Financing Agreement

(Local Government Development Project)

between

ISLAMIC REPUBLIC OF MAURITANIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 24th, 2013
FINANCING AGREEMENT

AGREEMENT dated \( \frac{2}{4} \), 2013, entered into between the ISLAMIC REPUBLIC OF MAURITANIA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

WHEREAS: (A) The Recipient has requested from the European Commission, and the European Commission has confirmed preparation of, a financing of Conditional Performance Grants (as defined in the Appendix to this Agreement) under Part 1 of the Project, for an amount of ten million Euros (€10,000,000). The European Commission has requested the establishment of a trust fund (the "Trust Fund") and its administration by the Association for the extension of said financing (the "TF Grant") by the Association, acting as administrator of the Trust Fund, to the Recipient, pursuant to a grant agreement (the "TF Grant Agreement") to be entered into between the Association and the Recipient. Subject to the timely transfer of funds by the European Commission to the Association, and the satisfaction of all conditions precedent to their disbursement by the Recipient, the proceeds of the TF Grant are expected to be available for disbursement no later than December 31, 2013.

(B) The Recipient shall provide funding of twelve billions Ouguiyas (MRO 12,000,000,000) equivalent, at the date of this Agreement, to forty-two millions Dollars ($42,000,000) for the financing of Conditional Performance Grants, in addition to its annual funding of the Regional Development Fund (as defined in the Appendix to this Agreement).

(C) The proceeds of the TF Grant, those of the Recipient's contribution referred on in paragraph (B) above, and a portion of the Financing provided pursuant to Article II of this Agreement, shall finance Conditional Performance Grants under Part 1 of the Project on a pari passu basis, as agreed among the Recipient and the Association, and reflected in each Annual Work Plan and Budget (as defined in the Appendix to this Agreement) prepared by the Recipient and approved by the Association, in accordance with the terms and conditions of this Agreement and the TF Grant Agreement.

(D) The Recipient has requested from the European Commission, and the European Commission has confirmed preparation of a financing for the provision of, capacity support under Part 2 of the Project and Project management, monitoring and evaluation support under Part 3 of the Project, for an amount of Euros ten millions (€10,000,000), to be provided as parallel co-financing and allocated to activities under the Project in accordance with the Annual Work Plans and Budgets.
The Recipient shall provide funding of three billions Ouguiyas (MRO 3,000,000,000) equivalent, at the date of this Agreement, to ten millions Dollars ($10,000,000) for the financing of capacity support under Part 2 of the Project and Project management, monitoring and evaluation support under Part 3 of the Project, in addition to its contribution referred to in paragraph (B) above, to be provided as parallel co-financing and allocated to activities under the Project in accordance with the Annual Work Plans and Budgets.

THE PARTIES HERETO NOW AGREE AS FOLLOWS:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

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

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant and a credit (collectively, “Financing”) in the following amounts to assist in financing the project described in Schedule 1 to this Agreement (“Project”):

(a) an amount equivalent to thirteen millions four hundred thousand Special Drawing Rights (SDR 13,400,000) (“Grant”); and

(b) an amount equivalent to three millions four hundred thousand Special Drawing Rights (SDR3,400,000) (“Credit”).

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

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

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
2.05. The Payment Dates are April 15 and October 15 in each year.

2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is the Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project and the Program. To this end, the Recipient shall carry out the Project in accordance with the provisions of Article IV of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

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

   (a) As a result of an event which has occurred after the date of this Agreement, an extraordinary situation has arisen which makes it improbable that the Program, or a substantial part of the Program, can be carried out.

   (b) The Recipient: (i) has amended or terminated its Ordinance no. 87-289 dated October 20, 1987, as amended to the date of this Agreement, or related implementation regulations; or (ii) the Recipient fails to comply with its Ordinance no. 87-289 dated October 20, 1987, as amended to the date of this Agreement, or related implementation regulations, in each case in a manner which, in the views of the Association, has an adverse impact on the implementation of the Project or on the achievement of the Project objectives.


4.03. The Additional Event of Acceleration consists of the following, namely, that any event specified in Section 4.01 of this Agreement occurs.
ARTICLE V — EFFECTIVENESS; TERMINATION

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

(a) 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 III to Schedule 2 to this Agreement to be posted in the Project Coordination Unit: (i) a Project coordinator; (ii) an administrative and financial specialist; (iii) a senior procurement specialist; (iv) a monitoring and evaluation specialist; and (v) an environmental and social safeguard specialist.

(b) The Recipient has adopted for the Project, and disseminated to the entities involved in the implementation of the Project: (i) the Project Implementation Manual, (ii) the Procurement Manual for Contracts under the Level of Competency of the Procurement Sector Boards, and (iii) the Simplified Local Government Guidelines for the Implementation of the Program, each in form and substance satisfactory to the Association.

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

5.03. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is the Recipient’s Minister responsible for economy.
6.02. The Recipient's Address is:

Ministère des Affaires Economiques et du Développement
BP 238
Nouakchott
Mauritania

Facsimile: 222-45-25-33-35

6.03. The Association's Address is:

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

Cable: Telex: Facsimile:
INDEVAS 248423 (MCI) 1-202-477-6391
Washington, D.C.
AGREED at Nouakchott, R.I. Mauritania, as of the day and year first above written.

ISLAMIC REPUBLIC OF MAURITANIA

By

Authorized Representative

Name: Sidé Coulibaly
Title: MHE

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Mbelaw Tiam
Title: CIM
SCHEDULE 1

Project Description

The objective of the Project is to strengthen the institutional performance of Recipient’s Targeted Local Governments in order to improve their capacity to deliver services.

The Project consists of the following parts:


Supporting the management of Targeted Local Governments and their investments, through the provision of Conditional Performance Grants to Targeted Local Governments based on the result of the annual assessment of their performance during the preceding year to finance expenditures for the construction (including surveys and works supervision, rehabilitation and maintenance of community and social infrastructure (including building, plant, machinery, fixture, furniture and general equipment) included in the relevant Local Government’s Local Investment Plan, except Excluded Expenditures.

Part 2. Targeted Capacity Support to Targeted Local Governments, Deconcentrated and Central Institutions and Agencies

A. Providing targeted capacity support to Targeted Local Governments, through:

(a) the development and provision of customized training (including training the trainers) in core aspects of Local Government’s management (such as, inter alia, laws and regulations applicable to Local Governments, financial management, procurement, environmental and social safeguards, planning, budgeting, assets and human resource management); and

(b) (i) the recruitment of Mobile Teams of experts in the key performance areas of the annual Performance Assessment of the Local Governments (such as, inter alia, financial management, procurement, environmental and social safeguards, planning, budgeting, assets and human resource management); and (ii) the provision of technical assistance by the Mobile Teams on an as-needed basis, building among other things on the results of annual independent Performance Assessments, to better: (A) address capacity gaps in the Local Government’s administration and council; (B) develop, revise and implement Local Investment Plans and procurement plans; and (C) ensure fiduciary and safeguards oversight and management of the Local Government’s activities financed with a Conditional Performance Grant.
B. Providing institutional support to central and deconcentrated institutions and agencies to:

(a) Strengthen the capacity of the central government to undertake its oversight and regulatory mandate, through the provision of technical assistance to more efficiently: (i) carry out its activities related to the provision and monitoring of Conditional Performance Grants; (ii) monitor the operations of the Local Governments overall and the performance of individual Local Governments (including their financial management and management of environmental and social impacts of their activities); and (iii) strengthen the decentralization legal and regulatory framework, identify and arrange for capacity support to Local Governments; and

(b) Improve deconcentrated institutions and agencies’ capacity to carry out their mandate in the facilitation of deconcentrated service delivery to Local Governments.

Part 3. Project Management Support and Monitoring and Evaluation

Providing support to the Project Coordination Unit: (i) in the overall management of the Project, coordination of stakeholders and monitoring and evaluation of Project activities, as well as (ii) in the development and implementation of communication and sensitization campaigns on the Program.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

The Recipient shall maintain the following institutional arrangements, further described in the Project Manuals, throughout the implementation of the Project.

1. (a) The Recipient shall maintain the Inter-ministerial Committee for Local Development and Decentralization, the Technical Committee and the Sub-Steering Committee, each with composition and mandate acceptable to the Association.

(b) Without limitation to the provisions of paragraph (a) immediately above, the Inter-ministerial Committee for Local Development and Decentralization, with the technical support of the Technical Committee, shall be responsible for, inter alia, the design, implementation, monitoring and evaluation of the Recipient’s national policy for local development and decentralization. The Inter-ministerial Committee for Local Development and Decentralization shall review and approve the recommendations included in the conclusions of the Performance Assessments.

(c) Without limitation to the provisions of paragraph (a) immediately above, the Sub-Steering Committee shall be responsible for, inter alia, the general oversight of the implementation of the Recipient’s decentralization program and the provision (in consultation with the Inter-ministerial Committee for Local Development and Decentralization) of strategic guidance regarding the implementation of the Project.

2. (a) The Recipient shall maintain within its ministry responsible for economy the Project Coordination Unit, with mandate, composition and resources acceptable to the Association. In particular, the Recipient shall maintain at all times sufficient staff (in the views of the Association), each with adequate (in the views of the Association) terms of reference, qualifications and experience for the Project.
(b) Without limitation to the provisions of paragraph (a) immediately above, the Project Coordination Unit shall be responsible for the day-to-day management of the Project and the oversight, coordination and management of its activities including, inter alia, procurement, disbursement, accounting, safeguard implementation, reporting, monitoring and evaluation.

(c) Without limitation to the provisions of paragraph (a) immediately above, the Project Coordination Unit shall include, inter alia: (i) a Project Coordinator; (ii) one procurement specialist; (iii) a financial management specialist; (iv) a monitoring and evaluation specialist; (v) an environmental and social safeguard specialist; as well as, no later than three (3) months from the Effective Date, (vi) an additional procurement specialist; and (vii) a capacity support adviser. Procurement specialists in the Project Coordination Unit with insufficient experience in the Procurement Guidelines and Consultant Guidelines (in the views of the Association), if any, shall be trained in a manner acceptable to the Association, no later than six (6) months after the Effective Date. If, in the views of the Association, the environmental and social safeguard specialist in the Project Coordination Unit is considered as having insufficient experience in the Association's environmental and social safeguard-related requirements, (s)he shall be trained in a manner acceptable to the Association, no later than six (6) months after the Effective Date.

B. Contractual Arrangements

1. Conditional Performance Grants

(a) For the implementation of Part 1 of the Project, the Recipient shall extend Conditional Performance Grants to Targeted Local Governments in accordance with minimum conditions, performance criteria and disbursement triggers acceptable to the Association and described in the Project Manuals.

(b) The Recipient:

(i) The Recipient has opened a separate treasury account or bank account (the “Project Account A”) and shall maintain the Project Account A opened for a period of not less than two (2) years after the implementation of Part 1 of the Project, for the exclusive purpose of depositing funds provided by the Recipient and the Association (whether from the proceeds of the Financing or from the TF Grant) as well as other donors acceptable to the Association and willing to accept the terms and conditions of the Project
Account A as described in this Section, for the financing of Conditional Performance Grants. The Project Account A shall be opened in the Recipient’s Treasury or, if no longer acceptable to the Association, in a bank acceptable to the Association, under terms and conditions satisfactory to the Association including, *inter alia*, the waiver of the right that the Treasury or said bank may have to set off any amount deposited in the Project Account A with any other debt; and

(B) has opened a separate treasury account or bank account (the “Project Account B”) and shall maintain the Project Account B opened for a period of not less than two (2) years after the implementation of Parts 2 and 3 of the Project, for the exclusive purpose of depositing funds provided by the Recipient for the financing of: (AA) activities for the provision of capacity support to Targeted Local Governments, deconcentrated and central institutions and agencies, and (BB) activities for Project management support, monitoring and evaluation. The Project Account B shall be opened in the Recipient’s Treasury or, if no longer acceptable to the Association, in a bank acceptable to the Association, under terms and conditions satisfactory to the Association including, *inter alia*, the waiver of the right that the Treasury or said bank may have to set off any amount deposited in the Project Account B with any other debt;

(ii) no later than: (i) February 15 and (ii) July 15 each year, starting on the first of these two dates after the Effective date, or such other date as agreed with the Association, deposit into Project Account A and Project Account B, respectively, the amount indicated in the corresponding Annual Work Plan and Budget to be provided by the Recipient for the financing of Conditional Performance Grants (Project Account A) and (A) activities for the provision of capacity support to Targeted Local Governments, deconcentrated and central institutions and agencies, and (B) activities for Project management support, monitoring and evaluation (Project Account B) for the next semester; and
(iii) ensure that the funds deposited in Project Account A and Project Account B are used exclusively for the financing of: (A) Conditional Performance Grants; and (B) activities for the provision of capacity support to Targeted Local Governments, deconcentrated and central institutions and agencies, and activities for Project management support, monitoring and evaluation, as reflected in the Annual Work Plan and Budget.

(c) No later than January 15, 2014, or such other date as agreed with the Association, the Recipient shall have recruited a number, acceptable to the Association, of teams of independent experts in areas of expertise acceptable to the Association (the “Independent Performance Assessors”). Each such expert shall be recruited on the basis of terms of reference, qualifications and experience satisfactory to the Association and in accordance with the provisions of Section III to Schedule 2 to this Agreement.

(d) (i) No later than November 30, 2013, or such other date as agreed with the Association, the Recipient shall have adopted a performance assessment manual in form and substance satisfactory to the Association (the “Performance Assessment Manual”).

(ii) Without limitation to the foregoing provision in paragraph (i) immediately above, the Performance Assessment Manual shall contain, inter alia, guidelines and procedures, as well as selected performance criteria related to the following core performance areas: (A) planning and budgeting, (B) organization and human resources, (C) financial management and revenue collection, (D) procurement management, (E) asset management and maintenance, and (F) transparency and accountability.

(e) The Recipient shall:

(i) no later than August 31, 2013, or such other date as agreed with the Association, confirmed eligibility of each Targeted Local Government participating in Part 1 of the Project on the basis of an update of their results, as measured against the minimum conditions, described in the Project Implementation Manual (the “Results Update”); and

(ii) cause the Independent Performance Assessors to, no later than June 30, 2014, and no later than June 30 each following year, or such other date as agreed with the Association, complete a performance assessment of the Local Government’s council and administration during the preceding Fiscal Year (the
“Performance Assessment”) of each Targeted Local Government participating in Part I of the Project, as measured against the minimum conditions and performance criteria described in the Performance Assessment Manual; and provide to the Recipient a report on their Performance Assessments containing, *inter alia*, a recommendation on the amount of the annual allocation to be provided to each Targeted Local Government as Conditional Performance Grant for the next Fiscal Year, computed on the basis of the formula and rules defined in the Project Manuals. The Recipient shall provide a copy of said reports to the Association, within the deadline indicated in the Project Implementation Manual, for the Association's review and no-objection on the recommended annual allocation to be provided to each Targeted Local Government as Conditional Performance Grant for the next Fiscal Year.

(f) In order to participate in Part I of the Project, each Targeted Local Government shall enter into a grant participation agreement ("Grant Participation Agreement") with the Recipient, on the basis of the model attached to the Project Implementation Manual. The Grant Participation Agreement shall describe the minimum conditions, performance criteria and disbursement triggers, terms and conditions of Conditional Performance Grants, as well as the respective obligations of the Local Government and the Recipient, all acceptable to the Association, which shall include, *inter alia*, the following:

(i) The obligation of the Recipient to:

(A) extend Conditional Performance Grants to Targeted Local Governments which have satisfied the minimum conditions, related to the functioning of the Targeted Local Government as further described in the Project Manuals;

(B) determine, on the basis of the Local Government's Results Update, and then their Performance Assessment, the amount to be allocated to the Targeted Local Government as Conditional Performance Grant, and notify the amount of its annual allocation (as well as prospective amounts which would be made available to the Local Government over a five-year period if, *inter alia*, performance is maintained over the period) to the Local Government at a time consistent with the formal annual planning and budgeting procedures (in the views of the Association); and
extend the Conditional Performance Grants to the Targeted Local Government in the form of a grant in Ouguiyas and disburse it on the basis of the Local Government's needs, in January, April, July and October each year, or such other date as agreed with the Association, subject to satisfaction of the disbursement triggers described in the Project Manuals.

(ii) The obligation of the Targeted Local Government to:

(A) refrain from using the proceeds of the Conditional Performance 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;

(B) use the funds of the Conditional Performance Grants for the implementation of its legal mandate and functions as defined in the Recipient's Ordinance 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 applicable to recipients of loan proceeds other than the Recipient, the Simplified Local Government Guidelines for the Implementation of the Program and the related Safeguard Documents;

(C) procure the goods, works and services to be financed out of the Conditional Performance Grants in accordance with the provisions of the Procurement Manual for Contracts under the Level of Competency of the Procurement Sector Boards and the Simplified Local Government Guidelines for the Implementation of the Program;

(D) 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 Conditional Performance Grants;
(E) (1) 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 Conditional Performance Grants; and (2) 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;

(F) enable the Recipient and the Association to inspect the Targeted Local Government's investments, its operation and any relevant records and documents; and

(G) 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.

(iii) (A) The Recipient shall exercise its rights and carry out its obligations under each Grant Participation Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Grant Participation Agreement or any of its provisions.

(B) The Recipient shall refrain from amending its Ordinance no. 87-289 and dated October 20, 1987, as modified to the date of this Agreement, unless the Recipient and the Association have previously agreed on the mitigation of the impacts of such modifications on the Project, if any.

2. Mobile Teams

No later than four (4) months after the Effective Date:

(a) the Recipient shall have set up a number acceptable to the Association of mobile teams of experts (each a "Mobile Team") including members in core areas acceptable to the Association. Each such expert shall be recruited on the basis of terms of reference, qualifications and experience satisfactory to the Association and, in accordance with the provisions of Section III to Schedule 2 to this Agreement; and
(b) each Mobile Team shall have started to carry out its activities under Part 2.A(b) of the Project.

3. Performance contracts

For the implementation of Part 2.B of the Project, the Recipient shall enter into performance contracts with each of the selected entities benefiting from support under Project of the Project setting out, inter alia, the performance targets and criteria linked to the support under the Project acceptable to the Association and described in the Project Manuals.

C. Anti-Corruption

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

D. Safeguards

1. The Recipient shall ensure that:

   (a) all terms of reference for any technical assistance or studies carried out under the Project are consistent with, and pay due attention to, the Association’s environmental and social safeguards policies, as well as the Recipient’s own laws relating to the environment and social aspects; and

   (b) in drafting any regulations under the Project, due attention will be given to said policies and laws.

2. The Recipient shall ensure that the Project (including such portions financed from the Recipient’s Counterpart Funds and the TF Grant) shall be implemented in accordance with the guidelines, procedures, timetables and other specifications set forth in the Safeguard Documents. In particular, the Recipient shall ensure that:

   (a) for each activity under the Project of a type for which the Environmental and Social Management Framework provides that an Environmental and Social Management Plan should be prepared, such Environmental and Social Management Plan, in form and substance satisfactory to the Association, is effectively prepared and disclosed, before the implementation of such activity, in accordance with the provisions of the Environmental and Social Management Framework, and the relevant activity is implemented in accordance with its Environmental and Social Management Plan; and
for each activity under the Project of a type for which the Resettlement Policy Framework provides that a Resettlement Action Plan should be prepared, such Resettlement Action Plan, in form and substance satisfactory to the Association, is effectively prepared and disclosed, before the implementation of such activity, in accordance with the provisions of the Resettlement Policy Framework, and the relevant activity is implemented in accordance with its Resettlement Action Plan.

3. Except as the Association shall otherwise agree in writing, the Recipient shall not abrogate, amend, repeal, suspend or waive any provisions of any of the Safeguard Documents. Such changes shall be subject to compliance with applicable consultation and public disclosure requirements acceptable to the Association.

4. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall regularly collect, compile and submit to the Association, on a semi-annual basis, reports on the status of compliance with the Safeguard Documents, giving details of: (a) measures taken in furtherance of the Safeguard Documents; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguard Documents; and (c) remedial measures taken or required to be taken to address such conditions.

5. In the event that any provision of the Safeguard Documents shall conflict with any provision under this Agreement, the terms of this Agreement shall prevail.

E. Annual Work Plans and Budgets

1. Each year the Recipient, acting through the Project Coordination Unit, shall prepare and shall submit to the Sub-Steering Committee and then to the Association for approval:

   (a) a draft annual work plan and budget for the Project (including Training and Operating Costs) for each subsequent year of Project implementation, of such scope and detail as the Association shall have reasonably requested; and

   (b) the evidence, in form and substance satisfactory to the Association, that all Safeguard Documents required, if any, prior to the implementation of the activities included in the draft annual work plan and budget have been prepared or are in the process of being prepared so as to be available in form and substance acceptable to the Association and disclosed in accordance with the requirements of the Association before the implementation of the relevant activity commences.
2. The Recipient shall furnish to the Association, as soon as available, but in any case not later than November 30 of each year, the annual work plans and budgets, for their review and approval; except for the annual work plan and budget for the Project for the first year of Project implementation which shall be furnished no later than one (1) month after the Effective Date. Only the activities included in an annual work plan and budget expressly approved by the Association (each an “Annual Work Plan and Budget”) are eligible to a financing from the proceeds of the Financing.

3. Training shall be carried out on the basis of Annual Work Plans and Budgets, which shall, inter alia, identify: (a) particulars of the training envisaged; (b) the personnel to be trained; (c) the selection method 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.

4. Annual Work Plans and Budgets may be revised as needed during Project implementation subject to the Association’s prior approval.

F. Project Manuals

1. (a) The Recipient shall carry out the Project and cause the Local Governments to use the funds of the Conditional Performance Grants under Part 1 of the Project in accordance with the Project Manuals; and

(b) the Recipient shall not assign, amend, abrogate, or waive any of the Project Manuals or any provision thereof, nor shall the Recipient permit the Local Governments to do so, if such assignment, amendment, abrogation or waiver may, in the opinion of the Association, materially or adversely affect the implementation of the Project.

2. In the event of any conflict between the provisions of the Project Manuals and those of this Agreement, the provisions of this Agreement shall prevail.

G. Recipient’s contribution to the Project

1. Without limitation to the provisions of Section 4.03 of the General Conditions, the Recipient shall provide as counterpart funds (“Counterpart Funds”) the amount of fifteen billions Ouguiyas (MRO 15,000,000,000) (approximately equivalent on the date of this Agreement to fifty-two million Dollars ($52,000,000), to be allocated: (i) in part to the financing of Part 1 of the Project, which shall be disbursed in the Project Account A in accordance with Section I.B.1(b)(ii) of Schedule 2 to this Agreement, and (ii) in part to the financing of Parts 2 and 3 of the Project, which shall be disbursed in the Project Account B in accordance with Section I.B.1(b)(ii) of Schedule 2 to this Agreement, all as agreed with the Association and reflected in the Annual Work Plans and Budgets.
2. Without limitation to the provisions of paragraph 1 immediately above, the Recipient shall: (a) maintain the Regional Development Fund, (b) fund the Regional Development Fund each year in an amount acceptable to the Association and in any case not less than three billions five hundred millions Ouguiyas (MRO 3,500,000,000), and (c) ensure that the funds allocated to the Regional Development Fund are paid to the Local Governments, and the Regional Development Fund operates, in accordance with the provisions of the Recipient’s Decree no. 2011-059 dated February 14, 2011.

3. No later than one (1) month after the Effective Date, the Recipient shall provide to the Association evidence, in form and substance satisfactory to the Association, that an amount not lower than two billions Ouguiyas (MRO 2,000,000,000) has been paid by the Recipient into the Project Account A and allocated to the financing of Conditional Performance Grants for the financing of Local Governments’ 2013 Fiscal Year budget, and an amount not lower than five hundred millions Ouguiyas (MRO 500,000,000) has been paid by the Recipient into the Project Account B and allocated to the financing of capacity strengthening and Project management activities during Fiscal Year 2013.

4. No later than October 30, 2013, and October 30 of each year thereafter, or such later date as agreed in writing by the Association, the Recipient shall provide to the Association evidence, in form and substance satisfactory to the Association, that the draft budget law describing the Recipient’s annual budget for the next Fiscal Year submitted to the Recipient’s parliament for enactment, reflects a proposal to finance Conditional Performance Grants and other Project activities as reflected in the corresponding Annual Work Plan and Budget, as well as the Regional Development Fund, in an amount satisfactory to the Association.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association and set forth in the Project Manuals. Each Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

2. No later than thirty-six (36) months after the Effective Date, or on such other date acceptable to the Association, the Recipient shall, in conjunction with the Association, carry out a mid-term review of the Project (the “Mid-term Review”), covering the progress achieved in the implementation of the Project. The Recipient shall prepare and furnish to the Association not less than three (3) months prior to the beginning of the Mid-term Review, a report integrating the
results of the monitoring and evaluation activities performed pursuant to this Agreement, on the progress achieved in the carrying out of the Project during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective of the Project during the period following such date. Following the Mid-term Review, the Recipient shall act promptly and diligently in order to take, or cause to be taken, any corrective action deemed necessary by the Association to remedy any shortcoming noted in the carrying out of the Project in furtherance of the objective of the Project.

B. Financial Management, Financial Reports and Audits

1. (a) The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

(b) Without limitation to the generality of the provisions in paragraph (a) immediately above, no later than three (3) months after the Effective Date, the Recipient shall provide for the Project Coordination Unit, install and program hardware and an accounting software acceptable to the Association in a manner acceptable to the Association.

2. Without limitation to the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

4. In order to ensure the timely carrying out of the audits referred to in Section II. B.3 of this Schedule, the Recipient shall engage auditors for the purpose not later than six (6) months after the Effective Date, in accordance with the provisions of Section III of this Schedule.

5. No later than six (6) months after the first disbursement of funds from the Project Account A, and every six (6) months thereafter unless otherwise agreed in writing with the Association, the Recipient shall cause a financial and physical audit of the activities of the Targeted Local Governments financed from the proceeds of the Conditional Performance Grants from the first disbursement of funds from the Project Account A, or thereafter from the end of the period covered by the previous audit (the "Independent Local Government Audit"), to be carried out. Such Independent Local Government Audit shall be carried out by
independent auditors selected on the basis of terms of reference, qualifications and experience satisfactory to the Association and in accordance with Section III of this Schedule. The auditors’ report on each Independent Local Government Audit shall be provided to the Association no later than two (2) months after the end of the period covered by such audit.

Section III. Procurement

A. General

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing, as well as those funded from the funds pooled in Project Account A, shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. **Consultants’ Services.** All consultants’ services required for the Project and to be financed out of the proceeds of the Financing, as well as those funded from the funds pooled in Project Account A, shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan:

   (a) National Competitive Bidding, subject to the following additional provisions:

   (i) Each bidding document and contract financed out of the proceeds of the Financing or funded from the funds pooled in
Project Account A shall provide that: (a) the bidders, suppliers, contractors and their subcontractors, agents, personnel, consultants, service providers, or suppliers shall permit the Association, at its request, to inspect all accounts, records and other documents relating to the submission of bids and contract performance, and to have said accounts and records audited by auditors appointed by the Association; and (b) the deliberate and material violation of such provision may amount to an obstructive practice as defined in paragraph 1.16(a)(v) of the Procurement Guidelines.

(ii) Eligible bidders, including foreign bidders, shall be allowed to participate.

(iii) No domestic preference shall be given to domestic contractors and to domestically manufactured goods.

(iv) Bidders shall be given adequate response time (at least four weeks) to submit bids from the date of the invitation to bid or the date of availability of bidding documents, whichever is later.

(v) If bidders are authorized to submit an alternative bid with or without a bid for the base case, the bids offered for alternatives meeting the specified requirements shall be evaluated on their own merits.

(vi) Bids are awarded to the bidder with the lowest bid evaluated proven this bidder is qualified.

(vii) If the bid resulting in the lowest evaluated bid price appears to be seriously unbalanced or front-loaded in the opinion of the Employer, the Employer may require that the amount of the performance security be increased at the expense of the Bidder at a level sufficient to protect the Employer against financial loss in the event of defaults of the successful Bidder under the Contract.

(viii) Provisions related to the use of merit point shall not apply.

(ix) Less than three bids submitted shall not be considered as a reason for re-bidding.

(x) The evaluated lowest Bidder shall be authorized to complete administrative statement proof.

(xi) The lack of anonymity of any offer shall not be a reason for rejection of the offer.
A newly created firm shall not qualify based on the experience of its management staff.

(b) Shopping;

(c) Direct Contracting; and

(d) Procurement from a UN Agency (UNOPS).

C. Particular Methods of Procurement of Consultants' Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. Other Methods of Procurement of Consultants' Services. The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan:

(a) Quality-based Selection;

(b) Selection under a Fixed Budget;

(c) Least Cost Selection;

(d) Selection based on Consultants' Qualifications;

(e) Single-source Selection of consulting firms;

(f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and

(g) Single-source procedures for the Selection of Individual Consultants.

D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

E. Other commitments regarding Procurement

No later than six (6) months after the Effective Date, the Recipient shall have provided training in a manner acceptable to the Association on the Procurement Guidelines and the Consultant Guidelines to the all members of the Procurement
Sector Boards who do not have, in the views of the Association, sufficient experience in the Procurement Guidelines and the Consultant Guidelines.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Credit and of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</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, and consultants’ services financed from the funds of Conditional Performance Grants under Part 1 of the Project</td>
<td>0</td>
<td>10,000,000</td>
<td>Such percentage of the Annual Work Plan and Budget as the Association may determine for each calendar year, and as formally notified by the Association to the Recipient.</td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, and consultants’ services, including Operating Costs and Training, for Parts 2 and 3 of the Project</td>
<td>3,400,000</td>
<td>3,400,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>3,400,000</td>
<td>13,400,000</td>
<td></td>
</tr>
</tbody>
</table>
B. **Withdrawal Conditions; Withdrawal Period**

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

   (a) for payments made prior to the date of this Agreement; or

   (b) under Category 1 until the Association has notified the Recipient that the Association has received documents in form and substance satisfactory to the Association evidencing in a manner acceptable to the Association that the following conditions have been satisfied:

      (i) As the case may be the Results Update or the Performance Assessment of the Targeted Local Governments’ performance during the preceding Fiscal Year has been completed in accordance with Section I.B.1 (e)(i) or Section I.B.1 (e)(ii) (as the case may be) of Schedule 2 to this Agreement;

      (ii) The Recipient has signed a Grant Participation Agreement with each Targeted Local Government in accordance with Section I.B.1 (f) of Schedule 2 to this Agreement;

      (iii) The Recipient has established the Mobile Teams which have started their operations in accordance with Section I.B.2 of Schedule 2 to this Agreement; and

      (iv) The Recipient has provided to the Association a copy of the first Independent Local Government Audit report carried out in accordance with Section II.B.5 of Schedule 2 to this Agreement.

2. The Closing Date is June 30, 2019.
# SCHEDULE 3

## Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each April 15 and October 15:</td>
<td></td>
</tr>
<tr>
<td>commencing October 15, 2023 to and including April 15, 2033</td>
<td>1%</td>
</tr>
<tr>
<td>commencing October 15, 2033 to and including April 15, 2053</td>
<td>2%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.
APPENDIX

Definitions

1. "Annual Work Plan and Budget" means the annual work program, including a budget prepared by the Recipient and approved by the Association in accordance with Section I.E of Schedule 2 to this Agreement.


3. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


5. "Co-financing" means, for purposes of paragraph 11 of the Appendix to the General Conditions, an amount of ten million Euros (€10,000,000), to be provided by the Co-financier to assist in financing Parts 2 and 3 of the Project and referred to in paragraph (D) of the Preamble.

6. "Co-financing Agreement" means the agreement to be entered into between the Recipient and the Co-financier providing for the Co-financing.

7. "Conditional Performance Grant" means a grant to be provided by the Recipient to a Targeted Local Government under Part I of the Project.


9. "Counterpart Funds" means the funds to be provided by the Recipient for the financing of the Project in accordance with Section I.G.1 of Schedule 2 to this Agreement.

10. "Displaced Person" means a person who, on account of the execution of an activity under the Project, has experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter, (ii) loss of assets or access to assets, or (iii) loss of income sources or means of livelihood, whether or not such person must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person; "Displaced Persons" means all such persons.
11. “Environmental and Social Management Framework” means the Recipient’s document entitled “Programme National Intégré d’Appui à la Décénralisation, au Développement Local et à l’Emploi des Jeunes (PNIDIDLÉ) – Cadre de Gestion Environnementale et Social (CGES) – Rapport Final” dated April 2013, detailing: (a) the measures to be taken during the implementation and operation of the Project to eliminate or offset adverse environmental and social impacts, or to reduce them to acceptable levels; and (b) the actions needed to implement these measures, including monitoring and institution strengthening.

12. “Environmental and Social Management Plan” means the Recipient’s document prepared (or to be prepared) and disclosed (or to be disclosed) in accordance with the Environmental and Social Management Framework with respect to an activity included under an Annual Work Program and Budget, that details: (a) the measures to be taken during the implementation and operation of such activity to eliminate or offset adverse environmental or social impacts, or to reduce them to acceptable levels, and (b) the actions needed to implement these measures.


14. “Excluded Expenditure” means expenditure included in the list of excluded expenditures contained in the Project Implementation Manual, including expenditures which would trigger the application of Un-Triggered Bank Safeguard Policies or which, in the views of the Association, would have serious impacts on the environment resulting in a change of the environmental classification of the Project from B to A by the Association, in each case, except as otherwise previously agreed in writing by the Association and subject to compliance with any requirements under the Un-Triggered Bank Safeguard Policies, if any.

15. “Fiscal Year” means the continuous period starting on January 1 and ending on December 31 of the same year.


17. “Grant Participation Agreement” means an agreement to be entered into or entered into between a Targeted Local Government and the Recipient in accordance with Section I.B.1(f) of Schedule 2 to this Agreement.

18. “Independent Local Government Audit” means the audit referred to in Section II.B.5 of Schedule 2 to this Agreement.
19. "Independent Performance Assessors" means, collectively, the independent assessors recruited by the Recipient in accordance with Section I.B.1(c) of Schedule 2 to this Agreement.

20. "Inter-ministerial Committee for Local Development and Decentralization" means the committee established with composition and attributions acceptable to the Association by the Recipient’s Decree no. 148-2012 dated October 10, 2012.

21. "Local Government" means a communal local government, comprising a local council headed by a mayor and a local administration headed by a general secretary, established by the Recipient’s Ordinance no. 87-289 dated October 20, 1987.

22. "Local Investment Plan" means a Local Government’s annual investment plan (including a budget, a procurement plan and related Safeguard Documents, if any) regularly approved by the Local Government’s council in accordance with applicable laws and regulations.

23. "Mid-Term Review" means the mid-term review referred to in Section II.A.2 of Schedule 2 to this Agreement.

24. "Mobile Team" means a mobile team established by the Recipient in accordance with Section I.B.2 of Schedule 2 to this Agreement.

25. "Operating Costs" means the reasonable incremental operating expenses, based on Annual Work Programs and Budgets approved by the Association, incurred by the Project Coordination Unit in the Project implementation, management and monitoring, including operation and maintenance costs of office, vehicles and office equipment, water and electricity utilities, telephone, office supplies, bank charges, public awareness-related media expenditures, travel and supervision costs, per diem, additional staff costs, but excluding salaries, fees, honoraria, and bonuses of members of the Recipient’s civil service.

26. "Ouguiya" means the currency having legal tender on the Recipient’s territory.

27. "Performance Assessments" means the independent performance assessment carried out in accordance with Section I.B.1(e) of Schedule 2 to this Agreement.

28. "Performance Assessment Manual" means the Recipient’s document to be adopted in accordance with Section I.B.1(d) of Schedule 2 to this Agreement, containing procedures and guidelines to be used for the carrying out of the Performance Assessment as well as a grievance mechanism acceptable to the Association to review at the request of the Local Governments (if any) the merits of the conclusions of their Performance Assessments, as such manual may be
amended from time to time with the prior written agreement of the Association, and such term includes any schedule to the Performance Assessment Manual.


30. "Procurement Manual for Contracts under the Level of Competency of the Procurement Sector Board" means the Recipient's manual adopted in accordance with Section 5.01(b)(ii) of this Agreement containing guidelines and procedures for the procurement of contracts under the level of competency of the Procurement Sector Board as such guidelines and procedures may be amended from time to time subject to the prior written approval of the Association, and such term includes any schedule to the Procurement Manual for Contracts under the Level of Competency of the Procurement Sector Board.

31. "Procurement Plan" means the Recipient's procurement plan for the Project, dated April 30, 2013 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.


33. "Program" means the Recipient’s integrated national program for local development, decentralization and employment designed by the Inter-ministerial Committee for Local Development and Decentralization in application of the Declaration of National Strategy for decentralization and local development adopted by the Council of Ministers on April 10, 2010.

34. "Project” means the Project described in Schedule 1 to the Agreement.

35. "Project Account A” means the account opened by the Recipient and referred to in Section I.B.1(b)(i)(A) of this Agreement.

36. "Project Account B” means the account opened by the Recipient and referred to in Section I.B.1(b)(i)(B) of this Agreement.

37. "Project Coordination Unit” means the unit established by the Recipient’s decision (arrêté) no. 647/MAED and dated April 28, 2013 and referred to in Section I.A.2 of Schedule 2 to this Agreement.
38. "Project Implementation Manual" means the Recipient’s document adopted in accordance with Section 5.01(b)(i) of this Agreement, containing guidelines and procedures used for the purpose of implementing the Project, including financial, administrative and accounting procedures applicable to the Project and guidelines in the areas of monitoring and evaluation, coordination, social and environmental safeguards, and other provisions related to the institutional organization, as such guidelines and procedures may be amended from time to time in accordance with the provisions of this Agreement, and such term includes any schedule to the Project Implementation Manual.


40. "Regional Development Fund" means Fonds Régional de Développement, the fund in support of the financing of the decentralized governments established by the Recipient’s Decree no. 2011-059 dated February 14, 2011.

41. "Resettlement Action Plan" means the Recipient’s document prepared (or to be prepared) and disclosed (or to be disclosed) in accordance with the Resettlement Policy Framework with respect to an activity included under an Annual Work Program and Budget, which, inter alia, (i) contains a census survey of Displaced Persons and valuation of their assets, (ii) describes compensation and other resettlement assistance to be provided, consultation to be conducted with Displaced Persons about acceptable alternatives, institutional responsibilities for the implementation and procedures for grievance redress, and arrangements for monitoring and evaluation, and (iii) contains a timetable and budget for the implementation of such measures.

42. "Resettlement Policy Framework" means the Recipient’s documents entitled "Programme National Intégré d’Appui à la Décentralisation, au Développement Local et à l’Emploi des Jeunes (PNIDEL) – Cadre de Politique de Réinstallation (CPR) – Rapport Final" dated April 2013, containing guidelines, procedures, timetables and other specifications for the provision of compensation, rehabilitation and resettlement assistance to Displaced Persons.

43. "Results Update" means the update of the results referred to in Section I.B.1(e)(i) of Schedule 2 to this Agreement.

44. "Safeguard Documents" means, collectively, the Environmental and Social Management Framework, the Resettlement Policy Framework, as well as the Environmental and Social Management Plans and the Resettlement Action Plans to be prepared for specific activities carried out under the Project, if any, and any other documents to be prepared in accordance with the Un-Triggered Bank
Safeguard Policies and the provisions of this Agreement during Project implementation, if any.

45. "Simplified Local Government Guidelines for the Implementation of the Program" means the Recipient's document adopted in accordance with Section 5.01(iii) of this Agreement, containing procedures and guidelines to be used by the Local Governments, including financial, administrative, procurement and accounting procedures and those related to environmental and social safeguard applicable to the Project, as such manual may be amended from time to time with the prior written agreement of the Association, and such term includes any schedule to the Local Government Operational Manual.

46. "Sub-Steering Committee" means the committee established with composition and attributions acceptable to the Association by the Recipient's Decree no. 148-2012 dated October 10, 2012.

47. "Targeted Local Governments" means the set of Local Governments selected to participate in the Project and listed in the joint notification from the Recipient ministries responsible for decentralization and development, respectively, to selected walis no. 001/12 dated November 11, 2012, and "Targeted Local Government" means any of them.

48. "Technical Committee" means the committee established with composition and attributions acceptable to the Association to support the Inter-ministerial Committee for Local Development and Decentralization by the Recipient's Decree no. 148-2012 dated October 10, 2012.

49. "Trust Fund" means the trust fund to be funded by the European Commission and administered by the Association for the provision of the TF Grant, and referred to in Paragraph A of the Preamble to this Agreement.

50. "TF Grant" means grant to be extended by the Association, acting as administrator of the Trust Fund, to the Recipient for the financing of Conditional Performance Grants, and referred to in Paragraph A of the Preamble to this Agreement.

51. "TF Grant Agreement" means the European Commission Trust Fund Grant Agreement referred to in Paragraph A of the Preamble to this Agreement, to be entered into between the Association, acting as administrator for the Trust Fund and the Recipient, for the provision of the TF Grant, as such agreement may be amended from time to time, and such term includes all appendices, schedules and agreements supplemental to the TF Grant Agreement.

52. "Training" means the training of persons involved in Project-supported activities, based on Annual Work Plans and Budgets approved by the Association; such term includes seminars, workshops, conference and study tours, and costs
associated with such activity include travel and subsistence costs for training participants, costs of securing the services of trainers, rental of training facilities, preparation and reproduction of training materials and other costs directly related to course preparation and implementation.

53. "Treasury" means Direction Générale du Trésor, the Recipient's treasury directorate within its ministry responsible for finance.