Financing Agreement
(Decentralization and Productive Intermediate Cities Support Project)

between

ISLAMIC REPUBLIC OF MAURITANIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
GRANT NUMBER D5750-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 assisting in financing the project described in Schedule 1 to this Agreement ("Project"). The Association has decided to provide this financing on the basis, among other things, of the existence of an adequate refugee protection framework. The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient a grant, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to forty-eight million of Special Drawing Rights (SDR 48,000,000) ("Financing"), to assist in financing the Project.

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

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

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

2.05. The Payment Currency is Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient, through its Ministry of Economy and Industry, shall: (a) carry out and have overall responsibility for the Project; (b) ensure that activities under Part 1.1 are carried out through selected Municipalities; (c) cause technical, procurement and safeguards aspects of Part 1.2 of the Project to be carried out by SOMELEC; and (d) ensure that technical aspects of Part 2 of the Project are carried out in collaboration with the Ministry in charge of Decentralization, the Ministry
in charge of Urban Planning and the Ministry of Finance, in accordance with the provisions of Article V of the General Conditions and, Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Events of Suspension consist of the following:

(a) the Recipient no longer has an adequate refugee protection framework; and

(b) any legislation, license or other legal instrument related to the implementation of the Project, including but not limited to the Electricity Code, the PPP Law, the SOMELEC Decree and the legal framework governing Municipalities and Regional Governments, has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Association, the ability of the Recipient to perform any of its obligations under this Agreement.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Conditions of Effectiveness consist of the following:

(a) the Association is satisfied that the Recipient has an adequate refugee protection framework;

(b) the Recipient has adopted, and disseminated to the entities involved in the implementation of the Project, the Project Operation Manual as referred to in Section I.C.1 of Schedule 2 to this Agreement, in form and substance satisfactory to the Association;

(c) the Implementation Agreement has been executed and delivered between the Recipient and SOMELEC, and all conditions precedent to its effectiveness have been fulfilled;

(d) the Recipient has recruited the following key staff for the Project Coordination Unit, each on the basis of terms of reference, qualifications and experience satisfactory to the Association and in accordance with the provisions of Section I.A.2 to Schedule 2 to this Agreement to be posted in the Project Coordination Unit: (i) a Project coordinator; (ii) a financial management specialist; and (iii) a procurement specialist.

5.02. The Effectiveness Deadline is the date one hundred and twenty (120) 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 de l’Industrie
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

Authorized Representative

Name: Amel Azi
Title: Minister of Economy and Industry
Date: April 9, 2020

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: [Signature]
Title: Country Administrator
Date: April 9, 2020
SCHEDULE 1

Project Description

The objectives of the Project are to: (i) improve access to local services in selected Localities; and (ii) strengthen the capacities of Local Governments to plan and manage local public services.

The Project consists of the following parts:

Part 1. Improving Access to Infrastructures and Services for Economic Development

1.1 Supporting eligible investments for resilient urban infrastructure and services in selected Municipalities, through the financing of Municipal Grants covering costs related to, inter alia: (a) feasibility studies for investments identified through Communal Development Plans; (b) technical and safeguards studies of eligible infrastructure investments; and (c) works and equipment necessary for the required purpose.

1.2 Increasing urban and rural electrification, through financing of: (a) a PPP scheme to: (i) build, operate and maintain solar photovoltaic generation and related mini-grid distribution systems, networks and connections, in selected Localities in three priority areas outside the national grid; and (ii) recruit an owner's engineer to assist SOMELEC with management, coordination, supervision and implementation support in connection to the design, procurement, construction, commissioning, contractors, and Safeguards Instruments; (b) feasibility studies, related works and goods for the upgrade and grid extension of distribution medium- and low-voltages networks to the city of Bassikounou; and (c) technical assistance and Training to support the Ministry of Oil, Energy and Mining to strengthen the institutional and legal framework applying to urban and rural electrification.

Part 2. Strengthening decentralization and Local Government capacity

2.1 Strengthening the legal and institutional decentralization framework by providing technical assistance, Training, studies and goods to:

(a) improve central government oversight of Local Governments, including human resources management and information management systems;

(b) improve fiscal decentralization, including inter alia: (i) Local Governments' legal framework on financing mechanisms, and (ii) Local Governments' planning and budgeting manuals and financial management software;
improve the Recipient’s territorial development planning’s systems, including *inter alia* manuals and processes for regional development planning and a study on the national voluntary resettlement program;

(d) strengthen Local Governments’ human resource management system through studies on the update of the legal framework for Local Governments’ staffing; and

(e) support decentralization policy-making, through *inter alia*: (i) the development of a program for the deployment of public human and financial resources across the Recipient’s territory; (ii) a stock-taking study of the implementation of the Decentralization Reform; and (iii) a strategy for gender equality in local elected office.

2.2 Building the capacity of selected Local Governments by providing technical assistance, Training, studies and goods to:

(a) improve regional development planning, through *inter alia*: (i) Regional Development Plans; (ii) conventions with sector ministries; (iii) Training of selected Regional Governments’ executive staff in public finance and human resource management; and (iv) coordination of development actors, especially in the selected regions hosting refugees;

(b) improve public finance management of selected Municipalities, through *inter alia*: (i) Communal Development Plans and annual implementation updates; (ii) Trainings on local revenue mobilization; (iii) the installation of municipal budgeting and accounting software and Training of key fiduciary staff, local counselors and deconcentrated services of Treasury; (iv) the pilot of concertation mechanisms between local private sector and Local Governments; and (v) strategic and legal advice on municipal PPPs;

(c) improve human resource management of selected Municipalities, through *inter alia*: (i) functional reviews of the human resources; (ii) human resources adjustment plans; and (iii) human resources management tools;

(d) improve citizen engagement in selected Municipalities, through *inter alia*: (i) a municipal simplified budget report; (ii) participatory development planning and monitoring mechanisms; and (iii) a municipal GRM; and

(e) support urban development planning, through *inter alia*: (i) the elaboration of urban master plans and sector plans for selected Municipalities and (ii) the implementation of urban land mobilization tools for infrastructure investments in the Municipalities selected under Part 1 of the Project.
Part 3. Project management

Supporting the Recipient in the areas of Project management, coordination, supervision, fiduciary, financial management, procurement, audits, communication, environmental and social safeguards, monitoring and evaluation, and Training and Operating Costs.

Part 4. Contingency Emergency Response Component

Providing immediate response to an Eligible Crisis or Emergency, as needed.
SCHEDULE 2
Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Project Steering Committee

   (a) The Recipient shall, not later than three (3) months after the Effective Date, establish and thereafter maintain, throughout the Project implementation period, with composition, mandate and resources satisfactory to the Association, a steering committee, to be comprised of representatives of the Recipient’s: (i) Ministry in charge of Decentralization; (ii) Ministry of Economy and Industry; (iii) Ministry of Finance; (iv) Ministry in charge of Urban Planning; (v) Ministry of Oil, Energy and Mining; (vi) Ministry of Environment and Sustainable Development; and (vii) one representative of all the selected Municipalities (“Project Steering Committee”). To this end, the Recipient will adopt an Order (Arrêté) establishing the composition, mandate and presidency of the Project Steering Committee.

   (b) To this end, the Recipient shall ensure that the Project Steering Committee is responsible for strategic guidance and oversight of the Project’s implementation, including inter alia approval of the Annual Work Plans and Budgets.

2. Project Coordination Unit

   (a) The Recipient shall establish and maintain, throughout the Project implementation period, a project coordination unit (“PCU”), within the Ministry of Economy and Industry, with composition, mandate and resources satisfactory to the Association.

   (b) To this end, the PCU shall be responsible, inter alia, for day to day coordination and implementation of the Project activities, including management, coordination, performance monitoring and evaluation, documentation of Project progress and results, and supervision of Project implementation, fiduciary management, procurement, disbursement, and environmental and social safeguards, all as further set forth in the Project Operation Manual.

   (c) The PCU shall, before the Effective Date, include and thereafter maintain at all times during Project implementation, the following staff, each with terms of reference, qualifications and experience satisfactory to the
Association: (i) a Project coordinator; (ii) a financial management specialist; and (iii) a procurement specialist; each with terms of reference, experience and qualifications satisfactory to the Association.

(d) The PCU shall not later than four (4) months after the Effective Date, recruit and thereafter maintain at all times during Project implementation the following additional staff: (i) a field coordinator; (ii) a technical specialist; (iii) a social safeguards specialist; (iv) an environmental safeguards specialist; (v) a decentralization specialist posted in the Ministry in charge of Decentralization; and (vi) an external auditor; each with terms of reference, experience and qualifications satisfactory to the Association.

(e) The Recipient shall cause the PCU to coordinate with the selected Municipalities and SOMELEC for the purposes of ensuring the effective implementation of the Municipal Grants in Part 1.1 and activities under Part 1.2 of the Project, respectively.

3. SOMELEC

(a) The Recipient shall vest responsibility for the day-to-day implementation of technical, procurement and safeguards aspects of Part 1.2 of the Project in SOMELEC in accordance with this Agreement, the Project Operation Manual and in collaboration with the PCU.

(b) Not later than four (4) months after the Effective Date, the Recipient shall cause the PCU to recruit and thereafter retain within SOMELEC: (i) an environmental safeguards specialist; (ii) a social safeguards specialist; and (iii) an owner’s engineer, each with terms of reference and qualifications satisfactory to the Association.

(c) SOMELEC shall, at all times during Project implementation, have the resources and retain key staff, including inter alia a procurement specialist, with terms of reference and qualifications satisfactory to the Association.

4. Municipalities

The Recipient shall dedicate and retain, throughout the implementation of the Project, qualified staff in the selected Municipalities in adequate numbers with resources and terms of reference, experience and qualifications satisfactory to the Association, to carry out their responsibilities under the Project, as further detailed in the Municipal Grant Manual.
B. Implementation Agreement

1. Prior to implementing Part 1.2 of the Project, the Recipient shall, through the Ministry of Economy and Industry:

   (a) enter into an agreement with SOMELEC ("Implementation Agreement") under terms and conditions which shall have been approved by the Association which shall include, inter alia:

      (i) SOMELEC’s obligation to procure, on behalf of the Recipient, the goods, works and services for Part 1.2 of the Project in accordance with the provisions of the Procurement Plan and the Procurement Regulations;

      (ii) SOMELEC’s obligation to monitor and evaluate, on behalf of the Recipient, compliance of activities under Part 1.2 of the Project with environmental and social standards provisions of Section I.E of this Schedule, including relevant provisions of the Environmental and Social Commitment Plan;

      (iii) the conditions for the Recipient’s payment, out of the proceeds of the Financing, of limited operating costs related to SOMELEC’s discharge of its responsibilities under the Implementation Agreement;

   (b) exercise its right to suspend or terminate the Implementation Agreement in the event the Association suspend or terminate this Agreement; and

   (c) exercise its rights and carry out its obligations under the Implementation Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing.

2. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, terminate, waive or fail to enforce the Implementation Agreement or any provision thereof.

C. Project Manuals

1. The Recipient shall, before the Effective Date, prepare and furnish to the Association, an operation manual for the Project ("Project Operation Manual" and/or “POM”), in form and substance satisfactory to the Association, containing, inter alia:

   (a) detailed information on all aspects of Project implementation, including: (i) fiduciary functions and requirements, organization and human resource management; (ii) environmental and social safeguards; (iii) procurement,
financial management, accounting and disbursements; and
(iv) monitoring, evaluation and internal audits; and

(b) detailed arrangements and procedures for the PPP scheme financed under Part 1.2 of the Project, including modalities governing inter alia assessment and structuring of the PPP Scheme, performance targets and outputs; procurement and eligibility; financial and disbursement terms; contractual arrangements; payment arrangements; and governance and contract management.

2. For purposes of implementing Part 1.1 of the Project, the Recipient shall prepare and adopt a manual for Municipal Grants ("Municipal Grant Manual"), in form and substance satisfactory to the Association, containing, detailed terms and conditions for the payment of Municipal Grants including inter alia, calculation formula, performance criteria, terms and conditions, eligibility criteria and selection process by Municipalities of eligible investments financed under Part 1.1 of the Project; disbursement modalities and a template agreement with selected Municipalities to include the obligation for Municipalities to:

(a) use the funds in accordance with the provisions of this Agreement, the Municipal Grant Agreement, the ESCP, Procurement Regulations and the Anti-Corruption Guidelines, as they apply to recipients of the Financing other than the Recipient;

(b) maintain a financial management system and prepare and have their financial statements audited in accordance with consistently applied accounting and auditing standards acceptable to the Association;

(c) maintain policies and procedures adequate to enable monitoring and evaluation on the use of the Municipal Grants in accordance with indicators acceptable to the Association, and inspection by the Association;

(d) furnish to the Association and the Recipient any information and implementation report that they shall reasonably request; and

(e) maintain staff in adequate numbers and qualifications for purposes of implementing the Municipal Grants.

3. The Recipient shall: (a) furnish the manuals referred to in Sections C.1 and C.2 above to the Association for review; (b) afford the Association a reasonable opportunity to exchange views with the Recipient on said manuals; and (c) thereafter adopt said manuals as shall have been approved by the Association ("POM" and/or "Municipal Grant Manual" respectively).
4. The Recipient shall: (a) ensure that the Project is carried out in accordance with the POM and the Municipal Grant Manual; and (b) not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the POM or the Municipal Grant Manual, or any provision thereof, without the prior written agreement of the Association.

5. Notwithstanding the foregoing, in the event of any inconsistency between the provisions of the POM or the Municipal Grant Manual, and those of this Agreement, the provisions of this Agreement shall prevail.

D. Municipal Grant Agreements.

1. In order to participate in Part 1.1 of the Project, each selected Municipality shall enter into a grant participation agreement ("Municipal Grant Agreement") with the Recipient, through the PCU, under terms and conditions approved by the Association and included in the Municipal Grant Manual. The Municipal Grant Agreement shall describe the minimum conditions, performance criteria and disbursement triggers, terms and conditions of Municipal Grants, as well as the respective obligations of the Municipality and the Recipient, all acceptable to the Association, which shall include, inter alia, the following:

(a) the obligation of the Recipient to:

(i) extend Municipal Grants to selected Municipalities which have satisfied the minimum conditions, as further described in the Municipal Grant Agreement;

(ii) determine the initial amount, the performance-based amount and the maximum amount to be allocated to the selected Municipality as Municipal Grant; and

(iii) extend the Municipal Grants to the selected Municipality in the form of a grant in Ouguiyas and disburse it on the basis of the Municipality's needs, each year, subject to satisfaction of the disbursement triggers described in the Municipal Grant Manual.

(b) the obligation of the selected Municipality to:

(i) refrain from using the proceeds of the Municipal Grants to finance Excluded Expenditures. If the Association determines at any time that an amount of the Financing was used to make a payment for an Excluded Expenditure, the Recipient shall, promptly upon notice from the Association, refund an amount equal to the amount of such payment to the Association. Amounts refunded to the Association upon such request shall be cancelled;
(ii) use the funds of the Municipal Grants for the implementation of its legal mandate and functions as defined in the Recipient's Order no. 87-289 and dated October 20, 1987, as modified to the date of this Agreement, with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines and the related Safeguard Instruments;

(iii) procure the goods, works and services to be financed out of the Municipal Grants in accordance with the provisions of the Municipal Grant Manual;

(iv) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the use of the funds of the Municipal Grants;

(v) (A) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, and expenditures financed from the funds of the Municipal Grants; and (B) at the Association's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association;

(vi) enable the Recipient and the Association to inspect the selected Municipality's investments, its operation and any relevant records and documents; and

(vii) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

(c) The Recipient shall ensure that each Municipal Grant Agreement includes rights adequate to protect its interests and those of the Association, including the right to suspend or terminate the right of the Municipality to use the proceeds of the Municipal Grant, or obtain a refund of all or any part of the amount of the Municipal Grant then withdrawn, upon the Municipality's failure to perform any of its obligations under the Municipal Grant Agreement.
2. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Municipal Grant Agreement or any of its provisions.

E. Environmental and Social Standards

1. The Recipient shall, and shall cause SOMELEC and the Municipalities to, ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.

2. Without limitation upon paragraph 1 above, the Recipient shall, and shall cause SOMELEC and the Municipalities to ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the Association. To this end, the Recipient shall ensure that:

   (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and as further specified in the ESCP;
   
   (b) sufficient funds are available to cover the costs of implementing the ESCP;
   
   (c) policies, procedures and qualified staff are maintained to enable it to implement the ESCP, as further specified in the ESCP; and
   
   (d) the ESCP or any provision thereof, is not amended, revised or waived, except as the Association shall otherwise agree in writing and the Recipient has, thereafter, disclosed the revised ESCP.

3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

4. The Recipient shall, and shall cause SOMELEC and the Municipalities to:

   (a) take all measures necessary on its part to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the ESCP [and the management tools and instruments referred to therein], all such reports in form and substance acceptable to the Association, setting out, inter alia: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
   
   (b) promptly notify the Association of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant
adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the instruments referenced therein and the Environmental and Social Standards.

5. The Recipient shall, and shall cause SOMELEC and the Municipalities to, maintain and publicize the availability of a grievance mechanism, in form and substance satisfactory to the Association, to hear and determine fairly and in good faith all complaints raised in relation to the Project, and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Association.

F. Annual Work Plans and Budgets

1. The Recipient shall:

   (a) prepare a draft Annual Work Plan and Budget ("AWP&B") for each Fiscal Year, setting forth, *inter alia*: (i) a detailed description of planned Project activities for the following Fiscal Year; (ii) the sources and uses of funds therefor; and (iii) responsibility for execution of said Project activities, budgets, start and completion date, outputs, and monitoring indicators to track progress of each activity;

   (b) on or about December 15 of each Fiscal Year and after considering the comments provided by the Association, furnish to the Association for its comments and approval, the draft AWP&B and, promptly thereafter, finalize the AWP&B, taking into account the Association’s views and recommendations thereon;

   (c) adopt, through the Project Steering Committee, the final version of the AWP&B in the form approved by the Association not later than January 15 of such Fiscal Year; and

   (d) ensure that the Project is carried out in accordance with the AWP&B.

2. Training shall be carried out on the basis of AWP&B, which shall identify: (a) particulars of the training envisaged; (b) the personnel to be trained; (c) the selection methods and criteria of the institution or individuals conducting such training; (d) the institution conducting such training if identified; (e) the purpose and justification for such training; (f) the location and duration of the proposed training; and (g) the estimate of the cost of such training.

3. AWP&B may be revised as needed during Project implementation subject to the Association’s prior approval.
G. Contingent Emergency Response

1. In order to ensure the proper implementation of contingent emergency response activities under Part 4 of the Project ("Contingency Emergency Response" or "CERC"), the Recipient shall:

   (a) prepare and furnish to the Association for its review and approval, the CERC Manual, which shall set forth detailed implementation arrangements for the Emergency Response Part, including: (i) any additional institutional structures or arrangements for coordinating and implementing the CERC; (ii) specific activities which may be included in the Emergency Response Part, Eligible Expenditures required therefor ("Emergency Expenditures"), provided that due regard is given through these activities to refugees and host communities for purposes of this Financing, and any procedures for such inclusion; (iii) financial management arrangements for the CERC; (iv) procurement methods and procedures for the CERC; (v) documentation required for withdrawals of Emergency Expenditures; (vi) environmental and social safeguard management arrangements and instruments for the CERC; and (vii) any other arrangements necessary to ensure proper coordination and implementation of the CERC;

   (b) afford the Association a reasonable opportunity to review the proposed CERC Manual;

   (c) promptly adopt the CERC Manual for the CERC as accepted by the Association and integrate it as an annex to the Project Implementation Manual;

   (d) ensure that the CERC is carried out in accordance with the CERC Manual; provided, however, that in the event of any inconsistency between the provisions of the CERC Manual and this Agreement, the provisions of this Agreement shall prevail; and

   (e) not amend, suspend, abrogate, repeal or waive any provision of the CERC Manual without the prior written approval by the Association.

2. The Recipient shall, throughout the implementation of the CERC, maintain the institutional structures and arrangements established in accordance with the CERC Manual, with adequate staff and resources satisfactory to the Association.

3. The Recipient shall undertake no activities under the CERC unless and until the following conditions have been met in respect of said activities:
(a) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in the CERC in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof;

(b) all safeguard instruments as may be required for said activities have been prepared and disclosed, in accordance with the CERC Manual, the Association has approved all said instruments, and the Recipient has ensured the implementation of any actions which are required to be taken under said instruments;

(c) the Coordinating Authority has adequate staff and resources, in accordance with the provisions of Section I.G.2 of this Schedule, for the purposes of said activities; and

(d) the CERC Manual has been adopted in form, substance and manner acceptable to the Association and the provisions of the CERC Manual remain or have been updated in accordance with the provisions of Section I.G.1 of this Schedule so as to be appropriate for the inclusion and implementation of said activities under the CERC Part.

Section II. Project Monitoring, Reporting and Evaluation

The Recipient shall furnish to the Association each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of the Proceeds of the Financing

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Eligible Expenditures; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consulting services, Operating Costs and Training for the Project (except for Part 1.2 of the Project)</td>
<td>10,900,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, consulting services, Operating Costs and Training for Part 1.2 of the Project</td>
<td>13,800,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Municipal Grants under Part 1.1 of the Project</td>
<td>23,300,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Emergency Expenditures under Part 4 of the Project</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>48,000,000</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:

   (a) for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed one million one hundred thousand of Special Drawing Rights (SDR 1,100,000) may be made for payments made prior to this date but on or after June 19, 2019, for Eligible Expenditures under Categories (1) and (3);

   (b) under Category (3) unless evidence has been submitted to the Association that:

      (i) the Recipient has adopted the Municipal Grant Manual in form and substance satisfactory to the Association;

      (ii) the Recipient has entered into one Municipal Grant Agreement with the selected Municipality for that one Municipal Grant; or
under Category (4) unless and until the Association is satisfied, and notified the Recipient of its satisfaction, that all of the following conditions have been met in respect of said expenditures:

(i) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include the proposed activities in the CERC in order to respond to said crisis or emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof;

(ii) the Recipient has ensured that all safeguard instruments required for said activities have been prepared and disclosed, and the Recipient has ensured that any actions which are required to be taken under said instruments have been implemented, all in accordance with the provisions of Section I.E of this Schedule;

(iii) the entities in charge of coordinating and implementing the CERC have adequate staff and resources, in accordance with the provisions of Section I.G of this Schedule, for the purposes of said activities; and

(iv) the Recipient has adopted the CERC Manual, in form and substance acceptable to the Association, and the provisions of the CERC Manual remain - or have been updated in accordance with the provisions of Section I.G of this Schedule so as to be - appropriate for the inclusion and implementation of the CERC.

2. The Closing Date is May 31, 2025.

Section IV. Other Undertakings

A. Counterpart Funding

1. The Recipient shall, within three (3) months after the Effective Date or at a later date agreed upon in writing with the Association, open a separate treasury account or Bank account (Project Account B) and shall maintain the Project Account B open for a period of not less than eight (8) months after the Closing Date, for the exclusive purpose of depositing funds provided by the Recipient for the financing
of the Project ("Counterpart Funding"), in an amount of five million of United States Dollars (US$5,000,000).

2. The Recipient shall, each year of Project implementation, deposit the sum of one million of United States Dollars (US$1,000,000), in Project Account B, with the final payment deposited no later than March 1, 2025.
APPENDIX

Section I. Definitions

1. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.

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

3. “Communal Development Plans” means the official municipal document detailing needs and priorities for municipal development and services, including public investment planning.

4. “Contingency Emergency Response Manual” and the acronym “CERC Manual” means the manual referred to in Section I.G of Schedule 2 to this Agreement, to be adopted by the Recipient for the CERC in accordance with the provisions of said Section.

5. “Contingency Emergency Response” or “CERC” means a specific activity or activities to be carried out in the event of an Eligible Crisis or Emergency under Part 4 of the Project.


7. “Electricity Code” means the Recipient’s electricity code established pursuant to Law No. 2016-05 dated May 17, 2016, as amended from time to time, and any other law or similar setting out the legal framework of the electricity sector.

8. “Eligible Crisis or Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster.

9. “Emergency Expenditure” means any of the eligible expenditures set forth in the CERC Manual in accordance with the provisions of Section I.G of Schedule 2 to this Agreement and required for the CERC.

10. “Environmental and Social Commitment Plan” or the acronym “ESCP” means the Recipient’s environmental and social commitment plan, acceptable to the Association, dated February 7, 2020, which sets out a summary of the material measures and actions to address the potential environmental and social risks and
impacts of the Project, including the timing of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any instruments to be prepared thereunder; as the ESCP may be revised from time to time, with prior written agreement of the Association, and such term includes any annexes or schedules to such plan.


13. “Implementation Agreement” means the agreement referred to in Section I.B of Schedule 2 to this Agreement to be concluded between the Recipient and SOMELEC.


15. “Locality” means an area within the territory of a Municipality; and “Localities” means two or more of such localities.

16. “Ministry of Economy and Industry” means the Recipient’s ministry in charge of economy and industry, or any successor thereto.

17. “Ministry of Environment and Sustainable Development” means the Recipient’s ministry in charge of the environment and sustainable development, or any successor thereto.

18. “Ministry of Finance” means the Recipient’s ministry in charge of finance or any successor thereto.
19. "Ministry of Oil, Energy and Mining" means the Recipient’s ministry in charge of the energy sector, or any successor thereto.

20. "Municipal Grant" means a grant made or proposed to be made by the Recipient to a selected Municipality under Part 1.1 of the Project, comprised of a fixed initial lump sum and a performance-based sum, with a calculation formula, terms, conditions and payment modalities further set out in the POM, and acceptable to the Association; and “Municipal Grants” means two or more of such grants.

21. "Municipal Grant Agreement" means the agreement referred to in Section I.D of Schedule 2 of this Agreement, and “Municipal Grant Agreements” means two or more of such agreements.

22. "Municipal Grant Manual" means the manual described in Section I.C.2 of Schedule 2 to this Agreement.

23. "Municipality" means a municipal local government, comprising a local council headed by a mayor and a local administration headed by a general secretary, established by the Recipient’s Order no. 87-289 dated October 20, 1987 as amended.

24. "Operating Costs" means the incremental expenses incurred by the Recipient or SOMELEC based on the Project’s Annual Work Plans and Budgets as approved by the Association, on account of Project implementation, management, and monitoring and evaluation, including the reasonable costs for utilities and supplies, bank charges, communications, vehicle operation, maintenance, and insurance, equipment maintenance, per diem and national and international travel costs and accommodations for Project staff, allowances and salaries of contractual and temporary staff, but excluding salaries, fees, honoraria, and bonuses of members of the Recipient’s civil service or of SOMELEC’s regular employees.

25. “Project Operation Manual” or “POM” means the manual described in Section I.C.1 of Schedule 2 to this Agreement, outlining the administrative, financial, accounting, environmental and social, disbursement and procurement arrangements for the implementation of the Project, as said manual may be amended from time to time.

26. “PPP” means a public-private partnership, and “PPPs” means two or more of such public-private partnerships.

27. “PPP Law” means the Recipient’s Law No. 2018-40 dated June 5, 2018, as amended, or any other law or similar establishing the legal framework applicable to PPPs.
28. "PPP Scheme" means the selection process leading up to a contractual arrangement between the Recipient and a selected private sector operator, under processes and terms of reference satisfactory to the Association and further set out in the POM.

29. "Procurement Regulations" means, for purposes of paragraph 87 of the Appendix to the General Conditions, the "World Bank Procurement Regulations for IPF Borrowers", dated July 2016, revised November 2017 and August 2018.

30. "Regional Development Plans" means the official document detailing needs and priorities for regional development and services, including public investment planning, as adopted by the Regional Governments.

31. "Regional Governments" means a regional local government, comprising a regional council headed by a president and a regional administration, established by the Recipient's Organic Law no. 2018-010 dated February 12, 2018.

32. "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.

33. "SOMELEC" means the national electricity utility, established under the SOMELEC Decree.

34. "SOMELEC Decree" means the Recipient’s decree No. 2001/88/PM portant scission de la SOMELEC en deux sociétés nationales of July 29, 2001, as amended, and any other law, decree, regulation or similar setting out the legal and governance framework of SOMELEC.

35. "Training" means the reasonable costs of training under the Project, based on Annual Work Plans and Budgets as approved by the Association, including costs associated with seminars, workshops, conference and study tours, travel and subsistence costs for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials and other activities directly related to course preparation and implementation.