

**OFFICIAL
DOCUMENTS**

GRANT NUMBER D104-MR

Financing Agreement

(Nouadhibou Eco Seafood Cluster Project)

between

ISLAMIC REPUBLIC OF MAURITANIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 13, 2016

FINANCING AGREEMENT

AGREEMENT dated April 13, 2016, entered into between ISLAMIC REPUBLIC OF MAURITANIA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in 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 in an amount equivalent to five million six hundred thousand Special Drawing Rights (SDR 5,600,000) ("Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Payment Dates are March 15 and September 15 in each year.
- 2.05. The Payment Currency is United States Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall, through MEF, cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article IV of the General Conditions.

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

ARTICLE IV — REMEDIES OF THE ASSOCIATION

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

The Project Implementing Entity's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations.

ARTICLE V — EFFECTIVENESS

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

- (a) The Recipient has established the Project Coordination Unit with a mandate, staffing and resources acceptable to the Association in accordance with Section I.A.3 of Schedule 2 to this Agreement.
- (b) The Recipient has adopted the Project Manual in form and substance acceptable to the Association in accordance with Section I.C of Schedule 2 to this Agreement

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

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is its Minister of Economy and Finance.

- 6.02. The Recipient's Address is:

Ministère de l'Economie et des Finances
BP 238
Nouakchott
Mauritania

Télécopie: 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

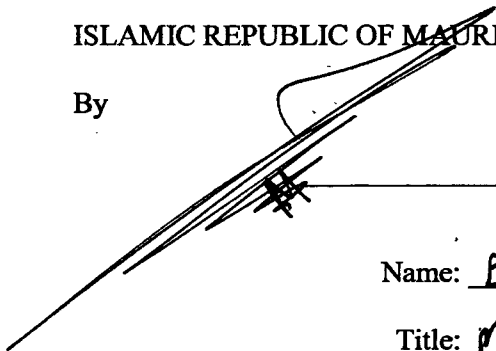
Telex: Facsimile:

248423 (MCI) 1-202-477-6391

AGREED at Washington D.C., United States of America, as of the day and year first above written.

ISLAMIC REPUBLIC OF MAURITANIA

By



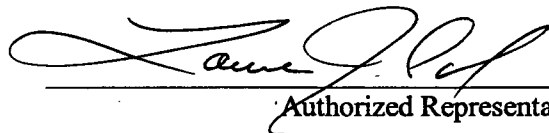
Authorized Representative

Name: El Moctar Ould Djay

Title: Minister of Economy and Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Louise J. Cord

Title: Country Director

SCHEDULE 1

Project Description

The objective of the Project is to support the development of a seafood cluster in Nouadhibou that promotes sustainable management of fisheries and generates value for the communities.

The Project consists of the following parts:

Part 1. Developing a sustainable seafood cluster in Nouadhibou

- 1.1 Support to the Recipient to develop a framework for a sustainable seafood cluster in Nouadhibou through PPPs and through capacity building to foster reforms at local and national levels, to lower barriers to investment and clarify the institutional operation of a functioning seafood cluster through: (a) development of a competitiveness diagnostics for the seafood cluster; (b) development of a Robust Cluster Strategy; (c) development of an adequate legal and institutional framework and required Operational Tools for the formal establishment and management of the NESC; (d) technical assistance to the MEF to establish a strong track-record in investment climate reforms; (e) support to a functioning PPD Process; and (f) establishment of a PPP Framework.
- 1.2 Support to the Recipient to generate responsible investments in NESC and to build capacity among Nouadhibou Free Zone stakeholders through: (a) the carrying out of a Commercial Viability Assessment to enable the mobilization of private sector and institutional investor capital; (b) targeted Investment Promotion Activities; and (c) skills training and technical assistance required to generate, negotiate, facilitate, monitor and retain responsible investments.

Part 2 Increasing the value of seafood products produced and marketed in the seafood cluster with the participation of local actors

- 2.1 Support to the Recipient to improve handling of landed catch and promote the export of fresh fish at the seafood cluster through: (a) provision of consultants' services to strengthen the organization and management of the PAN, the EPBR and the Nouadhibou International Airport, and to improve the handling of landed fish and reduction of post-harvest losses; (b) works to build a refrigerated warehouse freight terminal at Nouadhibou International Airport; and (c) the provision of technical assistance to modernize trade services and regulations and increase fresh fish exports via ground transport.
- 2.2. Support to the Recipient to build local suppliers' and vulnerable groups' capacities to benefit from productive and inclusive seafood value chains through the carrying out of capacity-building activities to: (a) support the transition of private

enterprises to the new fisheries management regime and rationalize their processing and harvesting efforts; (b) support industries and institutions to comply with internal product quality control procedures and acquire Key Certifications; and (c) reduce post-harvest losses by promoting good fishing and improved management practices.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. Steering Committee

- (a) The Recipient shall, within three month of the Effective Date establish and, at all times during Project implementation, maintain a steering committee with a mandate, composition and resources acceptable to the Association for the purpose of providing strategic guidance and oversight of the Project (Steering Committee).
- (b) The Steering Committee shall be chaired by the director of DGD of the Nouadhibou Free Zone Authority, and have two vice-chairs: the director of DGPPPI of MEF and the director of the DPC; and representatives from DGSP, DGEAI, and two representatives of the private sector and one representative of civil society, and other such membership as may be proposed by the Recipient and acceptable to the Association.

2. Project Implementing Entity

In order to ensure proper and efficient implementation of the Project, the Recipient shall vest overall responsibility for Project implementation in the Project Implementing Entity (PIE).

3. Project Coordination Unit

- (a) The Recipient shall vest responsibility for financial matters and implementation support in the Project Coordination Unit (PCU), which shall be established within the PIE.
- (b) The PCU shall, at all times during Project implementation, retain a Coordinator, a procurement specialist, a financial management specialist, an environmental specialist, an accountant and a monitoring and evaluation specialist, each with experience and qualifications satisfactory to the Association.

B. Counterpart Funding

1. The Recipient shall, not later than two (2) months after the Effective Date, open a separate treasury account or Bank account (Project Account) and shall maintain the Project Account open for a period of not less than eight (8) months after the implementation of the project, for the exclusive purpose of depositing funds provided by the Recipient for the financing of the Project ("Counterpart Funding"), in an amount not to exceed one million, five hundred thousand United States Dollars (US\$ 1,500,000) equivalent.
2. The Recipient shall, not later than two (2) months after the Effective Date, deposit the sum of six hundred thousand United States Dollars (US\$ 600,000) equivalent in the Project Account.
3. The Recipient shall thereafter, not later than April 1 in each of the remaining three years of Project implementation, deposit the sum of three hundred thousand United States Dollars (US\$ 300,000) equivalent in the Project Account.

C. Project Manual

1. The Recipient shall ensure that the Project is implemented in accordance with Project Manual, which shall include, *inter alia*, detailed administrative, procurement, financial management, safeguards, monitoring and evaluation procedures and arrangements for the Project.
2. The Recipient shall afford the Association a reasonable opportunity to review the Project Manual.
3. The Recipient shall not amend, abrogate, waive or permit to be amended, abrogated or waived, the Project Manual, or any provision thereof, without the prior written consent of the Association.
4. In the event of any inconsistency between this Agreement and the Project Manual, the provisions of this Agreement shall prevail.

D. Annual Work Plan and Budget

1. The Recipient shall prepare, in accordance with terms of references acceptable to the Association, and furnish to the Association no later than November 15 of each year throughout the implementation of the Project, a work plan of activities and budget proposed for inclusion in the Project for the next calendar year, together with a budget for such activities and a timetable for their implementation.

2. The Recipient shall: (i) afford the Association a reasonable opportunity to exchange views with the Recipient on such proposed work plan and budget; and, thereafter, (ii) carry out such work plan during the period covered by said plan, according to such budget, both as shall have been approved by the Association (“Annual Work Plan”).
3. Only such activities as shall have been included in the Annual Work Plan shall be eligible for inclusion in the Project and for financing out of the proceeds of the Financing.
4. Notwithstanding the foregoing, the Annual Work Plan and budget may be amended from time to time with the prior and written concurrence of the Association in order to include new activities.

E. Anti-Corruption

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

F. Safeguards.

1. The Recipient shall, through the PCU, cause the Project to be implemented, in accordance with the relevant Safeguards Documents, and shall, to that end, if any activity under Part 2.1 of the Project would require the adoption of an ESMP:
 - (a) prepare such ESMP and submit it to the Association for review and approval; and thereafter adopt such ESMP prior to implementation of activity; and
 - (b) thereafter take such measures as shall be necessary or appropriate to ensure full compliance with the requirements of such ESMP.
2. The Recipient shall ensure that the Project is implemented in accordance with the guidelines, procedures, timetables and other specifications set forth in the Safeguards Documents.
3. Except as the Association shall otherwise agree in writing, and subject to compliance with applicable consultation and public disclosure requirements of the Association, the Recipient shall ensure that no provision of the Safeguards Documents shall be abrogated, amended, repealed, suspended or waived.
4. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall cause the PCU to regularly collect, compile and submit to the Association, on a semi-annual basis, reports on the status of compliance with the Safeguards Documents, giving details of: (a) measures taken in furtherance of the

Safeguards Documents; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguards Documents; and (c) remedial measures taken or required to be taken to address such conditions.

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

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, set forth in the Project Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than one month after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. The Recipient shall, not later than four (4) months after the Effective Date recruit and at all times during Project implementation retain an internal auditor for the purposes of carrying out internal audits of the Project.
3. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than 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.
4. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal was made. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

Section III. Procurement

A. General

1. **Goods, 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 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 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) Limited International Bidding; (b) National Competitive Bidding, subject to the following additional provisions below; (c) Shopping; (d) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the Association; and (e) Direct Contracting.
3. **National Competitive Bidding.**

The procurement procedure to be followed for National Competitive Bidding ("NCB") shall be the open competitive bidding procedure set forth in the Public Procurement Code 2010-044 of July 22, 2010, of Mauritania (the "Code"); provided, however, that such procedure shall be subject to the provisions of Section I, and Paragraphs 3.3 and 3.4 of the Procurement Guidelines, and the following additional provisions:

- (i) Bidding documents acceptable to the Bank shall be used.
- (ii) Eligibility to participate in a procurement process and to be awarded a Bank-financed contract shall be as defined under Section I of the Procurement Guidelines; accordingly, no bidder or potential bidder shall

be declared ineligible for contracts financed by the Association for reasons other than those provided in Section I of the Procurement Guidelines. Foreign bidders shall be allowed to participate in NCB procedures, and foreign bidders shall not be obligated to partner with local bidders in order to participate in a procurement process.

- (iii) Bidding shall not be restricted to pre-registered firms, and foreign bidders shall not be required to be registered with local authorities as a prerequisite for submitting bids.
- (iv) No margins of preference of any sort (e.g., on the basis of bidder nationality, origin of goods, services or labor, and/or preferential programs) shall be applied in the bid evaluation.
- (v) Joint venture or consortium partners shall be jointly and severally liable for their obligations. Bidders shall be given at least thirty (30) days from the date of publication of the invitation to bid or the date of availability of the bidding documents, whichever is later, to prepare and submit bids. Bids shall be submitted in a single envelope.
- (vi) An extension of bid validity, if justified by exceptional circumstances, may be requested in writing from all bidders before the original bid validity expiration date, provided that such extension shall cover only the minimum period required to complete the evaluation and award a contract, but not to exceed thirty (30) days. No further extensions shall be requested without the prior written concurrence of the Bank.
- (vii) All bids (or the sole bid if only one bid is received) shall not be rejected, the procurement process shall not be cancelled, and new bids shall not be solicited without the Bank's prior written concurrence.
- (viii) Qualification criteria shall be applied on a pass or fail basis.
- (ix) Bidders shall be given at least twenty-eight (28) days from the receipt of notification of award to submit performance securities.
- (x) In accordance with the Procurement Guidelines, each bidding document and contract shall include provisions stating the Bank's policy to sanction firms or individuals found to have engaged in fraud and corruption as set forth in the Procurement Guidelines.
- (xi) In accordance with the Procurement Guidelines, each bidding document and contract shall include provisions stating the Bank's policy with respect to inspection and audit of accounts, records and other documents relating to the submission of bids and contract performance.

- (xii) Evaluation committee should include two specialists in the matter at least and should never include any tender committee members.

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. The Prior review by the *Commission Nationale de Control des Marchés Publics* is not required for the contracts subject to the Association prior review as set in the Procurement Plan approved by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of 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 Eligible Expenditures set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, and consultants' services, Operating Costs and Training for the Project	1,600,000	100%
(2) Refund of Preparation Advance	4,000,000	Amount payable pursuant to Section 2.07 of the General Conditions
TOTAL AMOUNT	5,600,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.
2. The Closing Date is November 1, 2020.

APPENDIX

Section I. Definitions

1. “Anti-Corruption Guidelines” means 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.
2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “Commercial Viability Assessment” means an assessment of the prospects for commercial activity and investment through PPPs in the territory of the Recipient.
4. “*Commission Nationale de Control des Marchés Publics*” means the Recipient’s National Commission Control of Public Procurement.
5. “Comprehensive Strategy” means a strategy that encompasses and clarifies key features of investment such as sustainability of fish resources, rights and responsibilities of participants, inclusiveness, transparency, and competitiveness.
6. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014).
7. “Coordinator” means the person responsible for leading the Project Implementation Team with qualifications and experience acceptable to the Association.
8. “Counterpart Funding” means the financing provided by the Recipient for the purposes of implementing the Project, referred to in Schedule I.B. of Schedule 2 to this Agreement.
9. “DGD” means *Direction Générale du Développement*, the general direction of development within the PIE.
10. “DGEAI” means *Direction Générale des Études et de l’Aménagement des Infrastructures*, the general direction for studies and infrastructure development within the PIE.
11. “DGPPI” means Directorate General of Investment Projects and Programs.
12. “DGPSP” means *Direction Générale de Promotion du Secteur Privé*, the general direction for private sector promotion within the MEF.

13. “DPC” means *Direction de la Programmation et de la Coopération*, the planning and cooperation direction within the Recipient’s Ministry of fisheries and maritime economy.
14. “EPBR” means *Etablissement Portuaire de la Baie du Repos*, the small and medium scale fishing actors port.
15. “ESIA” means an environmental and social impact assessment of the potential environmental risks and impacts of activities under the Project, satisfactory to the Association, to be prepared and disclosed by the Recipient in accordance with the ESMF prior to the start of any works, as the same may be amended from time to time with the prior written approval of the Association.
16. “ESMP” means an environmental and social management plan in form and substance satisfactory to the Association, to be adopted by the Recipient on the basis of the ESIA, describing measures for the mitigation, reduction and / or offsetting of the environmental and social impacts of activities identified under the Project.
17. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010.
18. “Investor Tracking System” means a system keeping track of investor interests as they proceed through the entire investment track from first contact to final investment and beyond, to facilitate seamless pre-investment and aftercare services to the existing and prospective private investors in the country.
19. “Investment Promotion Activities” means activities such as media campaigns to draw investment, promotional material, communications campaigns, targeted missions, development of NESC’s website and an Investor Tracking System.
20. “Key Certifications” means certifications on food safety and quality management, on environmental management systems, conformity assessment, testing and calibration laboratories, quality management systems and eco-certification.
21. “MEF” means *Ministère de l’Economie et des Finances* the Recipient’s ministry responsible for the economy and finance.
22. “NESC” means Nouadhibou Eco-Seafood Cluster, the commercial brand name to be given to the seafood cluster once established.
23. “Nouadhibou Free Zone” means the *Zone Franche de Nouadhibou*, the zone located in the wilaya of Dakhlet Nouadhibou within the territory of the Recipient.
24. “Nouadhibou Free Zone Authority” means the Project Implementing Entity (PIE).

25. “Nouadhibou International Airport” means the public airport serving Nouadhibou.
26. “Operating Costs” means costs incurred by the PCU related to office rental; equipment; travel; operating expenditures and vehicles.
27. “Operational Tools” means tools such as land geographic information systems and tools for monitoring and evaluation.
28. “PAN” means *Port Autonome de Nouadhibou*, the commercial port located in Nouadhibou.
29. “PPD Process” means public-private dialogue process.
30. “PPPs” means public-private partnerships.
31. “PPP Framework” means public-private partnership framework.
32. “Preparation Advance” means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on February 12, 2015, and on behalf of the Recipient on February 27, 2015.
33. “Procurement Guidelines” means the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014).
34. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated November 27, 2015 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.
35. “Project Implementing Entity” or “PIE” means *Autorité de Nouadhibou Zone Franche*” or “ANZF”, the Nouadhibou Free Zone Authority, the governmental agency in charge of the Nouadhibou Free Zone established in 2013 pursuant to the Project Implementing Entity’s Legislation.
36. “Project Implementing Entity’s Legislation” means Loi 2013-001 dated January 2, 2013, establishing the PIE.
37. “Robust Cluster Strategy” means a strategy that includes the identification of target value chains, planning process, as well as master and investment plans.
38. “Safeguards Documents” means collectively the ESIA and ESMP(s).

39. "Seafood Cluster" means a geographical area located in Nouadhibou within which is located an economic concentration of fishery activities and including both the PAN and EPBR.
40. "Training" means courses delivered on the job by contracted experts (consultants), established training courses in institutes/schools in the territory of the Recipient and abroad, workshops, lectures, and coursework and study tours.