049 to and including November 15, 2053	<b>3.40%</b>

\* 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 3.05 (b) of the General Conditions or Section 2.08 of Article II of this Agreement.

## APPENDIX

### Definitions

1. “Cat-DDO” means catastrophe deferred drawdown option.
2. “Cat-DDO Withdrawal Tranche” means the amount of the Financing allocated to the category entitled “Cat-DDO Withdrawal Tranche” in the table set forth in Part B of Section II of Schedule 1 to this Agreement.
3. “Dedicated Accounts” means both the Foreign Currency Dedicated Account and the Local Currency Dedicated Account.
4. “Foreign Currency Dedicated Account” means the account referred to in Part D.1(a) of Section II of Schedule 1 to this Agreement.
5. “Plain DPL Single Withdrawal Tranche” means the amount of Financing allocated to the category entitled “Plain DPL Single Withdrawal Tranche” in the table set forth in Part B of Section II of Schedule 1 to this Agreement.
6. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Development Policy Financing”, dated December 14, 2018 (Last revised on July 15, 2023).
7. “Local Currency Dedicated Account” means the account referred to in Part D.1(a) of Section II of Schedule 1 to this Agreement.
8. “Ouguiya” means the currency having legal tender in the Recipient’s territory.
9. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated December 19, 2023 from the Recipient to the Association declaring the Recipient’s commitment to the execution of the Program, and requesting assistance from the Association in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program’s objectives.
10. “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.