

CONFORMED COPY

CREDIT NUMBER 2093 MAU

Agreement Providing for  
Amendment and  
Restatement of  
Development Credit Agreement

(Agricultural Sector Adjustment and Investment Project)

between

ISLAMIC REPUBLIC OF MAURITANIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated February 26, 1990  
As Amended and Restated on April 26, 1994

CREDIT NUMBER 2093 MAU

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated April 26, 1994, between ISLAMIC REPUBLIC OF MAURITANIA (the Borrower), and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS: (A) the Borrower and the Association have agreed to amend the Development Credit Agreement between the Borrower and the Association, dated February 26, 1990 (the Development Credit Agreement), as amended through a first exchange of letters dated September 11, 1992 and October 19, 1992 (First Amendment); and a further exchange of letters dated July 6, 1993 and August 5, 1993 (Second Amendment), in the manner hereinafter set forth (Third Amendment);

(B) the Association has decided by letter of even date herewith to terminate the Project Agreement between the Association and the Union des Banques de Developpement (UBD), also dated February 26, 1990, UBD being in liquidation pursuant to Jugement No. 008/CCC du Tribunal de la Wilaya de Nouakchott, of June 26, 1993;

(C) the Association and the Union des Cooperatives de Credit et d'Epargne de Mauritanie (UNCACEM) have agreed to enter into a Project Agreement of even date herewith;

(D) the Association and SONADER have agreed to amend the Project Agreement between the Association and SONADER, also dated February 26, 1990, by Letter of Agreement of even date herewith;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Section 1.01. The Development Credit Agreement is hereby amended and restated in its entirety so as to read as set forth in the Annex hereto.

Section 1.02. This Agreement shall become effective upon receipt by the Association of a legal opinion within the meaning of Section 12.02 (b) of the General Conditions asserting that:

(a) the UNCACEM Project Agreement has been duly signed by UNCACEM and ratified and is legally binding upon UNCACEM in accordance with its terms; and

(b) the UNCACEM Subsidiary Loan Agreement dated August 12, 1993 has been duly signed by the Borrower and by UNCACEM, and is legally binding upon the Borrower and UNCACEM, respectively, in accordance with its terms.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

ISLAMIC REPUBLIC OF MAURITANIA

By /s/ Mohamed Fall Ainina

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Edward V. K. Jaycox

Regional Vice President  
Africa

ANNEX

to Agreement providing  
for Amendment and  
Restatement of Develop-  
ment Credit Agreement  
dated February 26, 1990

CREDIT NUMBER 2093 MAU

Third Agreement Amending and

Restating  
Development Credit Agreement

(Agricultural Sector Adjustment and Investment Project)

between

ISLAMIC REPUBLIC OF MAURITANIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated February 26, 1990  
As Amended and Restated on April 26, 1994  
DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated February 26, 1990, as amended through a first exchange of letters dated September 11, 1992 and October 19, 1992 (the First Amendment); a further exchange of letters dated July 6, 1993 and August 5, 1993 (the Second Amendment); and by Agreement (the Third Amendment) and Restatement on April 26, 1994, between Islamic Republic of Mauritania (the Borrower) and International Development Association (the Association).

WHEREAS (A) the Association has received a letter, dated April 22, 1989, from the Borrower describing a program of actions, objectives and policies designed to achieve structural adjustment of the Borrower's agricultural sector (hereinafter called the Program), declaring the Borrower's commitment to the execution of the Program, and requesting assistance from the Association in the financing of urgently needed imports required during such execution;

(B) the Borrower, having committed itself to the execution of the Program and, as part thereof, having undertaken to carry out part of the Project described in Schedule 2 to this Agreement, has requested the Association to assist in the financing of the Project and urgently needed imports required during the execution of the Program;

(C) part of the Project will be carried out by Societe Nationale de Developpement Rural (hereinafter called SONADER) and Union des Cooperatives Agricoles de Credit et d'Epargne de Mauritanie (hereinafter called UNCACEM) with the Borrower's assistance and, as part of such assistance, the Borrower will make available to SONADER and UNCACEM part of the proceeds of the Credit as provided in this Agreement;

(D) the Borrower intends to contract from the German Federal Republic (Germany) a loan (the German Loan) in an amount of DM 3,500,000, to assist in financing part of the Program on terms and conditions set forth in an agreement (the German Loan Agreement), to be entered into between the Borrower and Germany;

(E) the Borrower intends to contract from Caisse Centrale de Cooperation Economique (CCCE) a loan (the CCCE Loan) in an amount of FF 50,000,000, to assist in financing part of the Project on terms and conditions set forth in an agreement (the CCCE Loan Agreement), to be entered into between the Borrower and CCCE;

(F) the Borrower intends to contract from the World Food Program (WFP) a grant (the WFP Grant) in an amount equivalent to \$1,500,000, to assist in financing part of the Project on terms and conditions set forth in an agreement (the WFP Grant Agreement), to be entered into between the Borrower and WFP; and

(G) the Association has agreed on the basis, inter alia, of the foregoing to extend the Credit to the Borrower upon the terms and conditions

set forth in this Agreement and in the Project Agreements of even date herewith between the Association and SONADER and UBD, respectively; the latter closed by a letter from the Association and replaced by the UNCACEM Project Agreement both of even date with the Third Amendment;

NOW THEREFORE the parties hereto hereby agree as follows:

#### ARTICLE I

##### General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, with the modifications thereof set forth below (the General Conditions) constitute an integral part of this Agreement.

(a) Section 2.01, paragraph 9, shall be modified as follows:

"'Project' means the imports and other activities that may be financed out of the proceeds of the Credit pursuant to the provisions of Schedule 1 to the Development Credit Agreement.";

(b) Section 9.06 (c) shall be modified to read:

"(c) Not later than six months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Association, the Borrower shall prepare and furnish to the Association a report, of such scope and in such detail as the Association shall reasonably request, on the execution of the Program referred to in the Preamble to the Development Credit Agreement, the performance by the Borrower and the Association of their respective obligations under the Development Credit Agreement and the accomplishment of the purposes of the Credit."; and

(c) the last sentence of Section 3.02 is deleted.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "SITC" means the Standard International Trade Classification, Revision 3 (SITC, Rev. 3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev. 3 (1986);

(b) "Special Account" means the accounts referred to in Section 2.02 (b) of this Agreement;

(c) "Project Area" means the Fom Gleita irrigated area, the flood recession cropping areas around the Fom Gleita reservoir, and the public smallholder schemes in the Senegal River Valley, administered by SONADER and situated to the east of the District ("Wilaya") of Trarza;

(d) "SONADER Project Agreement" means the agreement between the Association and SONADER of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the SONADER Project Agreement;

(e) "UBD Project Agreement" means the agreement between the Association and UBD of even date herewith, which is to be terminated by letter from the Association of even date with the Third Amendment;

(f) "UNCACEM Project Agreement" means the agreement between the Association and UNCACEM of even date with the Third Amendment, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the UNCACEM Project Agreement;

(g) "UNCACEM Subsidiary Loan Agreement" means the Agreement entered into between the Borrower and UNCACEM on August 12, 1993 pursuant to Section 3.02 (b) (ii) of this Agreement, as the same may be amended from time to time, and such terms include all schedules to the UNCACEM Subsidiary Loan Agreement, if any;

(h) "SONADER Subsidiary Grant Agreement" means the agreement to be entered into between the Borrower and SONADER pursuant to Section 3.02 (b) (i) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the SONADER Subsidiary Grant Agreement;

(i) "MDRE" means the Borrower's Ministry of Rural Development and the Environment;

(j) "Cellule" means the Cellule de Planification within MDRE;

(k) "SONIMEX" means Societe Nationale d'Import/Export, the Borrower's import company for various commodities;

(l) "Interministerial Committee" means the committee established by Decree 89056 of March 29, 1989, of the Borrower; and

(m) "Technical Project Unit" means the committee established by Arrete No. R 020 MEF/MDRE of February 4, 1989.

## ARTICLE II

### The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to nineteen million four hundred thousand Special Drawing Rights (SDR 19,400,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit.

(b) The Borrower shall, for the purposes of the Project, open and maintain in convertible ouguiyas two special accounts (hereinafter called Program Special Account and Project Special Account, respectively), on terms and conditions satisfactory to the Association. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 1995 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or cancelled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year specified in Section 2.06 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on

the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment and service charges shall be payable semiannually on February 1 and August 1 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each February 1 and August 1, commencing August 1, 2000 and ending February 1, 2030. Each installment to, and including the installment payable on, February 1, 2010 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever: (i) the Borrower's gross national product per capita, as determined by the Association, shall have exceeded \$790 in constant 1985 dollars for five consecutive years; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the terms of repayment of installments under paragraph (a) above by requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid. If so requested by the Borrower, the Association may revise such modification to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(c) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the Association may, if so requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments as provided in paragraph (a) above.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

Section 2.09. (a) The Director General of SONADER and the Director General of UNCACEM, respectively, are designated as representatives of the Borrower for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions in respect of Categories 1, 2 (b), 4 (b), and 5 (b), and Categories 2 (c), 3 and 4 (c), respectively, set forth in the table in paragraph 1 of Schedule 1 to this Agreement.

(b) Without limitation or restriction to the foregoing, the Borrower hereby entrusts its Central Bank with responsibility for the preparation of withdrawal applications under Category 6 of the Credit and for the collection of the documents and other evidence to be furnished to the Association in support of such applications; such withdrawal applications shall be consolidated and sent to the Association once a month.

### ARTICLE III

#### Execution of the Project and Particular Covenants

Section 3.01. The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out Part C.4 and 5 of the Project through MDRE with due diligence and efficiency and in conformity with appropriate agricultural practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

Section 3.02. (a) Without any limitation or restriction upon any of its other obligations under this Agreement, the Borrower shall: (i) cause SONADER to carry out Parts A.1 through 6, B and C.1 and 2 of the Project and to perform, in accordance with the provisions of the SONADER Project Agreement, all the other obligations of SONADER therein set forth; (ii) cause UNCACEM to carry out Part A.7 of the Project and to perform, in

accordance with the provisions of the UNCACEM Project Agreement, all the other obligations of UNCACEM therein set forth; and (iii) take or cause to be taken all action, including the provision of funds, facilities, services and other resources necessary or appropriate to enable SONADER and UNCACEM to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) Pursuant to paragraph (a) of this Section, the Borrower shall: (i) make the proceeds of the Credit allocated from time to time to Categories 1, 2 (b), 4 (b) and 5 (b) of the table set forth in paragraph 1 of Schedule 1 to this Agreement available to SONADER under the SONADER Subsidiary Grant Agreement; and (ii) make the proceeds of the Credit allocated from time to time to Category 3 of said table available to UNCACEM under the UNCACEM Subsidiary Loan Agreement, both on terms and conditions which shall have been approved by the Association.

(c) The Borrower shall exercise its rights under the SONADER Subsidiary Grant Agreement and the UNCACEM Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Association and to accomplish the purposes of the Credit and, except as the Association shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the SONADER Subsidiary Grant Agreement or the UNCACEM Subsidiary Grant Agreement or any provision thereof.

Section 3.03. (a) The Borrower and the Association shall from time to time, at the request of either party, exchange views on the progress achieved in carrying out the Program and the actions specified in Schedule 4 to this Agreement.

(b) Prior to each such exchange of views, the Borrower 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.

Section 3.04. Except as the Borrower and the Association shall otherwise agree, procurement of the goods and consultants' services for the Program and for Part C.4 and 5 of the Project, and to be financed out of the proceeds of the Credit, shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.05. The Borrower shall, during the execution of the Project, maintain the Cellule, the Interministerial Committee and the Technical Project Unit or any other entity for coordination and supervision, acceptable to the Borrower and the Association, with adequate staffing and responsibilities.

Section 3.06. Without any limitation or restriction upon any of its other obligations under this Agreement, the Borrower shall:

- (a) (i) not later than November 30 during each year the Project is carried out, review SONADER's budget referred to in Section 2.08 of the SONADER Project Agreement; and
- (ii) promptly thereafter take all necessary measures, including the provision of funds, to enable SONADER to carry out its budgeted operations; and

(b) not later than June 30, 1990, second staff with expertise in forestry, public health and fisheries to SONADER's regional directorate of Foun Gleita.

Section 3.07. (a) The Borrower shall maintain, or cause SONADER and UNCACEM to maintain, records and accounts adequate to reflect in accordance with consistently maintained sound accounting practices the expenditures financed out of the proceeds of the Credit.

(b) The Borrower shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section, including those for the Special Accounts, for each fiscal year audited in accordance with appropriate auditing principles consistently applied by

independent auditors acceptable to the Association;

- (ii) furnish to the Association as soon as available, but in any case not later than six months after the end of each such year, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) furnish to the Association such other information concerning said records and accounts and the audit thereof as the Association shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of statements of expenditure, the Borrower shall:

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Association has received the audit report for the fiscal year in which the last withdrawal from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Association's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

Section 3.08. The Borrower and the Association hereby agree that the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively): (a) in respect of Parts A.1 through 6, B and C.1 and 2 of the Project shall be carried out by SONADER pursuant to Section 2.03 of the SONADER Project Agreement; and (b) in respect of Part A.7 of the Project shall be carried out by UNCACEM pursuant to Section 2.03 of the UNCACEM Project Agreement.

#### ARTICLE IV

##### Remedies of the Association

Section 4.01. Pursuant to Section 6.02 (h) of the General Conditions, the following additional events are specified:

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

(b) SONADER or UNCACEM shall have failed to perform any of its obligations under the SONADER Project Agreement or the UNCACEM Project Agreement, respectively.

(c) As a result of events which have occurred after the date of the Development Credit Agreement, an extraordinary situation shall have arisen which shall make it improbable that SONADER or UNCACEM will be able to perform its obligations under the SONADER Project Agreement or the UNCACEM Project Agreement, respectively.

(d) Decree No. 75/237 of July 24, 1975 of the Borrower, establishing SONADER, shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of SONADER to perform



any of its obligations under the SONADER Project Agreement.

(e) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of SONADER or UNCACEM or for the suspension of the operations of SONADER or UNCACEM.

(f) The German Loan Agreement, or the CCCE Loan Agreement or the WFP Grant Agreement shall not be signed by June 30, 1990, or such later date as the Borrower and the Association may agree; provided, however, that the provisions of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

(g) (i) Subject to subparagraph (ii) of this paragraph:

(A) The right of the Borrower to withdraw the proceeds of the German Loan, or the CCCE Loan, or the WFP Grant made to the Borrower for the financing of the Project shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the German Loan Agreement, the CCCE Loan Agreement or the WFP Grant Agreement, respectively; or

(B) the German Loan or the CCCE Loan shall have become due and payable prior to the agreed maturity thereof.

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

Section 4.02. Pursuant to Section 7.01 (d) of the General Conditions, the following additional events are specified:

(a) the events specified in paragraphs (a), (b) and (c) of Section 4.01 of this Agreement shall occur and shall continue for a period of 60 days after notice thereof shall have been given by the Association to the Borrower;

(b) the events specified in paragraphs (d) and (e) of Section 4.01 of this Agreement shall occur; and

(c) the event specified in paragraph (g) (i) (B) of Section 4.01 of this Agreement shall occur, subject to the proviso of paragraph (g) (ii) of that Section.

#### ARTICLE V

##### Effective Date; Termination

Section 5.01. The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions:

(a) the SONADER Subsidiary Grant Agreement and the UBD Subsidiary Grant Agreement have been signed;

(b) the Association is satisfied, after an exchange of views as described in Section 3.03 (a) of this Agreement, with the progress achieved by the Borrower in the carrying out of the Program;

(c) the Borrower has revised the Decree, Arretes and Circulaires implementing its Ordonnance No. 83-127 of June 5, 1983 and has enacted a Code des Baux Ruraux;

(d) SONADER has increased water charges for the growing season 1990-1991 in large-scale irrigation areas by 15% over the level of said charges for the growing season 1989-1990;

(e) SONADER has issued an action plan, acceptable to the Association, for SONADER's gradual withdrawal from distribution of inputs to farmers over the next three years;

(f) the Borrower has linked the domestic wholesale price of imported rice, sold by SONIMEX, to the world price of rice, and completed the transfer of its rice mills to the private sector;

(g) the Borrower has introduced customs' duties on commercial cereal imports at rates equal to the average rates applied to imported rice; and

(h) the Borrower is current in its obligation pursuant to Section 3.06 (a) (ii) of this Agreement.

Section 5.02. The following are specified as matters, within the meaning of Section 12.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association:

(a) the SONADER Project Agreement and the UBD Project Agreement have been duly signed by SONADER and by UBD, respectively, and ratified and are legally binding upon SONADER and UBD, respectively, in accordance with their terms; and

(b) the SONADER Subsidiary Grant Agreement and the UBD Subsidiary Grant Agreement have been duly signed by the Borrower and by SONADER and UBD, respectively, and are legally binding upon the Borrower, SONADER and UBD, respectively, in accordance with their terms.

Section 5.03. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

## ARTICLE VII

### Representative of the Borrower; Addresses

Section 6.01. Except as provided in Section 2.09 (a) of this Agreement, the Minister of Plan of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

#### For the Borrower:

Ministry of Plan  
B.P. 238  
Nouakchott  
Islamic Republic of Mauritania

Cable address: MP  
Nouakchott

Telex: 540 MTN

#### For the Association:

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

Cable address: INDEVAS  
Washington, D.C.

Telex: 197688 (TRT),  
248423 (RCA),

64145 (WUI) or  
82987 (FTCC)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

ISLAMIC REPUBLIC OF MAURITANIA

By /s/ Abdallahi Ould Daddah  
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Edward V.K. Jaycox  
Regional Vice President  
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit, the allocation of the amounts of the Credit to each Category and the percentage of expenditures for items so to be financed in each Category:

Amount of the Credit Allocated (Expressed in CategorySDR Equivalent)	% of Expenditures to be Financed	
(1) Civil works	800,000	100%
(2) Equipment and vehicles:		100%
(a) MDRE 50,000		
(b) SONADER	550,000	
(3) Agricultural credit	650,000	100%
(4) Technical assistance, studies and training for:		100%
(a) MDRE 350,000		
(b) SONADER	1,100,000	

Amount of the Credit Allocated (Expressed in CategorySDR Equivalent)	% of Expenditures to be Financed	
(5) Incremental operating costs:		

(a)	MDRE 180,000	50%
(b)	SONADER	1,005,000 70%
(6)	Goods imported during the execution of the Program	14,000,000 100%
(7)	Unallocated	715,000
	<u>TOTAL</u>	19,400,000
	=====	

2. For the purposes of this Schedule, the term "incremental operating costs" means the additional expenses to be made in carrying out the Project for personnel, maintenance of buildings, transport and materials.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made:

(a) in respect of payments made for expenditures prior to the date of this Agreement except that withdrawals in an aggregate amount not exceeding the equivalent of SDR 2,800,000 may be made in respect of Category (6) of paragraph 1, on account of payments made for expenditures before that date but after November 1, 1989;

(b) under Category (3) in respect of allocation of Subsidiary Loan amounts prior to August 30, 1993 and before UNCACEM has obtained the assurances referred to under paragraph A.3 of the Schedule to its Project Agreement;

(c) under Category (6) in respect of:

(i) expenditures for goods included in the following SITC groups or sub-groups, or any successor groups or sub-groups under future revisions to the SITC, as designated by the Association by notice to the Borrower:

Group	Sub-group	Description of Items
112	-	Alcoholic beverages
121	-	Tobacco, unmanufactured; tobacco refuse
122	-	Tobacco, manufactured (whether or not containing tobacco substitutes)
525	-	Radioactive and associated materials
667	-	Pearls, precious and semi-precious stones, unworked or worked
718	718.7	Nuclear reactors, and parts thereof, fuel elements (cartridges), non-irradiated for nuclear reactors
897	897.3	Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems)
971	-	Gold, non-monetary (excluding gold ores and concentrates)

(ii) expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower;

(iii) expenditures for goods procured under contracts costing less than \$5,000 equivalent;

- (iv) expenditures for goods supplied under a contract which any national or international financing institution or agency other than the Association shall have financed or agreed to finance;
- (v) expenditures for goods intended for a military or para-military purpose or for luxury consumption; and
- (vi) expenditures in excess of an aggregate amount equivalent to SDR 2,800,000 for petroleum products and foodstuffs.

4. No withdrawal shall be made and no commitment shall be entered into to pay amounts to, or on the order of, the Borrower in respect of expenditures to be financed out of Category (6) after the aggregate of the proceeds of the Credit withdrawn from the Credit Account under said Category and the total amount of such commitments shall have reached the equivalent of SDR 7,000,000, unless the Association shall be satisfied, after an exchange of views as described in Section 3.03 of this Agreement based on evidence satisfactory to the Association: (a) with the progress achieved by the Borrower in the carrying out of the Program; and (b) that the actions described in Schedule 4 to this Agreement have been taken.

5. If, after the exchange of views described in paragraph 4 above, the Association shall have given notice to the Borrower that the progress achieved and the actions taken are not satisfactory and, within 90 days after such notice, the Borrower shall not have achieved progress and taken actions satisfactory to the Association, then the Association may, by notice to the Borrower, cancel the unwithdrawn amount allocated to Category (6) or any part thereof.

## SCHEDULE 2

### Description of the Project

The objectives of the Project are to support institutional and general policy reforms, as set forth in the Program for the development of the Borrower's agricultural sector, and to test new approaches to irrigated agriculture suitable for the Borrower.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Association may agree upon from time to time to achieve such objectives:

#### Part A: Agricultural Development in the Project Area

1. Preparation and implementation of a system for rational water distribution and maintenance of irrigation infrastructure.
2. Construction of an unpaved access road of about 8 km in length to link the Project Area with the Kaedi-M'Bout main road and a foot bridge over the irrigation feeder canal.
3. Construction of buildings and village infrastructure, including drinking water connections, for community activities in five new villages.
4. Provision of agricultural extension services in the Project area to raise crops and livestock, including in-service and refresher training in Mauritania and abroad for technicians and extension agents and farmers' visits to demonstration sites.
5. Carrying out adaptive research and pre-extension trials in irrigated agriculture, flood recession cropping and the integration of crops and livestock.
6. Construction of vaccination parks, water tanks and other infrastructure and provision of equipment related to animal health.
7. Provision of agricultural credit to farmers and fishermen in the Project Area.

#### Part B: Physical and Human Environment in the Project Area

1. Establishment of wind-protected zones by widening of existing lines of trees and their extension along about 26 km of main canals, and planting of windbreaks and fruit trees within cropping areas along drains and secondary canals.
2. Implementation of pilot projects in the areas of tree planting for use as building poles and fuel wood and planting of shade trees.
3. Exploitation of fishing potential of the Foug Gleita dam reservoir by supporting the organization of a fishermen cooperative, training fishermen, introducing new varieties of fish in said reservoir, and monitoring its water quality and fish stocks.
4. Provision of health services, including training of paramedical personnel, acquisition of health equipment and carrying out of epidemiological surveys and tests.

Part C: Institutional Strengthening

1. Improvement of SONADER's management methods and reorganization of its personnel.
2. Training in Mauritania and abroad of SONADER's staff in economic, technical and management skills.
3. Strengthening of the Cellule and reorganization of MDRE.
4. Reorganization of the Borrower's departments involved in land tenure.

\* \* \*

The Project is expected to be completed by December 31, 1994.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works for the Project

Part A: International Competitive Bidding

Except as provided in Part D hereof, goods and works shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1992 (the Guidelines).

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A hereof, goods manufactured in the Islamic Republic of Mauritania may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

Part C: Preference for Domestic Contractors

In the procurement of works in accordance with the procedures described in Part A hereof, a margin of preference may be granted to domestic contractors in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraph 5 of Appendix 2 thereto.

Part D: Other Procurement Procedures

1. Except as provided in paragraph 2 of this Part, construction works, equipment and vehicles estimated to cost less than the equivalent of \$100,000 per contract, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.
2. Items or groups of items estimated to cost less than the equivalent of \$20,000 per contract, up to an aggregate amount not to exceed the equivalent of \$200,000, may be procured under contracts awarded on the basis of

comparison of price quotations solicited from a list of at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Association.

3. Works on tree plantations and village infrastructure works, estimated to cost up to an aggregate amount not to exceed the equivalent of \$1,400,000, may be carried out by force account.

#### Part E: Review by the Association of Procurement Decisions

##### 1. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to the first contract procured in accordance with Part D.1 of this Schedule, and each contract estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Accounts, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to said paragraph 2 (d) shall be furnished to the Association prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Accounts, such procedures shall be modified to ensure that the two conformed copies of the contract, together with the other information required to be furnished to the Association pursuant to said paragraph 3, shall be furnished to the Association as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 5 to this Agreement.

(c) The provisions of the preceding subparagraphs (a) and (b) shall not apply to contracts on account of which the Association has authorized withdrawals from the Credit Account on the basis of statements of expenditure. Such contracts shall be retained in accordance with Section 3.07 (c) of this Agreement.

##### 2. The figure of 10% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines. Section II. Employment of Consultants

In order to provide assistance in carrying out the Project, the Borrower, SONADER and UNCACEM shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Association on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981.

##### Section III. Procurement of Goods other than for the Project, during the Execution of the Program

1. Contracts for the procurement of goods estimated to cost the equivalent of \$1,500,000 or more each shall be awarded through international competitive bidding in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines), subject to the following modifications:

(a) Paragraph 2.8 of the Guidelines is deleted and the following is substituted therefor:

##### "2.8 Notification and Advertising

The international community should be notified in a timely manner of the opportunity to bid. This will be done by advertising invitations to apply for inclusion in a bidder's invitation list, to apply for prequalification, or to bid; such advertisements should be placed in at least one newspaper of general circulation in the Borrower's country and, in addition, in at least one of the following forms:

(i) a notice in the United Nations publication, Development

Forum, Business Edition; or

- (ii) an advertisement in a newspaper, periodical or technical journal of wide international circulation; or
- (iii) a notice to local representatives of countries and territories referred to in the Guidelines that are potential suppliers of the goods required."

(b) The following is added at the end of paragraph 2.21 of the Guidelines:

"As a further alternative, bidding documents may require the bidder to state the bid price in a single currency widely used in international trade and specified in the bidding documents."

(c) Paragraphs 2.55 and 2.56 of the Guidelines are deleted.

2. Contracts for goods estimated to cost the equivalent of less than \$1,500,000 each shall be awarded on the basis of:

(a) price quotations solicited from a list of at least three suppliers from at least two different countries eligible under the Guidelines, in accordance with procedures acceptable to the Association, if procured by the Borrower, its political subdivisions or state owned enterprises; and

(b) the normal procurement procedures of the purchaser of such goods, acceptable to the Association, if procured by private entities.

3. With respect to each contract referred to in paragraph 1 of this Schedule, the Borrower shall furnish to the Association, prior to the submission to the Association of the first application for withdrawal of funds from the Credit Account in respect of such contract, two conformed copies of such contract, together with the analysis of the respective bids and recommendations for award, a description of the advertising and tendering procedures followed and such other information as the Association shall reasonably request.

4. With respect to each contract referred to in paragraph 2 of this Schedule, the Borrower shall furnish to the Association, prior to the submission to the Association of the first application for withdrawal of funds from the Credit Account in respect thereof, such documentation and information as the Association may reasonably request to support withdrawal applications in respect of such contract.

5. Notwithstanding the provisions of paragraphs 3 and 4 of this Schedule, where payments under a contract are to be made out of the proceeds of a Special Account, the copies of such contract or the documentation and the information to be furnished to the Association pursuant to the provisions of paragraph 3 or paragraph 4 of this Schedule, as the case may be, shall be furnished to the Association as part of the evidence required under paragraph 4 of Schedule 5 to this Agreement.

6. The provisions of the preceding paragraphs 3, 4 and 5 shall not apply to contracts on account of which the Association has authorized withdrawals from the Credit Account on the basis of statements of expenditure.

#### SCHEDULE 4

#### Action Referred to in Paragraph 4 (b) of Schedule 1 to this Agreement

1. The Borrower has:

(a) completed a study on the reorganization of land tenure-related public sector services and implemented the recommendations of said study in a manner satisfactory to the Borrower and the Association; and

(b) furnished to the Association a program for future land distribution in selected areas of the Senegal Valley and commenced implementation of the recommendations of said program in accordance with a time schedule acceptable to the Borrower and the Association.



2. SONADER has issued new guidelines for less costly and more viable design, construction, and operation and maintenance of irrigation schemes.
3. The Borrower has furnished to the Association a medium-term priority investment program for irrigation development in the Borrower's territory and an action plan for its implementation.
4. SONADER has introduced water charges that fully cover operation and maintenance costs in the large-scale irrigation areas.
5. SONADER has been reorganized and its operating deficit has been eliminated; the composition of SONADER's Board and SONADER's procurement procedures have been revised in a manner acceptable to the Borrower and the Association.
6. MDRE has been reorganized, has strengthened the role of the Cellule in a manner acceptable to the Association, and has furnished to the Association the work program for 1990-1991 of said Cellule.
7. The Borrower is current in its obligation pursuant to Section 3.06 (a) (ii) of this Agreement.

#### SCHEDULE 5

##### Special Accounts

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means: (i) in the case of the Program Special Account, Category (6) set forth in the table in paragraph 1 of Schedule 1 to this Agreement; and (ii) in the case of the Project Special Account, Categories (1) through (5) of said table;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means: (i) an amount equivalent to \$2,500,000 to be withdrawn from the Credit Account and deposited into the Program Special Account; and (ii) an amount equivalent to \$500,000 to be withdrawn from the Credit Account and deposited into the Project Special Account, both pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of a Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Association has received evidence satisfactory to it that a Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish said Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Association a request or requests for a deposit or deposits which do not exceed the aggregate amount of the Authorized Allocation for the relevant Special Account. On the basis of such request or requests, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the relevant Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of a Special Account, the Borrower shall furnish to the Association requests for deposits into the relevant Special Account at such intervals as the Association shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the

relevant Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of said Special Account for eligible expenditures.

All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of a Special Account, the Borrower shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Association shall not be required to make further deposits into a Special Account:

(a) if, at any time, the Association shall have determined that all further withdrawals should be made by the Borrower directly from the Credit Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement; or

(b) once the total unwithdrawn amount of the Credit allocated to the eligible Categories, less the amount of any outstanding special commitment entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Project or the Program, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in said Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of a Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into said Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into the relevant Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association shall have determined at any time that any amount outstanding in a Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

(c) The Borrower may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in a Special Account.

(d) Refunds to the Association made pursuant to paragraph 6 (a), (b) and (c) of this Schedule shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

