

CONFORMED COPY

CREDIT NUMBER 4181 MAU

Financing Agreement

(Health and Nutrition Support Project)

between

THE ISLAMIC REPUBLIC OF MAURITANIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 23, 2006

CREDIT NUMBER 4181 MAU

FINANCING AGREEMENT

AGREEMENT dated June 23, 2006, between the ISLAMIC REPUBLIC OF MAURITANIA (the “Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in the Financing 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 seven million Special Drawing Rights (SDR 7,000,000) (the “Credit”) to assist in financing the project described in Schedule 1 to this Agreement (the “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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 15 and October 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with 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 and the Program. 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 — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following:

A situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out.

- 4.02. The Additional Event of Acceleration consists of the following:

The event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 30 days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness consists of the following:

- (a) The Recipient shall have opened:
- (i) an MOH Project Account and made an initial deposit of an amount equivalent to \$60,000 thereon; and
 - (ii) a SECF Project Account and made an initial deposit of an amount equivalent to \$20,000 thereon.

- 5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is the Recipient's Minister at the time responsible for Economic Affairs.

- 6.02. The Recipient's Address is:

Minister of Economic Affairs and Development
Ministry of Economic Affairs and Development
B.P. 238
Nouakchott
Islamic Republic of Mauritania

Cable:	Telex:	Facsimile:
MP Nouakchott	840MTN	(222) 525 4617

- 6.03. 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) or 64145 (MCI)	1 202 477 6391

AGREED in the District of Columbia, United States of America, as of the day and year first above written.

THE ISLAMIC REPUBLIC OF MAURITANIA

By /s/ Tijani Ould M. E. Kerim

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Pedro Alba

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to strengthen the health system and its capacity to improve the health and nutrition status of the population, notably of women, children and the poor.

The Project consists of the following parts:

Part 1: Support the development of human resources and improve their geographical distribution, including through: (i) strengthening management and development of human resources; (ii) improving coordination mechanisms; and (iii) strengthening management and content of training.

Part 2: Support to sector financing and allocation of resources for the poor and the underserved geographical areas, including through: (i) improving process for mobilization and allocation of financial resources; and (ii) improving financial access to health services, utilization of health services by the poorest, and cost recovery system.

Part 3: Support to increasing efficiency of health sector management, through: (i) promoting a sector wide approach; and (ii) strengthening management capacity, monitoring and evaluation.

Part 4: Support to improving accessibility to, and demand for, quality and affordable health services in underserved areas, through: (i) improving access to and quality of basic health services; (ii) raising demand for services; and (iii) strengthening of the monitoring and evaluation of the quality of services.

Part 5: Support to improving and expanding community-based communications for better nutrition, through: (i) developing and implementing a community-based nutrition communications strategy; (ii) improving access to basic essential health and nutrition services; (iii) supporting the application of the Recipient's decree no. 034/2004 of April 28, 2004, on the obligation to iodize salt intended for human and animal consumption; and (iv) strengthening the capacity of the SECF.

SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

1. The Recipient shall maintain the following structures within the Recipient's MOH with functions as set forth in subparagraphs (a) through (g) as further detailed in the Project Implementation Manual, at all times during Project implementation.

(a) The Secretary General of the MOH shall be responsible for the oversight and strategic coordination of Health Subprograms, including: (i) the overall coordination of the activities included in Health Subprograms; (ii), the coordination among all Directorates within the MOH; (iii) the coordination with the Recipient's crosscutting ministries; and (iv) the consultation and coordination of the Technical and Financial Partners.

(b) The Directorate of Financial Affairs (*Direction des Affaires Financières*) of the MOH (the DAF) will assume the responsibility as coordinator for the proceeds of the Credit and shall be responsible for overall administrative and financial management of Parts 1, 2, 3 and 4 of the Project. The DAF will manage the budget allocated to the MOH for the implementation of Health Subprograms and will ensure financial coordination of Parts 1, 2, 3 and 4 of the Project through regular supervision and audit of all administrative, financial, accounting, and procurement operations.

(c) The Directorate of Planning, Cooperation and Statistics (*Direction de la Planification, de la Coopération et de l'Information Sanitaire*) of the MOH (the DPCIS) shall be responsible for consolidating planning and programming Health Subprograms, and for ensuring their adequate monitoring and evaluation.

(d) The MOH's Technical Directorates will be responsible for the development and technical implementation of their respective Health Subprograms. They will also provide technical support to the decentralized levels.

(e) The Regional directorates of the MOH (*Directions Régionales pour la Promotion Sanitaire et Sociale*) will be involved in the financial and technical management of the Project. They will provide technical supervision and support for activities being carried out as part of its Health Subprograms and those of the Health Districts (*Circonscriptions Sanitaires de Moughata*) placed under its authority.

(f) The Health Districts, under the responsibility of a district health team, constitute the first level of implementation of Parts 1, 2, 3 and 4 of the Project based on local needs and priorities.

(g) A memorandum of understanding dated April 17, 2006 has been signed between the MOH and the Recipient's State Secretariat for Promotion of Women (*Secrétariat d'Etat à la Condition Féminine*) (the SECF) pursuant to which the SECF shall be responsible for the implementation of the improvement and expansion of the nutrition activities at the community level, through the implementation of Part 5 of the Project.

B. Implementation Arrangement

2. The Recipient shall implement the Project in accordance with the procedures set out in the Project Implementation Manual, the Administrative, Financial and Accounting Procedures Manual and the memorandum of understanding referred to in Section I, Part A, paragraph 1 (g) above and, except as the Recipient and the Association shall otherwise agree, the Recipient shall not amend or waive any provision thereof, if in the opinion of the Association, such amendment or waiver may materially and adversely affect the implementation of the Project.

3. Each year, the Recipient shall develop an Annual Action Plan, which shall include a budget for its implementation, in accordance with the procedures described in the Project Implementation Manual and the Administrative, Financial and Accounting Procedures Manual, based on the draft Subprograms prepared by each entity involved in the implementation of the Project (each an Implementing Entity).

C. Eligibility Criteria and Procedures for Implementation of Subprograms

4. No proposed Subprogram activity shall be eligible for financing out of the proceeds of the Credit unless the Recipient has determined, on the basis of the guidelines and the criteria set forth in the Project Implementation Manual and the Administrative, Financial and Accounting Procedures Manual, that the following eligibility criteria are satisfied, which shall include, *inter alia*, the following:

(a) such Subprogram activities are included in an Annual Action Plan which has been approved by the Technical and Financial Partners, a Fiscal Year Confirmation for the Fiscal Year of such Annual Action Plan has been signed by the Association and notified by the Association to the Recipient, all in accordance with, and subject to, the provisions set forth in detail in the Project Implementation Manual;

(b) the Implementing Entity has established appropriate governance and implementation arrangements and secured adequate technical, financial management and procurement capacity to implement the proposed Subprogram activities in compliance with the guidelines set forth in the Project Implementation Manual and the Administrative, Financial and Accounting Procedures Manual, or has adopted a specific, time-bound plan of actions satisfactory to the Recipient, to strengthen its capacity; and

(c) the Implementing Entity has made adequate provision for carrying out an adequate evaluation of annual performance during the subsequent year, including evidence that such evaluation has been performed as part of a participatory process involving, *inter alia*, the community, the local authorities and the Technical and Financial Partners.

D. Safeguards

5. The Recipient shall implement the Project in accordance with the Recipient's Environmental and Social Management Framework dated December 2005 , Resettlement Policy Framework dated April 2005 and Medical Waste Management Plan dated June 2005 and, except as the Recipient and the Association shall otherwise agree, the Recipient shall not amend or waive any provision thereof, if in the opinion of the Association, such amendment or waiver may materially and adversely affect the implementation of the Project.

Section II. Project Monitoring, Reporting, 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, as further described (*inter alia* with base line and target values) and completed in the Project Implementation Manual):

(i) Number of intersectoral coordination meetings for the management of human resources for health;

- (ii) Number of MOH integrated supervision with the participation of the Directorate for Human Resources;
 - (iii) Percentage of personnel's files updated;
 - (iv) Annual revisions of the Medium Term Expenditure Framework;
 - (v) Number of operational health *mutuelles*;
 - (vi) Percentage of health management committees trained;
 - (vii) Rate of production of monthly reports;
 - (viii) Holding of the annual review of the health sector program;
 - (ix) Percentage of pregnant women to receive 2 doses (one in the second and one in the third trimester) of sulfadoxine-pyrimethamine (SP);
 - (x) Rate of pre-natal consultations in 4 'that practice "*forfait obstétrical*";
 - (xi) Rate of mass treatment of schistosomiasis;
 - (xii) Knowledge and practices of exclusive breast feeding for the first six months;
 - (xiii) Vitamin A coverage in post-partum women and children under five; and
 - (xiv) Knowledge and consumption of iodized salt.
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 June 30, 2010.

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 one month after the end of each calendar quarter, interim un-audited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal under the Project Preparation Advance was 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 and Works.** All goods and works 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 Schedule.
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 Schedule.
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 and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive

Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

<u>Procurement Method</u>	
(a)	National Competitive Bidding
(b)	Direct Contracting
(c)	Limited International Bidding
(d)	Procurement From United Nations Agencies
(e)	Procurement through Procurement Agent
(f)	Shopping

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.

<u>Procurement Method</u>	
(a)	Least Cost Selection
(b)	Quality Based Selection
(c)	Individual Consultants
(d)	Selection of UN Agencies as Consultants
(e)	Use of Nongovernmental Organizations
(f)	Single Source Selection

D. Review by the Association of Procurement Decisions

Except as the Association shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Association: (a) each contract for works procured on the basis of International Competitive Bidding estimated to cost the equivalent of \$500,000 or more, each contract for goods procured on the basis of International Competitive Bidding estimated to cost the equivalent of \$250,000 or more, and each contract for goods and works procured on the basis of Direct Contracting; and (b) each contract for consultants' services provided by a firm estimated to cost the equivalent of \$100,000 or more, each contract for consultants' services provided by an individual estimated to cost the equivalent of \$50,000 or more, and each contract for consultants' services procured on the basis of Single Source Selection. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient, 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:

<u>Category</u>	<u>Amount of the Financing Allocated (expressed in SDR)</u>	<u>Percentage of Expenditures to be Financed</u>
(1) Health Subprograms for the implementation of Part 1 of the Project (Development of Human Resources and improvement of their geographical distribution) (goods and services)	1, 050,000	100% of foreign expenditures and 100% of local expenditures all taxes excluded

<u>Category</u>	<u>Amount of the Financing Allocated (expressed in SDR)</u>	<u>Percentage of Expenditures to be Financed</u>
(2) Health Subprograms for the implementation of Part 2 of the Project (Sector financing and equitable allocation of resources) (goods and services)	840,000	100% of foreign expenditures and 100% of local expenditures all taxes excluded
(3) Health Subprograms for the implementation of Part 3 of the Project Sector management efficiency) (goods and services)	520,000	100% of foreign expenditures and 100% of local expenditures all taxes excluded
(4) Health Subprograms for the implementation of Part 4 of the Project (accessibility to and demand for quality and affordable services) (works, goods and services)	1,740,000	100% of foreign expenditures and 100% of local expenditures all taxes excluded
(5) Nutrition Subprograms for the implementation of Part 5 of the Project (Nutrition community-based communication) (works goods and services)	1,040,000	100% of foreign expenditures and 100% of local expenditures all taxes excluded
(6) Refund of Project Preparation Advance	420,000	100% of foreign expenditures and 100% of local expenditures all taxes excluded
(7) Unallocated	<u>1,390,000</u>	
AMOUNT	<u>7,000,000</u> =====	

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 December 31, 2009.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each April 15 and October 15:	
commencing October 15, 2016 to and including April 15, 2026	1%
commencing October 15, 2026 to and including April 15, 2046	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. “Administrative, Financial and Accounting Procedures Manual” means the Recipient’s manual containing financial, administrative and accounting procedures applicable to the implementation of the Project, as such manual may be amended from time to time in agreement with the Association, and such term includes any schedule to the Administrative, Financial and Accounting Procedures Manual.
2. “Annual Action Plan” means the Recipient’s annual action plan for the implementation of the Program (as hereinafter defined) in form and substance satisfactory to the Technical and Financial Partners (as hereinafter defined), including the Association, and duly approved by the appropriate authorities in accordance with the Recipient’s laws and regulations.
3. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004.
4. “Foreign Expenditures” means expenditures in the currency of any country other than that of the Recipient for goods or services supplied from the territory of any country other than that of the Recipient.
5. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005.
6. “Health Subprogram” means a set of eligible activities in the areas set out in Schedule 1 to this Agreement, which are included in an Annual Action Plan for the implementation of Parts 1, 2, 3 or 4 of the Project.
7. “Local Expenditures” means expenditures in the currency of the Recipient or for goods or services supplied from the territory of the Recipient; provided, however, that if the currency of the Recipient is also that of another country from the territory of which goods or services are supplied, expenditures in such currency for such goods or services shall be deemed to be Foreign Expenditures.
8. “MOH” means the Recipient’s Ministry of Health (*Ministère de la Santé et des Affaires Sociales*).
9. “Nutrition Subprogram” means a set of eligible activities in the areas set out in Schedule 1 to this Agreement, which are included in an Annual Action Plan for the implementation of Part 5 of the Project.

10. “Procurement Guidelines” means the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004.
11. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 18, 2006 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.
12. “Program” means collectively the strategy derived from the National Health and Social Action Policy (2005-2015) adopted by the Beneficiary’s Council of Minister on November 23, 2005 and, to the extent it is under the responsibility of the SECF, the strategy derived from the National Nutrition Development Policy (2005-2010) adopted by the Beneficiary on December 14, 2005, referred to in the letter dated February 6, 2006 from the Recipient to the Association.
13. “Project Implementation Manual” means the guidelines and procedures satisfactory to the Association to be used for the purpose of implementing the Project, in the administrative, financial management, procurement, monitoring and evaluation areas, and other provisions related to the institutional organization, as such guidelines and procedures may be amended from time to time in agreement with the Association, and such term includes any schedule to the Project Implementation Manual.
14. “Project Preparation Advance” means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on May 19, 2005 and on behalf of the Recipient on May 31, 2005.
15. “SECF” means the Recipient’s ministry of women (*Secrétariat d’Etat à la Condition Féminine*).
16. “Subprogram” means a Health Subprogram for the implementation of Parts 1, 2, 3, or 4 of the Project or a Nutrition Subprogram for the implementation of Part 5 of the Project, as the case may be.
17. “Technical and Financial Partners” means collectively the donors and other partners involved in the provision of financial or technical support to the Recipient for the implementation of the Program.

