

April 23, 2004

H. E. Abdallahi Ould Souleymane Ould Cheikh-Sidiya
Ministre des Affaires Économiques et du
Développement
Nouakchott
Islamic Republic of Mauritania

Re: Grant for the Education for All – Fast Track Initiative (EFA-FTI)
Grant Number TF053481

Excellency:

I am writing on behalf of the International Bank for Reconstruction and Development and the International Development Association (collectively “the Bank”) to indicate the Bank’s agreement, as administrator of grant funds provided under the EFA-FTI Catalytic Trust Fund (the Administrator), to make a grant in an amount not exceeding two million United States Dollars (US\$2,000,000) (the Grant) to the Islamic Republic of Mauritania (the Recipient).

The Grant is made in response to the Recipient's request for financial assistance and for the purposes and on the terms and conditions set forth in the Annex to this Letter Agreement. The Recipient represents, by confirming its agreement below, that it is authorized to contract and withdraw the Grant for the said purposes and on the said terms and conditions.

The Administrator has received from the Recipient a letter, dated February 26, 2004, with an EFA 2004 Action Plan as a part of the Recipient’s National Report on the Education for All, which specifies policies and objectives designed to achieve basic education for all in Mauritania. The action plan contains a program of actions to be executed during a period of twelve (12) months in the Recipient’s territory (hereinafter called the Program), declaring the Recipient’s commitment to the execution of the Program, and requesting assistance from the Administrator in support of the Program during the execution thereof.

Please note that it is the Administrator’s policy to make publicly available this Letter Agreement and any information related thereto, after this Letter Agreement has become effective and the Recipient has given its consent to such disclosure. The Recipient, by countersigning this Letter Agreement, confirms its consent to such disclosure.

Please confirm your agreement with the foregoing, on behalf of the Recipient, by signing, dating, and returning to us the enclosed copy of this Letter Agreement. Upon receipt by the Administrator of the copy of this Letter Agreement countersigned by you, this Letter Agreement will become effective as of the date of the countersignature.

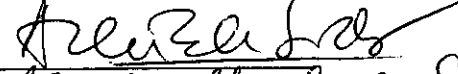
Very truly yours,
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
as Administrator of Grant Funds provided under EFA-FIT Catalytic Trust Fund



A. David Craig
Country Director for Mauritania
Africa Region

AGREED:

ISLAMIC REPUBLIC OF MAURITANIA

By 
Name Abdallah O. S. O. CHEIKH-SIDIA
Title Ministre des Affaires Economiques et du Developpement
Date: _____

Purposes, Terms, and Conditions of the Grant**1. Purposes and Activities**

1.1. The purpose of the Grant is to assist the Recipient, through the Ministry of National Education, in improving the accessibility to, and the quality of the education system at the elementary level, with the main objectives of: (i) strengthening the administrative, financial and educational management skills in the Ministry of National Education; (ii) improving the quality and efficiency of primary education; and (iii) improving access, equity and retention of pupils. The activities within the Program (the Activities) for which the Grant is given are as follows:

- (a) Improving the operations and quality of educational services in the regional and local structures of the Ministry of National Education, through acquisition of equipment and furniture.
- (b) Improving the knowledge level of teaching staff and supervision personnel for the generalization of new programs, through the printing and distribution of teaching material, and printing of textbooks and manuals.
- (c) Increasing the enrollment capacity and improving school's learning environment by facilitating the renovation of classrooms and providing basic educational material.

2. Execution of the Activities

2.1. The Recipient shall carry out the Activities under the Program with due diligence and efficiency, promptly provide the funds, facilities, services and other resources required for that purpose; and from time to time exchange views with the Administrator's representatives on the progress and results of the Activities. Without limitation on the foregoing, the Recipient shall prepare and furnish to the Administrator a report, in form and substance satisfactory to the Administrator, on the results and impact of the Activities, in accordance with the provisions of paragraph 5.1 (c) below.

3. Withdrawal of Grant Proceeds

3.1. Withdrawals from the proceeds of the Grant shall be made in two tranches as follows:

	<u>Amount of the Grant Allocated (in United States dollars)</u>	<u>% of Expenditures to be Financed</u>
(1) First Tranche	1,000,000	100%
(2) Second Tranche	1,000,000	100%
TOTAL	<u>2,000,000</u> =====	

3.2. Notwithstanding the provisions of paragraph 3.1 above, no withdrawals shall be made from the Grant Account after June 30, 2005 or such later date that the Administrator shall establish in agreement with the Recipient (the Closing Date). However, withdrawals may be made after the Closing Date for expenditures incurred prior to the Closing Date if the corresponding withdrawal application is received by the Administrator within four months after the Closing Date, after which time any amount of the Grant remaining unwithdrawn from the Grant Account shall be canceled

3.3. When the Recipient shall desire to withdraw any amount from the Grant Account, it shall deliver to the Administrator a written application for withdrawal of such amount in the form specified by the Administrator. Withdrawal applications shall be: (a) signed on behalf of the Recipient by the Minister in charge of economic affairs and development or such other person as he or she shall have authorized in writing; and (b) accompanied by such evidence in support of the application as the Administrator shall reasonably request. Authenticated specimen signatures of the person authorized to sign withdrawal applications shall be provided with the first application bearing his or her signature. Each withdrawal application for an amount of the Grant and its supporting evidence must be sufficient in form and substance to satisfy the Administrator that the Recipient is entitled to withdraw such amount from the Grant Account. The Administrator shall pay the amounts withdrawn by the Recipient from the Grant Account only to or on the order of the Recipient as set forth in paragraph 4 below.

3.4. The Recipient shall open, prior to furnishing to the Administrator the first request for withdrawal from the Grant Account, and thereafter maintain in its central bank, a deposit account in United States dollars on terms and conditions satisfactory to the Administrator (the "Deposit Account"). All withdrawals from the Grant Account shall be deposited by the Administrator into the Deposit Account.

4. Disbursement of the Grant

4.1. The Administrator shall arrange to have the funds of the Grant released to the Recipient in tranches as follows:

(a) the First Tranche of one (1) million United States dollars upon receipt by the Administrator of: (i) a copy of this Letter Agreement duly countersigned by the Recipient; (ii) satisfactory evidence that the Deposit Account has been duly opened; (iii) a written application for withdrawal of such funds in the form specified by the Administrator as per paragraph 3.3 above; and (iv) availability of funds.

(b) the Second Tranche of one (1) million United States dollars by December 31, 2004, upon review by the Administrator of: (i) an intermediary review report, in form and substance satisfactory to the Administrator, establishing the satisfactory progress under the Program; (ii) a written application for withdrawal of such funds in the form specified by the Administrator as per paragraph 3.3 above; and (iii) availability of funds.

4.2. Except as the Administrator shall otherwise agree, procurement of goods and services required for the carrying out of Activities and to be financed out of the proceeds of the Grant shall be governed by the Guidelines on "Procurement under IBRD Loans and the Bank Credits" dated January 1995 and revised in January and August 1996, September 1997, and January 1999, and on the "Selection and Employment of Consultants by World Bank Borrowers" dated January 1997, and revised in September 1997, January 1999 and May 2002.

4.3. The Recipient undertakes that the proceeds of the Grant shall not be used to finance expenditures excluded pursuant to the provisions of the Attachment to this Annex. If the Administrator shall have determined at any time that any proceeds of the Grant shall have been used to make a payment for an expenditure so excluded, the Recipient shall, promptly upon notice from the Administrator: (i) deposit into the Grant Account an amount equal to the amount of said payment; or (ii) if the Administrator shall so request, refund such amount to the Administrator. Amounts refunded to the Administrator upon such request shall be credited to the Grant Account for cancellation.

5. Accounts, Audits and Reports

5.1. (a) The Recipient shall maintain a simple Sources and Uses of Funds Statement for keeping an accurate record of the use of Grant resources. All transactions should be recorded therein and supporting documents would be maintained at a suitable location.

(b) The Recipient shall: (i) have the Sources and Uses of Funds Statement and the Deposit Account audited each calendar year in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Administrator; (ii) furnish to the Administrator as soon as available, but in any case not later than six months after the end of each calendar year, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Administrator shall have reasonably requested; and (iii) furnish to the Administrator such other information concerning the Sources and Uses of Funds Statement and the Deposit Account and the audit thereof as the Administrator shall have reasonably requested.

(c) The Recipient shall maintain regular contact with the Administrator and provide the Administrator with quarterly progress reports in a form and substance satisfactory to the Administrator. Not later than September 30, 2005, the Recipient shall submit to the Administrator a final report summarizing the Activities financed by the Grant and assessing the results achieved by the Activities compared to their objectives.

6. Suspension and Cancellation

6.1. The Administrator may at any time, by notice to the Recipient, suspend the right of the Recipient to make further withdrawals from the Grant Account if any of the following events has occurred and is continuing: (a) the Recipient has failed to comply with any of its obligations herein specified; (b) the right of the Recipient, or any other entity to which the Administrator has made a loan with the guarantee of the Islamic Republic of Mauritania, to make withdrawals under any loan agreement with the International Bank for Reconstruction and Development or any development credit agreement with the International Development Association shall have been suspended; (c) a situation has arisen which, in the opinion of the Administrator, shall make it improbable that the Program or a significant part thereof, will be carried out; or (d) an action has been taken or a policy has been adopted to reverse any action or policy under the Program in a manner that would, in the opinion of the Administrator adversely affect the achievement of the objectives of the Program.

6.2. The Administrator may, by written notice to the Recipient, terminate the right of the Recipient to make further withdrawals from the Grant Account: (a) at any time after the right of the Recipient to make withdrawals from the Grant Account shall have been suspended pursuant to the provisions of paragraph 6.1 above; or (b) if the Recipient shall have failed to take action, satisfactory to the Administrator, within six months after the effective date hereof, to carry out the Activities.

Excluded Expenditures

For purposes of Section 4.3 of this Agreement, the proceeds of the Grant shall not be used to finance any of the following expenditures:

1. expenditures for goods or services supplied under a contract which any national or international financing institution or agency other than the Administrator shall have financed or agreed to finance, or which the Administrator shall have financed or agreed to finance under another credit or a loan;
2. expenditures for goods included in the following groups or subgroups of the Standard International Trade Classification, Revision 3 (SITC, Rev.3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev.3 (1986) (the SITC), or any successor groups or subgroups under future revisions to the SITC, as designated by the Administrator by notice to the Recipient:

<u>Group</u>	<u>Subgroup</u>	<u>Description of Items</u>
112	-	Alcoholic beverages
121	-	Tobacco, unmanufactured, tobacco refuse
122	-	Tobacco, manufactured (whether or not containing tobacco substitutes)
525	-	Radioactive and associated materials
667	-	Pearls, precious and semiprecious stones, unworked or worked
718	718.7	Nuclear reactors, and parts thereof; fuel elements (cartridges), non-irradiated, for nuclear reactors
728	728.43	Tobacco processing machinery
897	897.3	Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems)

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Gold, non-monetary
(excluding gold
ores and concentrates)

3. expenditures for goods intended for a military or paramilitary purpose or for luxury consumption;
4. expenditures for environmentally hazardous goods (for purposes of this paragraph the term "environmentally hazardous goods" means goods, the manufacture, use or import of which is prohibited under the laws of the Recipient or international agreements to which the Recipient is a party);
5. expenditures (a) in the territories of any country which is not a member of the Administrator or for goods procured in, or services supplied from, such territories or (b) on account of any payment to persons or entities, or any import of goods, if such payment or import is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and
6. expenditures under a contract in respect of which the Administrator determines that corrupt or fraudulent practices were engaged in by representatives of the Recipient or of a beneficiary of the Grant during the procurement or execution of such contract, without the Recipient having taken timely and appropriate action satisfactory to the Administrator to remedy the situation.