March 10, 2015

H. E. Sidi Ould Tah
Minister of Economic Affairs and Development
Ministry of Economic Affairs and Development
Nouakchott
Islamic Republic of Mauritania

Re: Islamic Republic of Mauritania: MDTF EITF Grant No.TF018905 Mauritania Extractive Industries Transparency Initiative (EITI) Post Compliance II Project

Excellency:

In response to the request for financial assistance made on behalf of the Islamic Republic of Mauritania ("Recipient"), I am pleased to inform you that the International Development Association ("World Bank"), acting as administrator of grant funds provided by Australia, Belgium, Canada, Denmark, the European Union represented by the European Commission, Finland, France, Germany, Japan, the Netherlands, Norway, Spain, Switzerland, the United Kingdom and the United States ("Donors") under the Extractive Industries Transparency Initiative (EITI), proposes to extend to the Recipient a grant in an amount not to exceed three hundred fifty thousand United States Dollars (U.S.$350,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank's payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donors under the abovementioned trust fund, and the Recipient's right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and return it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this
Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within ninety (90) days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose ("Effective Date").

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: [Signature]
Vera Songwe
Country Director for Mauritania
Africa Region

AGREED:
ISLAMIC REPUBLIC OF MAURITANIA

By: [Signature]
Authorized Representative

Name: Ouyed El Moctar
Title: Ministry of Finance, MAED
Date: 18/10/14

Enclosures:

2. Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
Article I
Standard Conditions; Definitions


1.02. Definitions. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement; and the following additional terms shall have the following meanings:

(a) "CNITIE" and "Comité National de l'Initiative pour la Transparence dans les Industries Extractives", each means the national multi-stakeholder group established by the Recipient to manage the EITI process in the Recipient’s territory, pursuant to decree no. 2006-001 dated January 12, 2006, as amended.

(b) "EITI" means Extractive Industries Transparency Initiative.

(c) "EITI Standard" means the revised global transparency standard for improving governance of natural resources launched in Sydney, Australia in May 2013.

(d) "EITI Implementation Diagnostic Study" means the study dated November 10, 2013 underlining the steps for institutional development of the EITI Secretariat and the CNITIE in the Recipient’s territory.

(e) "M&E" means monitoring and evaluation.

(f) "MSG" means multi-stakeholder group.

(g) "National Secretariat" means the secretariat established under the Recipient’s Prime Minister’s office, with direct reporting obligations to the CNITIE, responsible for the implementation of the Project.

(h) "Operating Costs" means the incremental expenditures incurred on account of Project implementation, including, inter-alia, office supplies, transportation, office administration, insurance, publication of training materials, reasonable bank charges relating to operation of the designated account, and salaries of locally contracted staff, but excluding consultant fees and salaries of civil servants.

(i) "Training" means the reasonable cost of: (i) training materials and rental of training facilities and equipment; (ii) tuition fees, travel, accommodation and per diem of trainers and trainees; and (iii) any other expenses related to training to be carried out under the Project.
Article II
Project Execution

2.01. **Project Objectives and Description.** The objectives of the Project are to ensure increased transparency of payments and revenues from the mining, oil and gas sectors in the Recipient’s territory and to support the Recipient’s compliance with the 2013 EITI Standard. The Project consists of the following parts:

Part 1. Secretariat Operations

Carrying out a program of activities to restructure the EITI office in the Recipient’s territory and increase its effectiveness.

Part 2. Training

Provision of training to strengthen the capacity of: (a) key EITI stakeholders to ensure EITI implementation in the Recipient’s territory in accordance with the 2013 EITI Standard; and (b) EITI secretariat’s staff to engage along with MSG members in the restructuring of the CNITIE per the November 2013 EITI Implementation Diagnostic Study.

Part 3. Awareness, Outreach and Campaign

Carrying out of a program of activities aimed at creating awareness of EITI and the extractive sector in the Recipient’s territory, including: (a) dissemination campaigns in various parts of the Recipient’s territory on the basis of new outreach techniques; (b) publication of the fiscal years 2012 and 2013 reports; and (c) the creation of focal points to relay the information and increase knowledge with their regions.

Part 4. Data Production, Reporting and Dissemination

Carrying out capacity building activities, including topical studies and discussions with relevant stakeholders to advance EITI implementation in the Recipient’s territory encompassing: (a) drawing of the process to introduce the fishing sector to the EITI framework; (b) an assessment of private companies social payment and the requirements to include them within the EITI reporting; and (c) an M&E framework for regular assessment of public perceptions and the impacts of EITI.

2.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the National Secretariat in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) 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 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. **Institutional and Other Arrangements.** Without limitation upon the provisions of Section 2.02 above:

(a) The Recipient shall maintain, throughout Project implementation, the National Secretariat, with mandate, composition and resources acceptable to the World Bank, to be
responsible for the implementation of the Project, including procurement, disbursement, accounting and reporting and monitoring.

(b) The Recipient shall pay due attention to and ensure that all terms of reference for any training, technical assistance or studies to be carried out under the Project are consistent with the World Bank’s environmental and social safeguards policies, as well as the Recipient’s own laws relating to environmental and social aspects.

(c) The Recipient shall, prior to conducting any training or workshop under the Project, furnish to the World Bank for its review, the following information related to such training or workshop: (i) the objective and content of the training or workshop envisaged, (ii) the selection method of institutions or individuals conducting such training or workshop, and said institutions, if already known; (iii) the expected duration and an estimate of the cost of said training and workshop; and (iv) the personnel selected to attend the training or the workshop.

(d) The Recipient shall not use the proceeds of the Grant for the purpose of any payment to persons or entities, or for the import of goods, if such payment or import, to the Recipient’s knowledge or belief, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations, including under United Nations Security Council Resolution 1373 and related resolutions.

2.04. Donor Visibility and Visit. (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donors’ support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, take all measures required on its part to enable the representatives of the Donors to visit any part of the Recipient’s territory for purposes related to the Project.

2.05. Project Monitoring, Reporting and Evaluation. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date.

2.06. Financial Management. (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.
(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the entire period during which withdrawals from the Grant Account were made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

2.07. Procurement

(a) General. All goods and consultants’ services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:


(ii) Sections I and IV of 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) (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) The provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank 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.

(c) Particular Methods of Procurement of Goods

(i) Except as otherwise provided in sub-paragraph (ii) below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding.

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods for those contracts which are specified in the Procurement Plan: (A) National Competitive Bidding; (B) Shopping; and (C) Direct Contracting.

(d) Particular Methods of Procurement of Consultants’ Services

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants’ services for those assignments 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) Selection of Individual Consultants; and (G) Single-source procedures for the Selection of Individual Consultants.

(e) **Review by the World Bank of Procurement Decisions.** The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

**Article III**  
**Withdrawal of Grant Proceeds**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may 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 World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts 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 Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, consultants’ services (including audits), Operating Costs and Training under the Project</td>
<td>350,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>350,000</td>
<td></td>
</tr>
</tbody>
</table>

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient, except that withdrawals up to an aggregate amount not to exceed $30,000 equivalent may be made for payments made prior to this date but on or after October 1, 2014, for Eligible Expenditures under Category (1).

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2015.

**Article IV**  
**Recipient’s Representative; Addresses**

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Minister in charge of economy.
4.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard
Conditions is:

Ministry of Economic Affairs and Development
BP 238
Nouakchott
Mauritania

Facsimile:

222-45-25-33-35

4.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the
Standard Conditions is:

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

Cable: INDEVAS
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391