

MILLENNIUM CHALLENGE CORPORATION THRESHOLD PROGRAM

GRANT AGREEMENT

BETWEEN

**THE UNITED STATES OF AMERICA,
ACTING THROUGH THE MILLENNIUM CHALLENGE CORPORATION**

AND

THE ISLAMIC REPUBLIC OF MAURITANIA

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THRESHOLD PROGRAM GRANT AGREEMENT

PREAMBLE

This THRESHOLD PROGRAM GRANT AGREEMENT (this “*Agreement*”) is made between the United States of America (the “*United States*”), acting through the Millennium Challenge Corporation (“*MCC*”), and the Islamic Republic of Mauritania (the “*Government*”) (collectively the “*Parties*,” and each individually, a “*Party*”).

Recognizing that MCC, an implementing agency for the United States, is authorized to provide assistance under Section 616 of the Millennium Challenge Act of 2003, as amended (the “*MCA Act*”), to selected candidate countries that have demonstrated a commitment to strengthening good governance, economic freedom, and investments in people in order to assist such countries to become eligible for a Millennium Challenge Compact (the “*Threshold Program*”);

Recalling that MCC has selected Mauritania as eligible for the Threshold Program; and

Recognizing that the Parties wish to implement the program described herein to achieve the goals and objectives described herein (as such program description and objectives may be amended from time to time in accordance with the terms hereof, the “*Program*”).

NOW, THEREFORE, the Parties agree as follows:

ARTICLE 1.

GOAL AND OBJECTIVES

Section 1.1 Program Goal. The overall goal of this Agreement is to assist Mauritania to become eligible for a Millennium Challenge Compact by supporting the implementation of critical policy and institutional reforms that address binding constraints to economic growth in Mauritania (the “*Program Goal*”). MCC’s assistance provided under this Agreement seeks to strengthen good governance, economic freedom, and investments in the people of Mauritania.

Section 1.2 Project Objectives. The Program consists of the projects described in Annex I (each, a “*Project*” and collectively, the “*Projects*”). The objective of each of the Projects (each, a “*Project Objective*” and collectively, the “*Project Objectives*”) is as follows:

(a) The objective of the Mauritania Energy Support Project (the “*MESP*”) is to improve the capacity of the Ministry of Energy and Petroleum (“*MEP*”), the Autorité de Régulation (“*ARE*”), and the Société Mauritanienne d’Electricité (“*SOMELEC*”) to engage in inclusive power sector planning, grid operations, and electricity regulation; and

(b) The objective of the Mauritania Resilience Project (“*MRP*”) is to improve the capacity of the Ministry of the Environment and Sustainable Development (“*MOESD*”) and other selected ministries to develop fundable adaptation projects and incorporate climate considerations and social impact in the environmental impact assessment process.

ARTICLE 2.
GRANT FUNDING

Section 2.1 Grant Funding.

(a) MCC shall grant to the Government, subject to the terms of this Agreement, an amount not to exceed twenty-seven million United States Dollars (US\$27,000,000) (the “**Grant**”) to support implementation of the Program, as such Program is described in greater detail in Annex I.

(b) MCC may, upon signing of this Agreement, use an amount not to exceed one million (US\$1,000,000) to procure and manage one or more providers of goods, works, or services to perform activities associated with accelerating implementation of the Program (the “**MCC-Contracted Activities**”), including engaging providers to deliver fiscal agent, procurement agent, and recruitment services. MCC shall procure and manage the services of one or more these providers for each of the MCC-Contracted Activities (each a “**MCC Service Provider**”) in accordance with the U.S. Government’s Federal Acquisition Regulation. MCC shall enter into one or more contracts with the MCC Service Providers implementing the MCC-Contracted Activities (“**MCC Service Provider Contracts**”).

(c) Upon entry into force of this Agreement in accordance with Section 8.1, MCC agrees to make the balance of the Grant, twenty-six million United States Dollars (US\$26,000,000) available to the Government, and the entire Grant may then be used for any purpose permitted under this Agreement. Following entry into force of this Agreement, MCC, at its option, may also, following written notice to the Government, make available to the Government any excess amounts within the one million (US\$1,000,000) described in Section 2.1(b) that are not necessary for the MCC-Contracted Activities.

(d) The Grant shall be disbursed from time to time (each, a “**Disbursement**”) in accordance with the terms of this Agreement, including any conditions to disbursement contained in this Agreement.

(e) Annex II sets forth the allocation of Grant funding for the Program.

Section 2.2 Interest. To the extent that any interest or other earnings accrue on the Grant before such funding is used for a Program purpose, the Government shall pay or transfer such amounts to MCC, in accordance with this Agreement.

Section 2.3 Government Resources; Budget.

(a) The Government shall provide all funds and other resources, and take all other actions, that are necessary to carry out the Government’s responsibilities and obligations under this Agreement.

(b) The Government shall ensure that the amount of the Grant that it receives or is projected to receive in each of its fiscal years is fully accounted for and identified in its annual, public budget presentation.

(c) Unless the Government discloses otherwise to MCC in writing, the Grant shall be in addition to, and shall not replace, the resources that the Government would otherwise receive or budget for the activities implemented under the Program.

Section 2.4 Use of the Grant.

(a) The Government shall ensure that the Grant and any Program Assets or services funded by the Grant, in whole or in part, are used solely in furtherance of this Agreement and the Program.

(b) The Government also shall ensure that no Grant funding is used for any purpose that would violate United States law or policy, as specified in this Agreement or as further notified to the Government in writing by MCC, including but not limited to the following purposes:

(i) for assistance to, or training of, the military, police, militia, national guard or other quasi-military organization or unit;

(ii) for any activity that is likely to cause a substantial loss of United States jobs or a substantial displacement of United States production;

(iii) to undertake, fund or otherwise support any activity that is likely to cause a significant environmental, health or safety hazard, as further described in MCC's *Environmental Guidelines* provided by MCC or posted at www.mcc.gov (the "**MCC Website**") and any guidance documents issued by MCC in connection with such guidelines (collectively, "**MCC Environmental Guidelines**"); or

(iv) to pay for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions, to pay for the performance of involuntary sterilizations as a method of family planning or to coerce or provide any financial incentive to any person to undergo sterilizations or to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning.

Section 2.5 Taxes.

(a) Unless the Parties agree otherwise, the Government shall ensure that the Grant is free from any and all existing or future taxes, duties, levies, contributions, or other similar charges (but not fees or charges for services that are generally applicable in Mauritania, reasonable in amount and imposed on a non-discriminatory basis) ("**Taxes**") of or in Mauritania (including any such Taxes imposed by a national, regional, local or other governmental or taxing authority of or in Mauritania). Specifically, and without limiting the generality of the foregoing, the Government agrees that the general exemption of the previous sentence applies to (i) any tariffs, customs duties, import taxes, export taxes, and other similar charges on any goods, works or services introduced into Mauritania in connection with the Program; (ii) sales tax, goods and

services tax, value-added tax, excise tax, property transfer tax, and other similar charges on any transactions involving goods, works, or services in connection with the Program; (iii) taxes and other similar charges on ownership, possession or use of any property in connection with the Program; and (iv) taxes and other similar charges on income, profits or gross receipts attributable to work performed in connection with the Program and related social security taxes and other similar charges on all natural or legal persons performing work in connection with the Program except, in the case of this clause (iv), (A) natural persons who are citizens or permanent residents of Mauritania; and (B) legal persons formed under the laws of Mauritania (but excluding the Accountable Entity and any other entity formed for the purpose of implementing the Government's obligations hereunder).

(b) The Government agrees to use the mechanism set forth in Annex V to implement the Tax exemption required by Section 2.5(a). If necessary, the Parties may enter into one or more additional agreements to further define and detail the mechanisms to implement and ensure the benefits of the exemption from Taxes contemplated by Section 2.5(a). Such mechanisms may include exemptions that have been granted in accordance with applicable law, refund or reimbursement of Taxes by the Government to MCC, the Accountable Entity, or to the taxpayer, or payment by the Government to the Accountable Entity or MCC, for the benefit of the Program, of an agreed amount representing any collectible Taxes on the items described in this Section 2.5.

(c) If a Tax has been paid contrary to the requirements of this Section 2.5, the Government shall refund promptly to MCC (or to another party as designated by MCC) the amount of such Tax in the currency of Mauritania or, United States dollars within 30 days (or such other period as may be agreed in writing by the Parties) after the Government is notified in writing (whether by MCC or the Accountable Entity) that such Tax has been paid.

(d) The Government may not apply any portion of the Grant, including any proceeds thereof, or Program Assets, to satisfy its obligations under this Section 2.5.

ARTICLE 3.

GOVERNMENT ASSURANCES AND RESPONSIBILITIES

Section 3.1 Government Assurances. The Government hereby assures MCC that the information provided to MCC by or on behalf of the Government in the course of reaching this Agreement is true, correct, and complete in all material respects.

Section 3.2 Government Responsibilities.

(a) Principal Responsibility. The Government is responsible for overseeing and supervising the implementation of the Program.

(b) Accountable Entity. The Government hereby designates the Mauritania Millennium Development Unit, a public entity that shall have a supervisory council and other characteristics and features as discussed in Part B of Annex I, to implement the Program and to exercise and perform the Government's right and obligation to oversee, manage and implement the Program, including without limitation, managing the implementation of the Projects, allocating resources,

and managing procurements. Such entity shall: (i) be referred to herein as the “**Accountable Entity**”; (ii) have the authority to bind the Government with regard to the Program (including, without limitation, the legal authority to execute contracts, grants, cooperative agreements, or other, similar arrangements); and (iii) act in accordance with MCC’s *Policy for Accountable Entities and Implementation Structures* provided by MCC or posted on the MCC Website (the “**MCC Governance Guidelines**”) (to the extent applicable to the Threshold Program and as may be further instructed by MCC from time to time). The designation of the Accountable Entity contemplated by this Section 3.2(b) does not relieve the Government of any obligations or responsibilities hereunder or under any related agreement for which the Government remains fully responsible. MCC hereby acknowledges and consents to the designation in this Section 3.2(b).

(c) Policy Performance. In addition to undertaking the specific policy, legal, and regulatory reform commitments identified in this Agreement (if any), the Government shall seek to maintain and to improve its level of performance under the policy criteria identified in Section 607 of the MCA Act, and the selection criteria and methodology used by MCC.

(d) Achievement of Project Objectives. The Government shall take all necessary or appropriate steps to achieve each of the Project Objectives prior to the Completion Date (including, without limitation, funding all costs that exceed the Grant and are required to carry out the terms hereof and achieve such objectives, unless MCC agrees otherwise).

(e) Intellectual Property. The Government shall retain ownership of any Intellectual Property developed, in whole or in part, with MCC Funding. The Government hereby grants to MCC a perpetual, irrevocable, royalty-free, worldwide, fully paid, assignable right and license to practice or have practiced on its behalf (including the right to produce, reproduce, publish, repurpose, use, store, modify, or make available) any portion or portions of Intellectual Property as MCC sees fit in any medium, now known or hereafter developed, for any purpose whatsoever.

(f) Impoundment; Liens or Encumbrances. The Government shall ensure that neither the Grant nor any asset acquired with Grant funding is at any time subject to any impoundment, rescission, sequestration, liquidation, lien, attachment, enforcement of judgment, pledge, or encumbrance of any kind (each, a “**Lien**”), except with MCC’s prior written approval. In the event any Lien is nonetheless imposed, the Government shall promptly seek the release of such Lien and, if such Lien is imposed by a final non-appealable court order, shall pay any amounts due in order to obtain such release; *provided, however*, that the Government may not apply any portion of the Grant, including any proceeds thereof or Program Assets, to satisfy any of its obligations under this Section 3.2(f); and *provided, further*, that nothing in this Section 3.2(f) shall be deemed to waive any immunities enjoyed by the Government under international law.

(g) Insurance; Performance Guaranties. The Government shall ensure to MCC’s satisfaction that all Program Assets are insured and arrange such other appropriate insurance to cover against risks or liabilities associated with the Program and the transactions contemplated thereby, including by requiring Providers or Covered Providers to obtain adequate insurance and to post adequate performance bonds or other guaranties. The Government or the Accountable Entity shall be named as the payee (or an additional insured, as the case may be) on any such insurance and the beneficiary of any such guaranty or bonds. The Government shall promptly

notify MCC of the payment of any proceeds from claims paid under such insurance or guaranty, and ensure that any such proceeds are used to replace or repair any lost, stolen, or damaged Program Assets; *provided, however*, that, at MCC's election, such proceeds shall be deposited in an account as designated by or as otherwise directed by MCC.

(h) Autonomy. The Government shall ensure that (i) no decision of the Accountable Entity is modified, supplemented, unduly influenced, or rescinded by any governmental authority, except by a non-appealable judicial decision or as otherwise approved by MCC, and (ii) the authority of the Accountable Entity is not expanded, restricted, or otherwise modified, except in accordance with this Agreement or as otherwise approved by MCC in writing.

(i) Performance Liabilities. No Grant funding or any Program Assets may be used to pay any damages, including any indemnification-related payments, incurred or owed by the Government or the Accountable Entity under any agreement between the Government or the Accountable Entity, on the one hand, and any third party on the other hand.

(j) Publicity. The Government shall give appropriate publicity to this Agreement as a program to which the United States, through MCC, has contributed, including by posting this Agreement, as MCC may request, on an agreed website, identifying the Grant activity sites and marking assets acquired with the Grant, all in accordance with MCC's *Standards for Global Marking* provided by MCC or posted on the MCC Website (the "**MCC Marking Standards**"); *provided, however*, that any press release or announcement regarding MCC or the fact that MCC is making the Grant or any other publicity materials referencing MCC shall be subject to MCC's prior written approval. MCC may post this Agreement on the MCC Website. MCC may also freely use any information it receives in any report or document provided to it with respect to the Program, the Grant, or this Agreement.

(k) Due Care. The Government shall carry out its obligations hereunder and shall ensure that the Program is implemented with due care, efficiency, and diligence in conformity with sound technical, financial, procurement, and management practices, and in conformity with this Agreement, each Implementation Letter, the Program Guidelines, and any supplemental agreement to this Agreement.

(l) Further Assurances. The Government shall promptly do and perform such other and further acts, and take all necessary and appropriate actions, including using its best efforts to obtain all necessary approvals and consents to otherwise effectively carry out the obligations of the Government set forth in this Agreement.

(m) Cooperation with MCC Service Providers. The Government shall cooperate with MCC and the MCC Service Providers in facilitating the implementation of all MCC Service Provider Contracts in accordance with this Agreement.

(n) Additional Requirements. The Government shall assist foreign personnel (including individual consultants or personnel of firms) providing goods, works, or services under this Agreement with work permits or such other documents as shall be necessary to enable the foreign personnel to perform services and to remain in Mauritania for the duration of this Agreement.

ARTICLE 4.

IMPLEMENTATION FRAMEWORK

Section 4.1 Program Implementation Plan. The Parties agree that the framework for the Program's implementation, including the Government-contracted activities ("**Government-Contracted Activities**"), as described in Annex I, shall be further elaborated in a set of documents, in form and substance approved by MCC, consisting of: (i) the Detailed Financial Plan; (ii) one or more Procurement Plans; (iii) a Work Plan; and (iv) an Audit Plan (each, an "**Implementation Plan Document**" and, collectively, the "**Implementation Plan**").

The Government shall submit its proposed Implementation Plan for review and approval by MCC by the timeframes set forth in this Agreement and at least on an annual basis thereafter (or in such other interval as may be required by the Program Guidelines). MCC shall review the proposed Implementation Plan and as necessary may request the Government to submit clarifications or adjustments.

The Government shall submit an updated Implementation Plan or updated Implementation Plan Document during any quarter in which significant changes or modifications are made to a Project or to the Program, or when the Government determines that the expected results, targets, and milestones for the specified year are not likely to be achieved; *provided, however*, that an updated Detailed Financial Plan shall be submitted each quarter and an updated Procurement Plan shall be submitted at least every six months. In such instances, the Government shall submit to MCC for approval a proposed revised Implementation Plan or updated Implementation Plan Document (as applicable) on the same date as the next Disbursement Request is due. The Government shall ensure that the implementation of the Program is conducted in accordance with the Implementation Plan.

(a) Detailed Financial Plan. Unless MCC agrees otherwise, the Government shall develop, adopt, and implement a detailed financial plan (as approved by MCC) in accordance with the MCC Reporting Guidelines for all activities other than the MCC-Contracted Activities (as supplemented or otherwise modified from time to time, the "**Detailed Financial Plan**"). The Detailed Financial Plan shall set forth the funding requirements (including administrative costs) for each activity of the Program other than the MCC-Contracted Activities, and for each Project, broken down to the sub-activity level (or lower, where appropriate), and projected both on a commitment and cash requirement basis.

(b) Procurement Plan. The Government shall develop, adopt, and implement a procurement plan covering each procurement relating to the Program except for procurements related to the MCC-Contracted Activities (each, a "**Procurement Plan**"), and submit such Procurement Plan to MCC for approval before commencing the relevant procurement. Each Procurement Plan shall identify, among other things, the method of procurement for the goods, works, or services to be procured. The Government shall ensure that all goods, works, or services are procured using the procurement method as approved in each Procurement Plan, and comply with the method of procurement outlined in such Procurement Plan. In addition, the Government shall develop and implement a bid challenge system ("**BCS**") for Government-Contracted activities that provides suppliers, contractors, and consultants that are interested parties the

ability to seek review of procurement actions and decisions. The organization, rules, and procedures of such BCS shall be subject to MCC approval. Upon MCC's approval of the BCS, the Government shall publish the BCS on an agreed website.

(c) Work Plan. The Government shall develop, adopt, and implement a work plan, in form and substance satisfactory to MCC, for the overall administration of the Program other than for the MCC-Contracted Activities (the "**Work Plan**"). In addition, the Government shall develop, adopt, and implement such other work plans relating to the Projects and/or Activities as MCC may request from time to time.

(d) Audit Plan. The Government shall develop, adopt, and implement a plan, in accordance with MCC's *Accountable Entity Guidelines for Contracted Financial Audits* (the "**AE Audit Guidelines**") provided by MCC or posted on the MCC Website, for the audit of the expenditures under this Agreement consistent with the AE Audit Guidelines (the "**Audit Plan**"). The Audit Plan shall be in form and substance satisfactory to MCC and shall be developed no later than 60 days before the end of the first period to be audited. Unless MCC agrees otherwise, the Government shall engage one or more auditors as contemplated in the AE Audit Guidelines (each, an "**Auditor**") to undertake the audits contemplated by the Audit Plan.

Section 4.2 Monitoring and Evaluation. The Government shall develop, adopt, and implement a monitoring and evaluation plan (the "**M&E Plan**") in accordance with MCC's *Policy for Monitoring and Evaluation of Compacts and Threshold Programs* provided by MCC or posted on the MCC Website (the "**M&E Policy**"). The M&E Plan shall serve as the primary governing document for monitoring and evaluation activities for the Program.

Section 4.3 Procurement and Grants.

(a) The Government shall ensure that all procurements for goods, works, and services required to implement the Program, other than procurements related to MCC-Contracted Activities, are undertaken solely in accordance with MCC's *Accountable Entity Procurement Policy and Guidelines* (the "**AE Procurement Policy and Guidelines**") provided by MCC or posted on the MCC Website. The AE Procurement Policy Guidelines include, among others, the following requirements:

(i) open, fair, and competitive procedures must be used in a transparent manner to solicit, award, and administer contracts and to procure goods, works, and services;

(ii) solicitations for goods, works, and services must be based upon a clear and accurate description of the goods, works, and services to be acquired;

(iii) contracts must be awarded only to qualified contractors that have the capability and willingness to perform the contracts in accordance with their terms on a cost effective and timely basis; and

(iv) no more than a commercially reasonable price, as determined, for example, by a comparison of price quotations and market prices shall be paid to procure goods, works, and services.

(b) The Government shall ensure that any grant issued in furtherance of the Program (each, a “**Program Grant**”) is awarded, implemented, and managed in accordance with MCC’s *Program Grant Guidelines* (the “**MCC Program Grant Guidelines**”), unless the Parties agree otherwise in writing. The MCC Program Grant Guidelines must be interpreted and applied consistent with the principle that open, competitive, and fair procedures are used in a transparent manner in the award and administration of Grants, for the accomplishment of objectives under this Agreement.

Section 4.4 Fiscal Accountability. Unless MCC agrees otherwise, other than with respect to MCC-Contracted Activities, the Government shall develop, adopt, and implement a manual (as approved by MCC) setting forth the principles, mechanisms, and procedures (the “**Fiscal Accountability Plan**”) that shall be used to ensure appropriate fiscal accountability and compliance with MCC’s *Cost Principles for Government Affiliates* provided by MCC or posted on the MCC Website (the “**MCC Cost Principles**”) for the use of the Grant funding. The Fiscal Accountability Plan shall include, among other things, requirements with respect to (a) budgeting; (b) accounting; (c) cash management; (d) financial transactions (receipts and payments); (e) opening and managing Permitted Accounts; (f) personnel and payroll; (g) travel and vehicle use; (h) asset and inventory control; (i) audits; and (j) reporting. The Fiscal Accountability Plan shall be revised periodically, subject to review and approval by MCC.

Section 4.5 Environmental, Gender, and other Program Guidelines.

(a) Unless MCC agrees otherwise, the Government shall ensure that activities undertaken, funded or otherwise supported in whole or in part (directly or indirectly) by Grant funding comply with the MCC Environmental Guidelines, including the environmental and social performance standards set forth in the *Performance Standards on Environmental and Social Sustainability of the International Finance Corporation* (as in effect from time to time, the “**IFC Performance Standards**”) that have been incorporated by reference into the MCC Environmental Guidelines. The Government also shall ensure that the Program complies with all Mauritanian environmental laws and regulations, licenses, and permits, except to the extent such compliance would be inconsistent with this Agreement. Unless MCC agrees otherwise, the Government shall fund all necessary costs of environmental and social mitigation measures (including, without limitation, costs of resettlement) not specifically provided for, or that exceed the amount of Grant funding specifically allocated for such costs, in the Detailed Financial Plan for any Project.

(b) Unless MCC agrees otherwise, the Government shall ensure that activities undertaken, funded or otherwise supported in whole or in part (directly or indirectly) by Grant funding comply with MCC’s *Gender and Inclusion Policy*, the *MCC Operational Requirements and Milestones for Social Inclusion and Gender Integration*, and the *MCC Counter-Trafficking in Persons Policy* made available on the MCC Website. The Program shall comply with all Mauritanian laws, regulations, and policies related to gender and social inclusion, except to the extent such compliance would be inconsistent with this Agreement. Where there is a difference between such Mauritanian laws, regulations, or policies and the standards required by this Agreement, the *Gender and Inclusion Policy*, the *MCC Operational Requirements and Milestones for Social Inclusion and Gender Integration*, the *MCC Counter-Trafficking in*

Persons Policy, and other gender and social integration operational milestones, the Program shall follow the stricter standard provided it remains in compliance with this Agreement.

(c) Unless MCC agrees otherwise, the Government shall ensure that activities undertaken, funded or otherwise supported in whole or in part (directly or indirectly) by Grant funding comply with the Program Guidelines, which, if not directly applicable, shall apply, *mutatis mutandis*, to the Program and this Agreement as if references in such guidelines to a “compact” were references to this Agreement.

Section 4.6 Reports.

(a) Periodic Reports. Unless MCC agrees otherwise, the Government shall provide to MCC the periodic reports required by the *MCC Policy on Accountable Entities’ Submission of the Quarterly Disbursement Request Package* provided by MCC or posted on the MCC Website (the “*MCC Reporting Guidelines*”), in each case timely delivered and in form and substance satisfactory to MCC.

(b) Additional Reports. In addition to the reports required by Section 4.6(a), the Government shall provide to MCC within 30 days of a written request by MCC, or as otherwise agreed by the Parties, such other reports, documents, and information as MCC may request from time to time related to the Program or necessary for implementing, monitoring, or evaluating the Program.

Section 4.7 Records; Accounting; Providers; Access.

(a) Records. The Government shall maintain, and use its best efforts to ensure, that the Accountable Entity and any Covered Providers maintain, accounting books, records, documents, and other evidence relating to the Program adequate to show, to MCC’s satisfaction, the use of all Grant funding (collectively, the “*Records*”). The Government shall furnish or cause to be furnished to MCC upon MCC’s request originals or copies of all such Records.

(b) Accounting. The Government shall maintain, and shall use its best efforts to ensure that the Accountable Entity and any Covered Providers maintain, Records in accordance with generally accepted accounting principles prevailing in the United States, or at the Government’s option and with MCC’s prior written approval, other accounting principles, such as those (i) prescribed by the International Accounting Standards Board or (ii) then prevailing in Mauritania. Records must be maintained for at least five years after the end of the term of this Agreement or for such longer period, if any, required to resolve any litigation, claims or audit findings, or any statutory requirements.

(c) Access. Upon MCC’s request, the Government, at all reasonable times, shall permit, or cause to be permitted, authorized representatives of MCC, the Inspector General of MCC (“*Inspector General*”), the United States Government Accountability Office, any auditor responsible for an audit contemplated herein or otherwise conducted in furtherance of this Agreement, and any agents or representatives engaged by MCC or the Government to conduct any assessment, review or evaluation of the Program, the opportunity to audit, review, evaluate or inspect facilities, assets, and activities funded in whole or in part by the Grant funding.

Section 4.8 Audits; Reviews.

(a) Government Audits. Unless MCC agrees otherwise, the Government shall conduct, or cause to be conducted, on an annual basis (or on a more frequent basis if requested by MCC in writing), financial audits of all disbursements of Grant funding covering the period from signature of this Agreement until such date determined by MCC and consistent with the AE Audit Guidelines. Upon MCC's request, the Government shall ensure that such audits are (i) conducted by an independent auditor approved by MCC and selected in accordance with MCC's AE Audit Guidelines and (ii) performed in accordance with the AE Audit Guidelines. Each audit must be completed and the audit report delivered to MCC no later than the deadline as required in the AE Audit Guidelines, or as otherwise agreed by the Parties.

(b) Audits of Other Entities. The Government shall ensure that MCC-financed agreements between the Government and any Covered Provider state that the Covered Provider is subject to audit in accordance with the AE Audit Guidelines.

(c) Corrective Actions. The Government shall use its best efforts to ensure that each Covered Provider (i) takes, where necessary, appropriate and timely corrective actions in response to audits, (ii) considers whether the results of the Covered Provider's audit necessitate adjustment of the Government's records, and (iii) permits independent auditors to have access to its records and financial statements as necessary.

(d) Audit by MCC. MCC has the right to arrange for audits of the Government's use of the Grant funding.

Section 4.9 Required MCC Approvals. Each of the following transactions, agreements, and documents require MCC's prior written approval:

- (a) each Disbursement Request;
- (b) Implementation Plan (including each element or component thereof), the Fiscal Accountability Plan, the M&E Plan, and any modification of any of the foregoing;
- (c) all agreements between the Government and the Accountable Entity affecting implementation of the Program;
- (d) all agreements in which any of the following are appointed, hired or otherwise engaged (each of the foregoing, a "***Material Agreement***"):

- (i) Auditor;
- (ii) Bank;
- (iii) Fiscal Agent;
- (iv) Implementing Entity;

- (v) a member of the Accountable Entity’s supervisory council (including any observer) or any Key Staff of the Accountable Entity (including agreements regarding compensation for any such person);
- (e) any modification, termination or suspension of a Material Agreement, or any action that would have equivalent effect;
- (f) any agreement or transaction of the Accountable Entity that is not arm’s-length;
- (g) any pledge of any Grant funding or any Program Assets, or any incurrence of material indebtedness, or any guarantee, directly or indirectly of any indebtedness;
- (h) any document (other than public laws of general application to all public institutions) relating to the formation, organization, or governance of, the Accountable Entity, and any amendment, supplement, modification, repeal or other alteration thereof or thereto (each, a “**Governing Document**”);
- (i) any disposition, in whole or in part, liquidation, dissolution, winding up, reorganization or other change of the Accountable Entity;
- (j) any change in character or location of any Permitted Account;
- (k) (i) any change of any member of the Accountable Entity’s Supervisory Council, any observer, the chairperson of the Supervisory Council, the composition or size of the Supervisory Council or the filling of any vacant seat on the Supervisory Council, or the replacement of any observer; (ii) any change of any Key Staff of the Accountable Entity or in the composition or size of its Operations Unit, and the filling of any vacant position of any Key Staff of the Accountable Entity;
- (l) any decision by the Accountable Entity to engage, accept or manage any funds in addition to the Grant (including from any donor agencies or organizations) prior to the Completion Date, or to engage in any activities or undertake any duties or responsibilities other than those contemplated under this Agreement or any related agreement or document;
- (m) any agreement, transaction, decision or other action or document for which MCC approval is required under any of the Program Guidelines, including the AE Procurement Policy and Guidelines; and
- (n) any decision to amend, supplement, replace, terminate, revoke, or otherwise change any of the foregoing documents or arrangements.

Section 4.10 Implementation Letters. From time to time, MCC may provide guidance to the Government in writing on any matters relating to this Agreement, the Grant or implementation of the Program. The Government shall use such advice in implementing the Program. The Parties may also issue jointly agreed-upon writings to confirm and record their mutual understandings on aspects related to the implementation of this Agreement or other related agreements including any agreed upon revisions, exceptions or modifications that are permitted hereunder. Such writings are referred to herein as “**Implementation Letters**.”

Section 4.11 Service Provider Contracts.

(a) Either the Government or MCC, as the case may be, shall procure and manage the services of one or more providers of goods, works, or services to implement each of the Activities, as described in this Section 4.11.

(b) The Government shall procure, and shall manage the services of providers of, goods, works, or services for implementation of the Program for each of the Government-Contracted Activities (each, a “**Government Service Provider**”), and the Government shall enter into contracts with the Government Service Providers in the form acceptable to MCC (“**Government Service Provider Contracts**”). The Government shall be the primary point of contact for each Government Service Provider throughout the term of each Government Service Provider Contract. Any and all instructions to the Government Service Provider shall be made by the Government unless otherwise provided in such Government Service Provider Contract. No Government Service Provider Contract may be assigned by the Government without the prior written approval of MCC.

(i) MCC shall be the primary point of contact for each MCC Service Provider throughout the term of each MCC Service Provider Contract. All instructions to the MCC Service Provider shall be made by and through MCC, unless otherwise provided in such MCC Service Provider Contract.

(ii) For the purposes of this Agreement, (A) MCC Service Providers and Government Service Providers shall be collectively referred to herein as “Service Providers” and (B) MCC Service Provider Contracts and Government Service Provider Contracts shall be collectively referred to herein as “Service Provider Contracts.”

ARTICLE 5.

DISBURSEMENT OF GRANT FUNDING

Section 5.1 Disbursement Process.

(a) MCC Service Provider Disbursements. Except as otherwise decided in writing by the Parties, MCC shall make Disbursements of the Grant from time to time for the MCC-Contracted Activities directly to each MCC Service Provider that has entered into an MCC Service Provider Contract with MCC (each such disbursement, an “**MCC Service Provider Disbursement**”). The Government hereby consents to the MCC-Contracted Activities and any related MCC Service Provider Disbursement. For the avoidance of doubt Section 5.1(b) and the conditions in Annex III do not apply to MCC Service Provider Disbursements.

(b) Government Disbursement Requests. The Government may request Disbursements of the Grant by submitting a written request to MCC substantially in the form of the disbursement request package provided by MCC or posted on the MCC Website (each, a “**Disbursement Request**”), duly completed, not later than 20 days (or such other period of time as may be agreed by MCC) prior to the commencement of each Disbursement Period. Unless MCC agrees otherwise, the Government may submit only one Disbursement Request for each

calendar quarter (such quarter, or any other period of time as agreed by MCC, the “*Disbursement Period*”).

(c) Approval of Disbursement Requests; Release of Proceeds.

(i) Upon receipt of a Disbursement Request, MCC shall determine the appropriate aggregate amount of Disbursements permitted for the applicable Disbursement Period based on, among other things: (A) progress achieved under the Implementation Plan; (B) the amount of funds required to complete the activities described in the accompanying Disbursement Request during such Disbursement Period; and (C) the satisfaction, waiver, or deferral of the conditions precedent applicable to the requested Disbursements.

(ii) MCC may, in its discretion, reject any Disbursement Request completely, or reject or reduce the amount of any Disbursement requested thereunder, based on among other things: (A) any modification made to, or lack of progress under, the Implementation Plan; or (B) if any condition precedent applicable to the requested Disbursements has not been satisfied, waived, or deferred. MCC shall communicate any such rejection or reduction to the Government in writing.

(iii) Subject to MCC’s approval of a Disbursement Request, the proceeds of the approved Disbursements may be transferred, at MCC’s election: (A) to a Permitted Account; (B) directly to a third party as payment for goods, works, or services received by the Government or the Accountable Entity, as applicable, in accordance with MCC’s common payment system (the “*Common Payment System*”) or any alternate payment system approved by MCC; or (C) directly to an employee of the Accountable Entity (or to the Government, as reimbursement for authorized expenses); *provided, however*, that any expenditure of such proceeds is authorized by the Government or the Accountable Entity, as applicable, and any related payment complies with the most recently approved Detailed Financial Plan and the standards and procedures set forth in the Fiscal Accountability Plan.

(iv) Unless MCC agrees otherwise, any Disbursement, or financial commitment involving Grant funding may be made, and a Disbursement Request may be submitted, only if the related expense is provided for in the Detailed Financial Plan and sufficient uncommitted funds exist in the Detailed Financial Plan for that object of expense and for the relevant Disbursement Period.

(d) Permitted Accounts.

(i) Any Grant funding to be disbursed to a bank account of the Government or Accountable Entity must be deposited in a bank account (the “*Local Account*”) established by the Government or the Accountable Entity, as applicable, in the local currency of Mauritania or United States dollars, as agreed by the Parties, at a financial institution acceptable to MCC. With prior MCC approval, the Accountable Entity may establish such other bank accounts as are needed for the purposes of implementing the Program (each such other bank account, together with the Local Account, a “*Permitted Account*”). Before any Grant funding is deposited into a Permitted Account, the Government shall ensure that the Accountable Entity enters into an agreement, in form and substance satisfactory to MCC, with the financial

institution approved by MCC to hold such Permitted Account (each, a “**Bank**”), which sets forth the signatory authority, access rights, anti-money laundering and anti-terrorist financing provisions, and other terms related to such Permitted Account (each, a “**Bank Agreement**”). The Bank shall be a commercial financial institution unless MCC otherwise agrees. The terms and operation of the Permitted Accounts shall be set forth in the Fiscal Accountability Plan and the Bank Agreement.

(ii) Unless MCC agrees otherwise, Grant funding held in a Permitted Account shall accrue interest or other earnings in accordance with the applicable Bank Agreement. On a quarterly basis and upon the termination or expiration of this Agreement or the relevant Bank Agreement, the Government shall ensure the transfer to MCC of any interest accrued on amounts held in a Permitted Account.

(iii) Unless MCC agrees otherwise, no funds shall be commingled in a Permitted Account other than Grant funding and accrued interest and earnings thereon. MCC has the right, among other things, to view any Permitted Account statements and activity directly on-line, and where such viewing is not feasible, the Government shall provide copies of such statements to MCC upon its request.

(iv) Unless MCC agrees otherwise, if Grant funding is held in any Permitted Account other than the Local Account, the Government shall ensure that such Grant funding is denominated in United States dollars prior to release. Unless MCC agrees otherwise, to the extent that any amount of Grant funding held by a Bank in United States dollars must be exchanged into the currency of Mauritania for any purpose, the Government shall ensure that such exchange is consistent with the requirements of the Bank Agreement.

Section 5.2 Conditions Precedent to the Initial Disbursement of Grant Funding. Unless waived or deferred by MCC in writing, the conditions set forth in this Section 5.2 and the conditions set forth in Section 5.3 must be met to MCC’s satisfaction before the initial Disbursement of Grant funding, other than for MCC Service Provider Disbursements:

- (a) Entry into Force. This Agreement has entered into force as provided in Article 8.
- (b) Implementation Plan. The Accountable Entity has developed a complete Implementation Plan; *provided, however*, that the Accountable Entity is only required to develop the Audit Plan by the time of the initial Disbursement if so required by the AE Audit Guidelines.
- (c) Fiscal and Procurement Documents. The Accountable Entity has developed the Fiscal Accountability Plan (or an interim version) and an interim procurement operations manual (as described in the AE Procurement Policy and Guidelines) and the plan has been approved by MCC and the Supervisory Council.
- (d) Permitted Account. To the extent that any portion of the Disbursement is to be held in a Permitted Account, a Bank has been engaged, the Local Account and any other required Permitted Account has been established, and the Accountable Entity has delivered to MCC a copy of the Bank Agreement.

(e) Fiscal Agent. The Fiscal Agent has been engaged and the Accountable Entity has delivered to MCC a copy of the related Fiscal Agent Agreement.

(f) Accountable Entity Governing Documents. The Accountable Entity has delivered to MCC full copies of all Governing Documents of the Accountable Entity.

Section 5.3 Conditions Precedent to Each Disbursement. Unless waived or deferred in writing by MCC, the following conditions must be met to MCC's satisfaction before each Disbursement of the Grant other than for MCC Service Provider Disbursements:

(a) Deliverables. The Government has delivered to MCC the following documents, in form and substance satisfactory to MCC:

(i) a completed Disbursement Request, together with the periodic reports required under Section 4.6, covering the related Disbursement Period;

(ii) a certificate from the Accountable Entity, dated as of the date of such Disbursement Request, substantially in the form provided by MCC; and

(iii) a certificate of the Fiscal Agent, substantially in the form provided by MCC (the "*Fiscal Agent Disbursement Certificate*").

(b) Other Conditions Precedent. MCC has determined in its discretion that:

(i) any applicable conditions precedent in Annex III have been duly satisfied, deferred, or waived pursuant to the terms of this Agreement;

(ii) the Government's assurances set forth in Section 3.1 are true and correct on and as of the date of such Disbursement Request as though made on and as of such date;

(iii) no material breach of any responsibility, covenant or obligation by the Government, the Accountable Entity or any other Government entity has occurred and is continuing under this Agreement or any related agreement or document;

(iv) the activities to be funded with such Disbursement do not violate any applicable law or regulation;

(v) the Implementation Plan Documents and Fiscal Accountability Plan are current and updated and are in form and substance satisfactory to MCC, and there has been progress satisfactory to MCC on the components of the Implementation Plan related to such Disbursement;

(vi) there has been progress satisfactory to MCC on the M&E Plan, once adopted (including the targets set forth therein, any related baseline data collection requirements set forth therein or any applicable reporting requirements set forth therein for the relevant Disbursement Period) and the social and gender integration plan ("*SGIP*");

(vii) there has been no material negative finding in any financial audit report delivered in accordance with this Agreement and the Audit Plan for the prior two quarters (or such other period as the Audit Plan may require);

(viii) any Taxes paid with Grant funding through the date 90 days prior to the start of the applicable Disbursement Period have been reimbursed by the Government in full in accordance with Section 2.5; and

(ix) each of the Key Staff remains engaged or, if a position is vacant, the Government is actively engaged, to MCC's satisfaction, in recruiting to fill that position.

ARTICLE 6.

COMPLETION DATE; TERMINATION AND SUSPENSION

Section 6.1 Completion Date. Unless the Parties agree otherwise, the date four years after this Agreement enters into force in accordance with Article 8 is the date by which the Parties estimate that all the activities related to the implementation of the Program and the achievement of the Project Objectives are expected to be completed (the "**Completion Date**"). Unless MCC agrees otherwise, Grant funding may not be used for expenditures incurred after the Completion Date.

Section 6.2 Termination and Suspension; Expiration.

(a) Either Party may terminate this Agreement without cause in its entirety by giving the other Party 30 days' written notice; *provided, however*, that notwithstanding such termination, this Agreement shall continue to be effective with respect to any activity for which a Disbursement has already been issued or approved by MCC.

(b) The United States may immediately, upon written notice to the Government, suspend or terminate this Agreement or the Grant, in whole or in part, and any obligation related thereto, if MCC determines that any circumstance identified by MCC as a basis for suspension or termination (whether in writing to the Government or by posting on the MCC Website) has occurred, which circumstances include but are not limited to the following:

(i) the Government fails to comply with its obligations or commitments under this Agreement or any other agreement or arrangement entered into by the Government in connection with this Agreement or the Program;

(ii) any statement, affirmation, or assurance of the Government made in this Agreement, any supplemental agreement, or in any certificate or other document delivered in connection with this Agreement proves to have been willfully false or misleading as of the date when made;

(iii) an event or series of events has occurred that MCC determines makes it improbable that the Program can be performed, that any of the Project Objectives can be achieved before the Completion Date, or that the Government can perform its obligations under this Agreement;

(iv) a use of the Grant or continued implementation of this Agreement would violate applicable law or United States government policy, whether now or hereafter in effect;

(v) the Government or any other person or entity receiving Grant funding or using assets acquired in whole or in part with Grant funding is engaged in activities that are contrary to the national security interests of the United States of America;

(vi) an act has been committed or an omission or an event has occurred that would render Mauritania ineligible to receive United States economic assistance under Part I of the Foreign Assistance Act of 1961, as amended (22 U.S.C. 2151 *et seq.*), by reason of the application of any provision of the Foreign Assistance Act of 1961 or any other provision of law; and

(vii) the Government has engaged in a pattern of actions inconsistent with the criteria used to determine the eligibility of Mauritania for assistance under the MCA Act.

(c) All Disbursements shall cease upon expiration, suspension or termination of this Agreement; *provided, however*, that Grant funding may be used, in compliance with this Agreement, to pay for: (i) reasonable expenditures for goods, works or services that are properly incurred under or in furtherance of this Agreement before expiration, suspension or termination of this Agreement; and *provided, further*, that the request for such expenditures is submitted within 90 days after such expiration, suspension or termination; and (ii) reasonable expenditures (including administrative expenses) properly incurred in connection with the winding up of the Program within 120 days after the expiration, suspension or termination of this Agreement.

(d) Subject to Section 6.2(c), upon the expiration, suspension or termination of this Agreement: (i) any amounts of the Grant not disbursed by MCC shall be automatically released from any obligation in connection with this Agreement without any action from the Government or MCC; and (ii) any amounts of the Grant disbursed by MCC to the Government but not expended before such expiration, suspension or termination of this Agreement, including any amounts in a Permitted Account, plus accrued interest thereon, shall be returned to MCC within 30 days after the Government receives MCC's request for such return, and the Government shall ensure that such amount is returned promptly to such account(s) designated by MCC.

(e) Unless MCC determines otherwise, at least one year prior to the expiration, or upon termination, of this Agreement, the Parties shall consult in good faith with a view to reaching agreement in writing on (i) the treatment of the Accountable Entity after the Completion Date, (ii) the process for ensuring the refunds of Disbursements that have not yet been released from a Permitted Account or committed in accordance with Sections 6.2(c) and (d), and (iii) any other matter related to the winding up of the Program, including the proper disposition of all Program Assets. If the Accountable Entity continues operations after the Completion Date, or following the termination of this Agreement, with sources of funding other than the Grant, the Accountable Entity shall cease to use the name and logo that it used during implementation of the Program, except as otherwise agreed by MCC.

(f) The Parties expect the effects of the Program to be long-ranging and its impact may not be measurable for several years after the Completion Date. Accordingly, the Parties agree to cooperatively monitor the results and evaluate the impacts of the Program in Mauritania after the termination or expiration of this Agreement.

(g) MCC may reinstate any suspended or terminated portion of the Grant under this Agreement if MCC determines that the Government, or other relevant person or entity, has committed to correct each condition for which the Grant was suspended or terminated.

Section 6.3 Refunds.

(a) If any Grant funding, any interest or earnings thereon, or any asset acquired in whole or in part with Grant funding is used for any purpose in violation of the terms of this Agreement, then MCC may require the Government to repay to MCC in United States dollars the value of the misused portion of the Grant, interest, earnings or asset, plus interest within 60 days after the Government's receipt of the request for repayment. Interest shall accrue on such amount at a rate equal to the then-current United States Treasury Current Value of Funds Rate, calculated on a daily basis and a 360-day year from the due date of such payment until such amount is paid in full. The Government shall not use Grant funding, proceeds thereof or any other funds received from MCC (assets acquired with Grant funding or with any such other funds) to make such payment.

(b) Notwithstanding any other provision in this Agreement or any other existing agreement to the contrary, MCC's right under this Section 6.3 to obtain a refund shall continue during the term of this Agreement and for a period of (i) five years thereafter or (ii) one year after MCC receives actual knowledge of such violation, whichever is later.

ARTICLE 7.

GOVERNING LAW; AMENDMENTS; GENERAL

Section 7.1 Governing Law. This Agreement is an international agreement and as such shall be governed by international law.

Section 7.2 Consultations. Either Party may, at any time, request consultations relating to the interpretation or implementation of this Agreement. Such consultations shall begin at the earliest possible date. The Parties agree to enter any such consultations guided by the principle of achieving the Project Objectives in a timely and cost-effective manner, and that any dispute between the Parties arising under or related to this Agreement shall be resolved exclusively through the consultation mechanism set forth in this Section 7.2.

Section 7.3 Representatives. For all purposes relevant to implementation of this Agreement, the Government is represented by the individual holding the position of, or acting as, the Minister of Economy and Finance, and the United States acting through MCC is represented by the individual holding the position of, or acting as, the Vice President of the Department of Policy and Evaluation of MCC (each of the foregoing, a "**Principal Representative**"). Each Party, by written notice to the other Party, may designate one or more additional representatives (each, an "**Additional Representative**") for all purposes of this Agreement except for purposes of

Section 7.7(a). The United States acting through MCC hereby designates the Deputy Vice President of the Department of Policy and Evaluation of MCC as an Additional Representative for the United States. A Party may change its Principal Representative to a new representative that holds a position of equal or higher authority upon written notice to the other Party.

Section 7.4 Communications. Any document or communication required or submitted by either Party to the other under this Agreement must be submitted in writing and, except as otherwise agreed, in English. All such documents or communication must be submitted to the addresses set forth below or to such other address as may be designated by either Party in a written notice to the other Party.

To MCC:

Attention: Vice President, Department of Policy and Evaluation
(with a copy to the Vice President and General Counsel)
Millennium Challenge Corporation
1099 Fourteenth Street NW, Suite 700
Washington, DC 20005
United States of America

Facsimile: +1 (202) 521-3700
Telephone: +1 (202) 521-3600
Email: VPPolicyEvaluation@mcc.gov (Vice President, Department of Policy and Evaluation)
VPGeneralCounsel@mcc.gov (Vice President and General Counsel)

To the Government:

Attention: Minister of Economy and Finance
Ministry of Economy and Finance
Avenue Nelson Mandela – BP: 238
Tevragh Zeina, Nouakchott West
Mauritania

Telephone: +222 4525-3080
Email: sabouh@mef.gov.mr

Section 7.5 MCC Status. MCC is a United States Government corporation acting on behalf of the United States government in the implementation of this Agreement and the Program. MCC and the United States assume no liability for any claims or loss arising out of activities or omissions under this Agreement. The Government waives any and all claims against MCC or the United States or any current or former officer or employee of MCC or the United States for all loss, damage, injury, or death arising out of activities or omissions under this Agreement, and agrees that it shall not bring any claim or legal proceeding of any kind against any of the above entities or persons for any such loss, damage, injury, or death. The Government agrees that MCC and the United States or any current or former officer or employee of MCC or the United States shall be immune from the jurisdiction of all courts and tribunals of Mauritania for any claim or loss arising out of activities or omissions under this Agreement.

Section 7.6 No Assurance of Future Assistance. Nothing contained in this Agreement creates an obligation on the part of the United States or MCC to provide any further funding or assistance, other than the Grant, in relation to any other project or program in Mauritania.

Section 7.7 Amendment.

(a) The Parties may amend this Agreement only by written agreement. Such agreement shall specify how it enters into force.

(b) Notwithstanding subsection (a), the Parties agree that the Government and MCC may by written agreement, which shall enter into force upon signature (i) modify any annex to this Agreement to, in particular, but without limitation, (A) suspend, terminate or modify any Project or Activity described in Annex I or create a new Project or Activity, (B) add, delete or waive any condition precedent described in Annex III, or (C) modify the designation or allocation of funds among the activities identified in Annex II; or (ii) extend the Completion Date; *provided, however*, that, in each case, any such modification (A) is consistent in all material respects with the Project Objectives, (B) does not cause the amount of the Grant to exceed the aggregate amount specified in Section 2.1(a), and (C) does not cause the Government's responsibilities or contribution of resources to be less than as specified in this Agreement. Any such modification pursuant to this subsection (b) shall not be deemed an amendment of this Agreement pursuant to subsection (a).

Section 7.8 Survival. The obligations under Sections 2.4 (Use of the Grant), 2.5 (Taxes), 3.2 (Government Responsibilities), 4.7 (Records; Accounting; Providers; Access), 4.8 (Audits; Review), 6.2 (Termination and Suspension; Expiration), 6.3 (Refunds), 7.1 (Governing Law), and this Section 7.8 (Survival) shall survive the expiration, suspension, or termination of this Agreement; *provided, however*, that the terms of Section 2.5 shall survive for only 120 days following this Agreement's expiration.

Section 7.9 Definitions; Interpretation.

(a) Except as otherwise expressly provided herein, capitalized terms used in this Agreement shall have the respective meanings provided in Annex IV.

(b) Unless expressly provided otherwise: (i) each definition of or reference to any agreement, instrument, law, regulation, policy, guideline, or similar document in this Agreement (or any other agreement entered into in connection with this Agreement), unless otherwise expressly set forth herein, shall be construed as a reference to such agreement, instrument, law, regulation, policy, guideline, or similar document as it may, from time to time, be amended, revised, replaced, or extended, and shall include any agreement, instrument, law, regulation, policy, guideline, or similar document issued under or otherwise applicable or related to such agreement, instrument, law, regulation, policy, guideline, or similar document; (ii) all references herein to Articles, Sections, and Annexes shall be construed to refer to the Articles and Sections of, and Annexes to, this Agreement, all of which form an integral part of this Agreement; (iii) any use of the phrases "unless MCC agrees otherwise" or "unless the Parties agree otherwise" or similar phrases in this Agreement shall be deemed to be followed by "in writing" and any such

notice, approval, or other action shall be required to be in writing; and (iv) any approval right granted to MCC herein shall only be satisfied upon the prior written approval of MCC.

Section 7.10 References to MCC Website. Each reference in this Agreement, or any other agreement entered into in connection with this Agreement, to a document or information available on, or notified by posting on, the MCC Website shall be deemed a reference to such document or information as updated or substituted on the MCC Website by MCC from time to time.

Section 7.11 Signatures. Signatures to this Agreement and to any amendment to this Agreement (and to any other legally binding international agreement related to this Agreement) shall be original signatures appearing on the same page or in an exchange of letters or diplomatic notes.

Section 7.12 Grant Reference. The Government shall include the Grant reference number provided by MCC on all notices, requests, reports or correspondence in connection with the Grant funding.

ARTICLE 8.

ENTRY INTO FORCE

Section 8.1 Date of Entry into Force. The Government shall notify MCC in writing when necessary internal Mauritanian procedures for this Agreement's entry into force have been completed. Following receipt of this notification, MCC shall notify the Government in writing when MCC deems the conditions precedent to entry into force set forth in Section 8.2 have been met to MCC's satisfaction and the United States' necessary internal procedures for entry into force have been completed. This Agreement shall enter into force on the date of MCC's written notification to the Government. The Parties understand that this Agreement, upon entry into force, shall prevail over the domestic laws of Mauritania, with the exception of the constitution of Mauritania.

Section 8.2 Conditions Precedent to Entry into Force. Each of the following conditions must be fulfilled, in each case to the satisfaction of MCC, before this Agreement enters into force:

(a) The Government has delivered evidence to MCC that the Accountable Entity has been legally established.

(b) The Government has delivered to MCC a signed legal opinion, in form and substance satisfactory to MCC, by the Attorney General or other legal counsel of Mauritania acceptable to MCC.

(c) The Government has delivered to MCC complete, certified copies of all decrees, legislation, regulations, or other governmental documents relating to the Government's domestic requirements necessary for this Agreement to enter into force, which MCC may post on the MCC Website or otherwise make publicly available.

(d) MCC has determined that, since the time of signing this Agreement, the Government has not engaged in a pattern of actions inconsistent with the eligibility criteria for MCC assistance.

Section 8.3 Provisional Application. Upon signature of this Agreement by both Parties, and until this Agreement has entered into force in accordance with Section 8.1, the Parties agree to provisionally apply the terms of this Agreement.

SIGNATURE PAGE FOLLOWS ON NEXT PAGE

IN WITNESS WHEREOF, the undersigned, duly authorized by their respective governments, have signed this Agreement.

Done at Washington, DC, on this 7th day of January, 2025.

FOR THE UNITED STATES OF AMERICA FOR THE ISLAMIC REPUBLIC OF
MAURITANIA

/s/

Name: Alice P. Albright
Title: Chief Executive Officer
Millennium Challenge Corporation

/s/

Name: Sid'Ahmed Ould Bouh
Title: Minister of Economy and Finance

ANNEX I

PROGRAM DESCRIPTION

Unless the Parties agree otherwise, the Government shall utilize the assistance provided under this Agreement to support the following Program.

A. SUMMARY OF PROGRAM

The Program consists of the following four Projects and their activities (each, an “*Activity*” and collectively, the “*Activities*”):

1. Mauritania Energy Support Project.

The objective of the MESP is to improve the capacity of MEP, ARE, and SOMELEC to engage in inclusive¹ power sector planning, grid operations, and electricity regulation. This is intended to respond to the root cause of high cost, unreliable, and uneven access to electricity. The MESP is intended to build upon the Government’s plan to separate SOMELEC’s operations into state-owned subsidiaries and enhances regulatory oversight of Mauritania’s power sector. The MESP consists of three closely related Activities that are intended to clarify the roles and responsibilities of energy sector entities and boost integrated resource planning and system operations capacity to manage an independent grid in keeping with the aims of the 2022 electricity law.

The proposed Activities under this MESP include:

(a) Activity 1.1: Improving Power Sector Planning and Operations Activity.

This Activity shall support MEP and SOMELEC to develop a process to systematically collect reliable data for planning models and the productions of necessary studies to plan for power sector operations and expansion, as well as properly operate and manage the grid.² The Improving Power Sector Planning and Operations Activity consists of the following three sub-activities:

(i) *Planning and Operation Process Sub-Activity.*

This sub-activity shall support the development of process maps and define the different sector roles and responsibilities that are flowing from the recent sector restructuring. This is applicable to all the sub-activities listed below. This sub-activity aims to strengthen the capacity of key

¹ The word ‘inclusive’ here follows MCC’s Gender and Inclusion Policy definition. In the context of MESP, this means the capacity to implement an approach that advances equality and equity in energy sector planning, operations, and regulations, with a particular focus on increased participation and benefits for women, people living in poverty, rural residents, and other structurally disadvantaged groups.

² The Social Unit will support MEP and associated entities to collect and use gender disaggregated and inclusive data. Improving access to customer-level income, geographic area, and gender-disaggregated data supports improved, evidence-based energy planning.

sector institutions to develop system plans, improve integrated system planning, and define the roles and responsibilities of the key stakeholders within the energy sector in Mauritania. MCC shall encourage MEP and SOMELEC to focus on inclusive participation of multiple stakeholders to ensure that social and gender equities and other cross-sectoral issues are considered in ongoing planning processes. This inclusive stakeholder engagement would be supported by the Social Unit described below.

The sub-activity shall also support the establishment of a permanent unit (“**Social Unit**”) in MEP, and associated Social Focal Points in ARE and SOMELEC, to ensure that important social and gender considerations are integrated into sector planning, training, and recruitment across MEP, ARE, and SOMELEC in coordination with the Ministry of Social Affairs. Technical assistance to the Social Unit supports MEP and associated entities to acquire and apply knowledge and best practices on developing gender-sensitive and inclusive energy data collection and information management systems to support long-term planning. The Government shall ensure that the Social Unit shall undertake a social audit to identify and address key issues related to inclusion and women’s representation in the energy sector.

The mandate of the Social Unit and associated focal points shall extend beyond the MESP and shall assist the Government in fulfilling the existing *National Strategy on Gender Institutionalization (2021-2025)*, paving the way for future donors to engage on projects related to equitable access to electricity, lower cost electricity, inclusive customer service, rural electrification, and other important aspects of energy social infrastructure. The results of the social audit will inform MEP and associated entities as they develop a policy, strategy, and action plan to align the energy sector with government priorities set out in the *National Strategy on Gender Institutionalization*.

(ii) *In-House Planning Capacity Development Sub-Activity.*

This sub-activity shall support capacity building in MEP and SOMELEC through the creation of a planning working group. The working group shall include a technical assistance contractor (“**TA Contractor**”), who shall work with the MEP planning manager, or the equivalent position, as well as analogous individuals serving in all SOMELEC subsidiaries and an appropriate representative from ARE. Representative(s) of the Social Unit shall also sit on the working group, to ensure inclusive data collection and management inform demand forecasting, geospatial planning tools, the network masterplan, and the investment plan. The TA Contractor shall work with Government counterparts to develop in-house skills for producing key deliverables, such as energy resource assessments, demand forecasts, planning data collection and management, electrification plans, and developing plans for least-cost generation, as well as network development and investment. Technical assistance shall include relevant software, hardware, and other tools required by the planning working group.

(iii) *Operations and Grid Management Sub-Activity.*

This sub-activity shall support the training of planning and operations staff to improve the capacity to optimize daily generation dispatch to balance supply and demand within the grid and network. This sub-activity shall be implemented by a working group led by grid operations managers at SOMELEC who focus on generation/transmission, distribution, and rural

electrification, or the equivalent positions, with assistance from a permanent operations advisor. Representative(s) of the Social Unit and/or associated Social Focal Points shall also sit on the working group. The TA Contractor shall work with Government counterparts to develop in-house skills to manage and operate the grid in a way that reduces the frequency and duration of outages. Technical assistance shall include relevant software, hardware, and other tools required by the operations working group. It is expected that that planning and operations working groups would be coordinating their respective work as these two sub-activities are interdependent.

(b) Activity 1.2: Strengthening Capacity for Power Sector Regulation (the “**Power Sector Regulation Activity**”).

The aim of this Activity is to provide technical assistance to the ARE to enhance its electricity regulation capacity. This Activity also aims to assess the status of ARE’s operations, develop analytical tools and plans, and initiate a range of actions aimed at promoting effective development of the power sector. The Power Sector Regulation Activity consists of the following two sub-activities:

(i) *Regulatory Process Mapping and Role Definition Sub-Activity.*

This sub-activity shall support ARE on defining clear processes, as well as inclusive stakeholder lists, for various subsequent consultation and coordination activities. At the outset of this sub-activity, selected consultants will work with ARE staff, representative(s) of the Social Unit and/or associated Social Focal Points, and other appropriate stakeholders to conduct an analysis on the status of operations and determine existing gaps and needs to be met for ARE to properly regulate the operations of three SOMELEC subsidiaries. The analysis produced under this the sub-activity would contribute to the creation of a multi-year roadmap aimed at strengthening and supporting ARE staff.

(ii) *Core Regulatory Role Capacity Building Sub-Activity.*

This sub-activity shall support the creation of a working group comprised of the electricity lead from ARE, or an equivalent position, counterparts in MEP and SOMELEC that regularly interface with ARE, representative(s) of the Social Unit and/or associated Social Focal Points, and a permanent advisor from the TA Contractor. Led by the TA Contractor, the working group shall acquire in-house skills to develop deliverables, such as inclusive licensing regulations and templates for regulated activities, relevant studies, providing for a review of grid codes, if applicable, a tariff methodology and tariff design including subsidy policy recommendations to achieve inclusive access by all consumer groups located in grid and off-grid areas, and an accessible dispute resolution process. The sub-activity would also examine the possibility of designing a complementary program for appropriate ARE staff.

(c) Activity 1.3: Improving Off-Grid Planning Capacity and Integrating Private Support Investment. (the “**Planning Capacity and Private Investment Integration Activity**”).

The aim of this Activity is to support the capacity of the rural electricity company Société Electrification Rurale SOMELEC (“**SER-SOMELEC**”) to fulfill its mandate, which includes overseeing off-grid projects that are financed or operated as private projects, as well as

constructing and managing small electrification systems in rural areas that are not economically viable for the private sector.

(i) *Off-Grid Planning Capacity Sub-Activity.*

The aim of this sub-activity is to boost SER-SOMELEC’s ability to develop plans for rural electrification. The sub-activity shall support the development of priority deliverables aimed at developing and overseeing rural electrical assets. These may include providing capacity-building support for SER-SOMELEC staff and strengthening the capacity of company institutions to design processes for planning, recruiting mini-grid companies, monitoring electricity access progress and reporting, and subsidy assessment and payment. Both capacity-building and plans for rural electrification are also expected to be supported by technical linkages to the Social Unit through associated Social Focal Points, tasked to ensure the sub-activities are designed and implemented to be inclusive and address the needs of rural populations.

(ii) *Pilot Project Support Sub-Activity.*

This sub-activity shall contribute to the development of policies, regulations, and capacity intended to support increased private sector investment for public supply of electricity in rural areas, and to strengthen SER-SOMELEC’s ability to navigate and evaluate off-grid proposals from the private sector. The development of these policies and regulations shall be informed by Social Focal Points linked to the Social Unit, tasked with increasing access to reliable electricity to rural communities.

Following the completion of the geospatial planning under the Improving Power Sector Planning and Operations Activity (anticipated at the end of the first year of implementation) and one year of capacity-building to the institutions responsible for regulating and/or overseeing Private Projects (as defined below), the TA Contractor shall review the status of the off-grid projects currently envisioned by other donors and prepare a report with one of two recommendations: (A) a proposal to support the development of one or two fundable, donor-supported rural electrification projects (“*Private Projects*”) by providing key support required by project developers to reach financial close; or, (B) reallocating the funding to other aspects of the Program.

If support of a Private Project is recommended, this may include (A) early-stage project preparation, such as prefeasibility studies, or (B) credit enhancements or viability gap funding. All uses of the Grant for Private Projects shall require MCC no objection.

2. Mauritania Resilience Project

The objective of the MRP is to improve the capacity of MOESD and other selected ministries to develop fundable adaptation projects and incorporate climate considerations and social impact in the environmental impact assessment processes.

The MRP includes two Activities:

(a) Activity 2.1: Adaptation Capacity Building Activity.

The aim of the Adaptation Capacity Building Activity is to improve the ability and capacity of select Government ministries to design and implement fundable adaptation projects. The Adaptation Capacity Building Activity consists of the following two sub-activities:

(i) *Adaptation Finance Application Sub-Activity*.

This sub-activity shall support MOESD to develop an adaptation investment proposal and a financing application. The sub-activity shall ensure that the selected proposal is fully developed, with a defined policy addressing institutional development, resilience-building, inclusion, and civil society and private sector coordination results, as well as actions to address prioritized adaptation issues. The aim of the sub-activity shall also include strengthening financial institutional capacity to meet international finance standards and coordinating with the Government and other investors to develop project finance applications. The sub-activity shall also develop the oversight and implementation capacity of the MOESD.

This sub-activity shall also support the planning and identification of country-appropriate adaptation best practices, along with supporting the financing application process and supporting the implementation of adaptation interventions for projects whose applications are accepted.

(ii) *Adaptation Project Development Sub-Activity*.

This sub-activity shall support strengthening the Government's capacity to plan, design, fund, and implement adaptation projects, resulting in additional adaptation finance applications being submitted by the Government and accepted for consideration by various funding sources.

(b) Activity 2.2: Addressing Adaptation through Strategic Planning, Decision-Making, and Implementation (the "*Strategic Planning and Implementation Activity*").

The aim of the Strategic Planning and Implementation Activity is to ensure that environmental, social, and resilience impacts are taken into account in public and private economic development and infrastructure decisions and activities. The Strategic Planning and Implementation Activity has the following two sub-activities:

(i) *Legal Framework and Institutional Procedures Sub-Activity*.

This sub-activity shall improve the legal and institutional framework for environmental and social impact assessments ("*ESIA*"). The aim of the sub-activity shall include the adoption of laws, decrees, and other legal instruments that require the consideration of social aspects and resilience considerations in program design. This sub-activity shall also include developing processes such as criteria for considering resilience in design, scoping, and feasibility phases, as well as criteria for considering social issues in said phases.

(ii) *ESIA Capacity, Review, and Implementation Sub-Activity.*

This sub-activity shall support the application of the regulatory, institutional, and process framework to improve decision making for new and existing projects by utilizing improved ESIA review processes and environmental and social management plans (“*ESMP*”) implementation processes to address adaptation opportunities and impacts.

This sub-activity shall include the development of a strategic planning and ESIA capacity building program, followed by the implementation of a capacity building program.

The Government shall establish a social strategic unit (“*SSU*”) within MOESD that provides technical support across applicable activities and sub-activities, to ensure that important social components are considered in planning and projects and are established in oversight and implementation processes.

This sub-activity shall provide technical assistance to strengthen the capacity of the SSU. The principal role of the SSU is to assess ministerial, civil society, and private sector existing capacities to integrate gender and social considerations into ESIA and ESMPs and prepare a development plan to improve these capacities. The SSU shall also gather best practices and assess and institutionalize the social and gender data collection requirements for ESIA and create reference materials to identify data sources. The SSU shall work with others to ensure knowledge and capacity transfer to ESIA reviewers and those responsible for the development of ESMPs. The SSU shall also provide inputs to support the adoption of laws, decrees, and/or other legal instruments proposed under the Strategic Planning and Implementation Activity and contribute to the development of fundable projects under the Adaptation Capacity Building Activity.

B. IMPLEMENTATION ARRANGEMENTS

The Program shall be implemented through an Accountable Entity (with MCC oversight). The roles and responsibilities of the various entities involved in implementation are set forth below.

1. MCC.

MCC shall take all appropriate actions to carry out its responsibilities in connection with this Agreement and the Program, including, without limitation, exercise of its approval rights. MCC oversight of the Program is expected to include an MCC resident threshold director based in Nouakchott and an implementation support team from MCC headquarters, as well as MCC-managed consultants, who work in Mauritania from time to time as necessary to perform their duties.

2. The Accountable Entity.

(a) Independence and Autonomy.

The Government shall take all appropriate actions to carry out its responsibilities in connection with this Agreement and the Program. To do so, the Government has designated the Accountable Entity pursuant to Section 3.2(b) to exercise and perform the Government's rights and obligations to oversee and implement the Program. The Accountable Entity shall have operational and legal independence, including, *inter alia*, the ability to (i) enter into contracts in its own name; (ii) sue and be sued; (iii) establish a bank account in its own name; (iv) expend Grant funding; and (v) engage contractors, consultants, and grantees.

The internal operations of the Accountable Entity shall be governed by the terms and conditions of this Agreement, any related MCC policies, and the Governing Documents, which shall include bylaws providing further details on the Accountable Entity's internal operations. The bylaws must be in form and substance satisfactory to MCC.

The Accountable Entity shall be administered and managed by a supervisory council (the "***Supervisory Council***") and an operations unit (the "***Operations Unit***").

(b) Supervisory Council.

The Supervisory Council shall have ultimate responsibility for the oversight, direction, and decisions of the Accountable Entity, as well as the overall implementation of the Program. It is comprised of seven voting members. The Supervisory Council shall include the following members:

1. Ministry in charge of economy;
2. Ministry in charge of environment;
3. Ministry in charge of energy;
4. Ministry in charge of social affairs;
5. Two members representing the private sector;
6. Two members representing civil society or non-government organizations (with one of the members representing an organization focused on structurally excluded group issues); and
7. the Accountable Entity's Director General.

The members of the Supervisory Council may be represented by alternates appointed pursuant to the Governing Documents. The non-Government representatives shall be selected through an open and transparent process in form and substance satisfactory to MCC, and not by the Government. Other non-voting members may be included as named in the Governing Documents. In addition, MCC's resident threshold director in Mauritania shall serve as a non-voting observer of the Supervisory Council. The Accountable Entity may also establish other non-executive and non-supervisory bodies, such as advisory councils or stakeholder committees.

(c) Annual Learning Sessions and Stakeholders Committee.

Starting after entry into force and then yearly thereafter until program closure, the Accountable Entity shall implement work planning and lessons learned meetings that shall incorporate the advice and guidance from a stakeholder committee. This committee shall be composed of representatives from the Government, private sector, and civil society, including groups representing structurally excluded populations. The goal of these yearly meetings shall be: (i) to take stock of the prior year's implementation; (ii) discuss and adopt any programmatic recommendations for the upcoming year of implementation; and (iii) incorporate guidance from the stakeholder committee.

(d) Operations Unit.

The Operations Unit shall report to the Supervisory Council and have principal responsibility for the day-to-day operations of the Accountable Entity. The Operations Unit shall be led by the Director General and shall be composed of the directors and officers as agreed between MCC and the Government. The Government shall conduct an open and competitive recruitment for Program-funded positions within the Accountable Entity. The Key Staff shall be supported by appropriate additional staff to enable the Operations Unit to execute its roles and responsibilities, subject to MCC approval and availability of Grant funds.

The Accountable Entity shall be supported by staff funded by the Government, as needed, and the Government shall provide such other in-kind support as required for the performance of the Accountable Entity's duties. During the implementation of the Program, the Government shall be responsible for office-related costs such as cleaning and security services, rent, electricity, and water; information technology and operating costs, as needed; human resources and other forms of administrative support; and vehicles, drivers, and daily transportation costs for the Operations Unit.

(e) Other Government Entities.

The Government shall ensure that Government entities cooperate with the Accountable Entity in the implementation of the Program. As needed, the Accountable Entity and such other Government entities shall enter into appropriate agreements to memorialize such cooperation and to assure the sustainability and maintenance of any Program Assets.

(f) Fiscal and Procurement Management.

Unless MCC agrees otherwise, the Accountable Entity shall engage a firm with expertise in financial management to serve as fiscal agent (the "***Fiscal Agent***"). In addition, unless MCC agrees otherwise, the Accountable Entity shall also engage one or more individuals or firms with expertise in procurement to serve as a procurement agent (the "***Procurement Agent***"). It is expected that the Fiscal Agent and Procurement Agent, respectively, shall perform all services necessary to ensure that: (i) all financial management activities related to the Program are conducted in strict compliance with the terms of this Agreement, the MCC Cost Principles, and other related MCC policies, and (ii) all Program-related procurements are conducted in strict compliance with the terms of this Agreement, the AE Procurement Policy and Guidelines, and other related MCC policies.

Except as MCC otherwise agrees, any reference in this Agreement to the “Fiscal Agent” shall be deemed a reference to:

(i) any interim service provider engaged by MCC to provide procurement agent or fiscal agent services until such time as the Government delivers to MCC a true and complete copy of a duly-executed Fiscal Agent Agreement or other instrument in form and substance satisfactory to MCC, and the party named as procurement agent or fiscal agent therein has mobilized; or

(ii) thereafter, the Service Provider named in the Fiscal Agent Agreement.

C. MONITORING AND EVALUATION

This Part C of Annex I outlines the monitoring and evaluation (“**M&E**”) framework for this program, which shall be further elaborated in an M&E Plan. The actual structure and content of the M&E Plan, which may differ from those specified in this Annex I, shall be agreed to by the Parties in accordance with the M&E Policy. The M&E Plan may be modified from time to time as described in the M&E Policy without requiring an amendment to this Annex I. The M&E Plan shall be posted publicly on the MCC Website and updated as necessary.

1. Objective

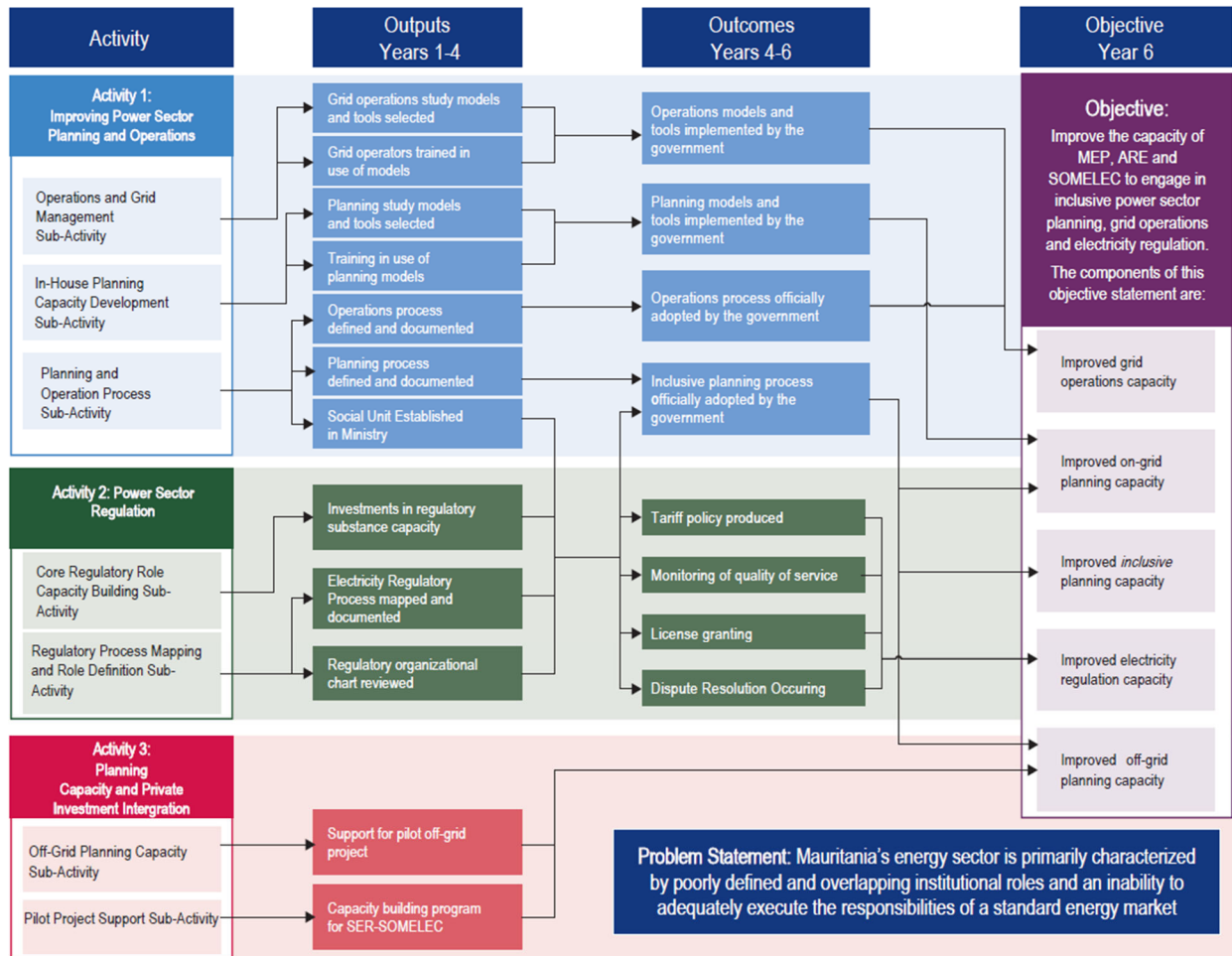
MCC and the Government shall formulate and agree to, and the Government shall implement or cause to be implemented, an M&E Plan that explains in detail how and what MCC and the Accountable Entity shall (i) monitor to determine whether the Projects are on track to achieve their intended results (“**Monitoring Component**”), and (ii) evaluate the achievement of intended results for accountability and learning (“**Evaluation Component**”). The M&E Plan shall summarize all Indicators that must be reported to MCC on a regular basis, as well as the Indicators and complementary data to be collected for evaluation of the Program. The M&E Plan shall also include any M&E requirements that the Accountable Entity must meet in order to receive Disbursements and shall serve as a communication tool so that Accountable Entity staff and other stakeholders clearly understand the project objectives and targets that the Accountable Entity is responsible for achieving. The results of M&E activities, measured by monitoring data and evaluations, shall be made publicly available on the website of the Accountable Entity and on the MCC Website.

2. Project Logic Diagrams

The M&E approach for each Project is built on the project logic diagram, which illustrates the cause-and-effect theory of how a Project’s interventions work together to achieve the Project Objective and details key intermediate results expected along the way. The project logic diagram provides a graphical representation of the Project as described in Section A of Annex I of this Threshold Program Agreement and of the impacts targeted by the Project as described below in the section titled *Projected Economic Benefits and Beneficiaries*.

The project logic diagrams for the Program are as follows:

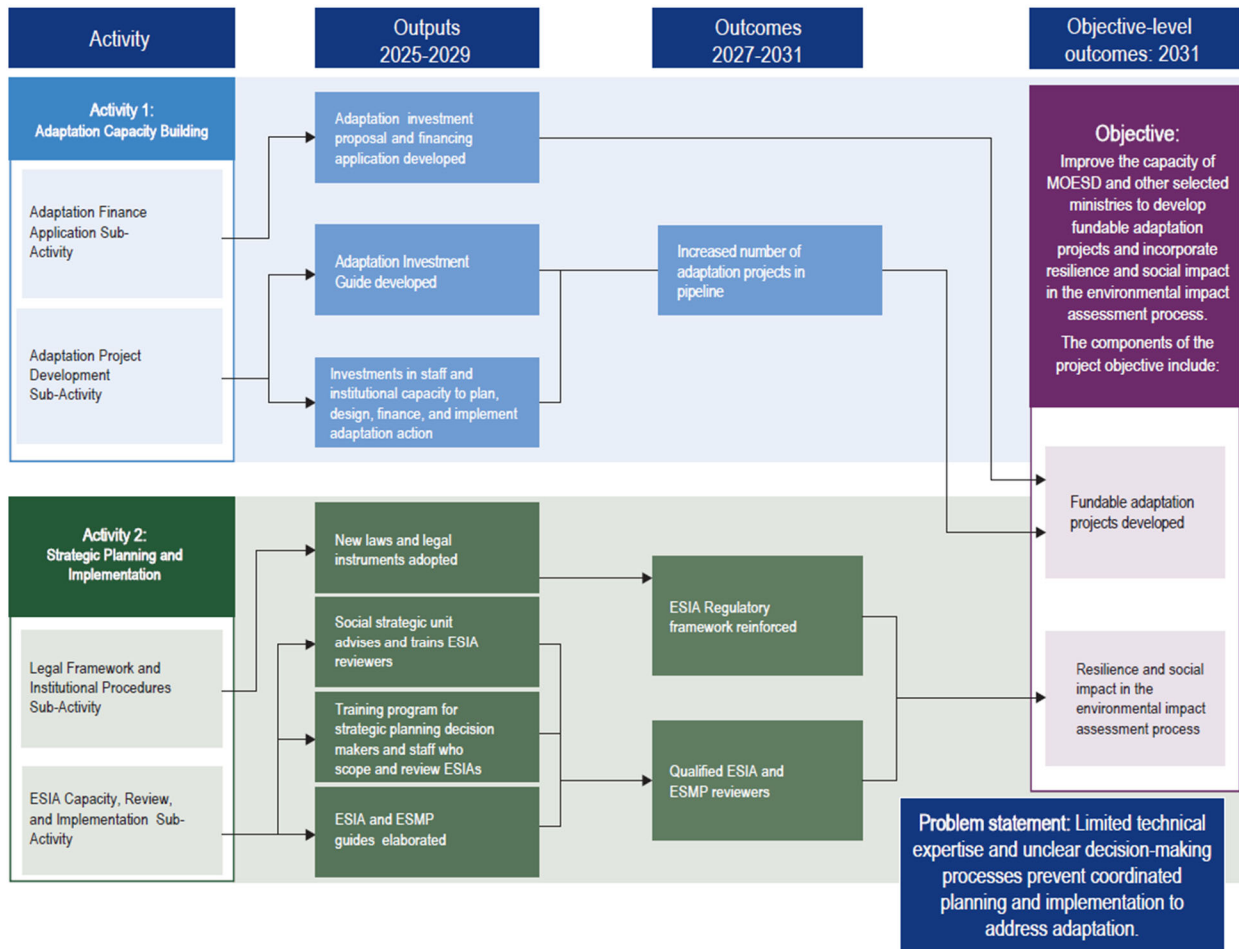
Mauritania Energy Support Project



Key assumptions for achieving project outcomes include:

- Government institutions maintain sufficient staffing, funding and support to implement new models and processes.
- Donor support and coordination continues, including European Union support for the restructuring of SOMELEC, MEP, and ARE.

Mauritania Resilience Project



Key assumptions for achieving project outcomes include:

- Government institutions maintain sufficient staffing, funding and support to reinforce ESIA process and develop adaptation projects.

3. Monitoring Component.

As defined in the M&E Policy, monitoring is the continuous, systematic collection of data on specified Indicators to measure progress toward project objectives and the achievement of intermediate results along the way. The monitoring component of the M&E Plan summarizes the monitoring strategy to monitor progress toward achieving the results of this Program, which requires identifying the (i) Indicators, (ii) definitions of the Indicators, (iii) Baselines and Targets, (iv) sources and methods for data collection, (v) frequency for data collection, (vi) reporting requirements, including the party or parties responsible for collecting, analyzing, and reporting relevant data, along with the process and timeline for reporting on each Indicator to MCC, and (vii) approach to assessing and ensuring data quality. It should be noted that some Indicators continue to be tracked after the Program term as necessary.

3.1 Indicators. The M&E Plan shall measure the results of the Program using quantitative or qualitative variables that provide a simple and reliable means to measure achievement of targeted results (“*Indicators*”).

3.1.1 Definitions.

The M&E Plan shall establish definitions for every Indicator. Indicator definitions should be operationally precise, such that they can be consistently measured across time and by different data collectors. There should be no ambiguity about what is being measured, how to calculate it, what or who the sample is, or how to interpret the results.

3.1.2 Baselines.

The M&E Plan shall document baselines for every Indicator (each a, “*Baseline*”). An Indicator’s Baseline should be established prior to the start of the corresponding Project, Activity and/or sub-activity. Baselines demonstrate that the problem can be specified in measurable terms and thus are a pre-requisite for adequate intervention design. The Government shall collect Baselines on the selected Indicators or verify already collected Baselines where applicable.

3.1.3 Targets.

The M&E Plan shall document for each Indicator the expected value and the expected time by which the corresponding result shall be achieved (“*Target*”).

3.1.4 Disaggregation of Indicators.

The M&E Plan shall indicate which Indicators shall be disaggregated by sex, income level, age, and other relevant subgroups to the extent practical and applicable.

3.1.5 Indicator Levels.

The M&E Plan shall include Indicators at the following levels: outcome, output, process, and risk/assumption, as defined in the M&E Policy.

3.1.6 Common Indicators.

MCC’s Common Indicators (as described in the M&E Policy) shall also be included as relevant. Additional guidance on Indicator reporting is contained in the *Guidance on Common Indicators*.

3.1.7 Modifications of Indicators and Targets.

Subject to prior written approval from MCC and in accordance with the M&E Policy, the Government may add or retire Indicators or refine the definitions, Targets, or other aspects of existing Indicators.

3.1.8 Indicator Tracking Table.

The Accountable Entity must report to MCC on monitoring Indicators in the M&E Plan on a quarterly basis using an Indicator Tracking Table (“*ITT*”) in the form provided by MCC. No changes to Indicators, Baselines or Targets may be made in the ITT until the changes have been approved in accordance with the M&E Policy. Additional guidance on indicator reporting is contained in the *QDRP Guidance* and the *Guidance on the Indicator Tracking Table*. The M&E Plan shall contain the monitoring Indicators listed in Table(s) 1 and 2.

4. Evaluation Component.

While good program monitoring is necessary for program management, it is not sufficient for assessing the achievement of intended results. MCC therefore requires the use of evaluation as a complementary tool to better understand the effectiveness of its programs. As defined in the M&E Policy, evaluation is the objective, systematic assessment of a program's design, implementation, and results. MCC is committed to making its evaluations as rigorous as warranted in order to understand the causal impacts of its programs on the expected outcomes.

4.1 Independent Evaluations. Every Project must undergo a comprehensive, independent evaluation in accordance with the M&E Policy. The evaluation component of the M&E Plan shall describe the purpose of the evaluation, methodology, timeline, required MCC approvals, and the process for collection and analysis of data for each evaluation. All independent evaluations must be designed and implemented by independent, third-party evaluators.

For each independent evaluation, the Accountable Entity (or, after the Program term, such other entity of the Government designated to support post-program M&E activities) is expected to review and provide feedback to independent evaluators on the evaluation materials and reports in order to ensure proposed evaluation activities are feasible, and final evaluation products are technically and factually accurate. The results of all evaluations shall be made publicly available in accordance with the M&E Policy.

The following evaluations are planned for the Program:

MESP:

MESP is expected to be evaluated through performance evaluation relying on a pre-post methodology to understand the quality and effectiveness of the intervention. Along with the Indicators listed in Table 1 which comprise the results to be measured and/or analyzed by the evaluation, the following questions shall guide the design of the evaluation:

1. To what extent was the project implemented according to plan (in terms of quantity and quality of outputs)?
2. Did the project achieve the project objective, to improve the capacity of MEP, ARE, SOMELEC to engage in inclusive power sector planning, grid operations, and electricity regulation in the timeframe and magnitude expected, as documented in the M&E Plan? Why or why not?

MRP:

MRP is expected to be evaluated through performance evaluation relying on a pre-post methodology to understand the quality and effectiveness of the intervention. Along with the Indicators listed in Table 2 which comprise the results to be measured and/or analyzed by the evaluation, the following questions shall guide the design of the evaluation:

1. To what extent was the project implemented according to plan (in terms of quantity and quality of outputs)?

2. Did the project achieve the objective to improve the capacity of the MOESD and selected line ministries to develop fundable adaptation projects and incorporate resilience and social impact in the environmental impact assessment process) in the timeframe and magnitude expected, as documented in the M&E Plan? Why or why not?

To facilitate the evaluations, the Government shall share with MCC any necessary data, documentation, or other information required to assess the achievement of results targeted by the Program. All such information provided by the Government for evaluation purposes shall be de-identified and/or generalized in reporting, such that sensitive details shall not be made public. More detailed information on required data sources to be provided by the Government shall be set forth in the M&E Plan.

5. Data Quality Reviews.

Data Quality Reviews (“**DQR**”) are a mechanism to review and analyze the quality and utility of performance information. They cover all data reported in the ITT, and all primary sources that feed into that reporting. DQRs may be conducted internally by the Accountable Entity and MCC M&E staff, or by a third-party. DQRs should review data against the following standards: accuracy, consistency, timeliness and transparency. The frequency and timing of DQRs must be set forth in the M&E Plan; however, in addition to a pre-implementation DQR, at least one DQR is required during implementation, and MCC may request a DQR at any time. DQRs should be timed to occur once the ITT reflects several quarters of reporting but early enough in the Threshold Program Term that meaningful remedial measures (if any) may be taken depending on the results of the review.

6. Other Components of the M&E Plan.

6.1 Implementation and Management of M&E.

6.1.1 Review and Modification of the M&E Plan.

This section describes the approach to ensuring the M&E Plan is kept as current as possible, including how often the M&E Plan is expected to be reviewed and modified in accordance with the M&E Policy. All major modifications and the justifications therefor are documented in an annex to the M&E Plan and must be submitted to and approved by the Supervisory Council of the Accountable Entity. All M&E Plan modifications, whether major or minor, proposed by the Accountable Entity must be submitted to MCC for prior written approval.

6.1.2 Post Threshold Program Responsibilities.

Evaluation activities under the M&E Plan are expected to continue beyond the end of the Program term and the Accountable Entity shall identify the individuals and organizations within the Government that shall support these activities through completion. This section describes the M&E responsibilities of the Accountable Entity during the Program’s closure period and of MCC, the Government, and any other relevant entities after the Program has ended.

6.2 Budget. The budget for implementing the proposed M&E activities for the term of the Program is set forth in Annex II to this Agreement. The M&E budget does not include costs for the salaries of the M&E staff in the Accountable Entity or field visits, both of which are included in the administrative budget of the Program.

7. Responsibility for Developing the M&E Plan.

MCC desires to “[refrain] from requesting the introduction of performance Indicators that are not consistent with countries’ national development strategies.”³ For this reason, primary responsibility for developing the M&E Plan lies with the M&E staff of the Accountable Entity with support and input from MCC’s M&E and economist staff. The M&E Plan must be developed in conjunction with key stakeholders, including the Accountable Entity leadership and sector leads, the MCC resident country mission, and other MCC staff (such as Environmental and Social Performance and Gender and Social Inclusion), as well as external stakeholders, as applicable. While the entire M&E Plan must be developed collaboratively, MCC and the Accountable Entity Project or Activity leads are expected to guide the selection of Indicators at the process and output levels that are particularly useful for management and oversight of Projects and Activities.

8. Approval and Implementation of the M&E Plan.

The approval and implementation of the M&E Plan, as modified from time to time, shall be in accordance with this Agreement, any other relevant supplemental agreement and the M&E Policy and associated guidance documents. The M&E Plan may undergo peer review within MCC before the beginning of the formal approval process.

³ Busan Partnership for Effective Development Cooperation, Busan Outcome Document, 1 December 2011, p. 5

SCHEDULE A TO ANNEX I

INDICATORS

The tables below list the preliminary set of monitoring and evaluation Indicators linked to each result in the project logic diagrams. Indicators that can be reported on at least an annual basis shall be included in quarterly monitoring indicator reports, while Indicators that require survey data or a longer time period to track shall be included in evaluation reports.

Table 1: Mauritania Energy Support Project						
Result	Indicator	Definition	Unit of Measure	Baseline	End of Threshold Target	ITT Indicator
Outcome Indicators to measure the Project Objective						
Objective: Improve the capacity of MEP, ARE and SOMELEC to engage in inclusive power sector planning, grid operations and electricity regulation	Certified grid operators	Number of operators receiving certification in grid operations	Number	TBD	TBD	TBD
	Least-Cost Power System Development Masterplan validated	Date a Least-Cost Power System Development Masterplan produced in-house by the Government receives formal validation	Date	NA	TBD	Y
	Regulatory Substance Index Score	TBD	Number	TBD	TBD	TBD
	Least-Cost Geospatial Electrification Masterplan validated	Date a Least-Cost Geospatial Electrification Masterplan produced in-house by the Government receives formal validation	Date	NA	TBD	Y
	Policy measures supporting rural and low-volume consumers in Electrification Masterplan	TBD	TBD	NA	TBD	TBD

Table 1: Mauritania Energy Support Project

Result	Indicator	Definition	Unit of Measure	Baseline	End of Threshold Target	ITT Indicator
Improving Power Sector Planning and Operations Activity						
Planning and Operation Process Sub-Activity						
Outcome Indicators						
Inclusive planning process officially adopted by the Government	Inclusive planning process officially adopted by the Government	Date at which the newly defined planning process is officially adopted by the Government	Date	NA	TBD	TBD
	Social Unit Action Plan Adopted	Date at which the Social Unit Action Plan is officially adopted by the Government	Date	NA	TBD	TBD
Operations process officially adopted by the Government	Operations process officially adopted by the Government	Date at which the newly defined operations process is officially adopted by the Government	Date	NA	TBD	TBD
Output Indicators						
Operations process defined and documented	Operations management process mapped	Date at which the operations management process is mapped, including documentation of all the inputs, activities and outputs for grid operations	Date	NA	TBD	Y
	Operations organization chart reviewed	Date at which the operations organization chart is reviewed, including roles and responsibilities for grid operations	Date	NA	TBD	Y
Planning process defined and documented	Planning process mapped	Date at which the planning process is mapped including documentation of all the inputs, activities and outputs for grid planning	Date	NA	TBD	Y
	Planning organization chart reviewed	Date at which the planning organization chart is reviewed, including roles and responsibilities for grid planning	Date	NA	TBD	Y

Table 1: Mauritania Energy Support Project

Result	Indicator	Definition	Unit of Measure	Baseline	End of Threshold Target	ITT Indicator
Social Unit Established in MEP	Planning meetings attended by Social Unit Staff	Number of planning meetings attended by Social Unit staff	Number	NA	TBD	Y
In-House Planning Capacity Development Sub-activity						
Outcome Indicators						
Planning models and tools implemented by the Government	TBD	TBD	TBD	TBD	TBD	TBD
	Income-level and gender disaggregated energy planning data collected	TBD	TBD	TBD	TBD	TBD
Output Indicators						
Planning study models and tools selected	Demand forecasting tool selected	Date at which the demand forecasting tool is selected	TBD	NA	TBD	TBD
	Resource assessment tool selected	Date which the resource assessment tool is selected	TBD	NA	TBD	TBD
	Geospatial electrification planning tool selected	Date which the geospatial electrification plan tool is selected	TBD	NA	TBD	TBD
Training in use of planning models	Staff trained in use of planning models	Number of staff trained in use of new planning models	Number	Value:0 Year: 2024 Source: NA	TBD	Y
Operations and Grid Management Sub-Activity						
Outcome Indicators						
Operations models and tools implemented by the Government	TBD	TBD	TBD	TBD	TBD	TBD
Output Indicators						
Grid operators trained in use of models	Grid operators trained	Number of grid operators trained	Number	TBD	TBD	Y
Grid operations study models and tools selected	Generation dispatch model and tools selected	Date at which the generation dispatch model and tools are selected	Date	NA	TBD	Y
	Contingency analysis model and tools selected	Date at which the network analysis model and tools are selected	Date	NA	TBD	Y
Power Sector Regulation Activity						
Regulatory Process Mapping and Role Definition Sub-Activity						
Output Indicators						

Table 1: Mauritania Energy Support Project

Result	Indicator	Definition	Unit of Measure	Baseline	End of Threshold Target	ITT Indicator
Electricity Regulatory Process mapped and documented	Electricity Regulatory Process mapped and documented	TBD	TBD	TBD	TBD	TBD
Regulatory organizational chart reviewed	Regulatory Organizational Chart reviewed	TBD	TBD	TBD	TBD	TBD
Core Regulatory Role Capacity Building Sub-Activity						
Outcome Indicators						
Tariff policy produced	Tariff policy produced by the regulator	Date at which a tariff policy is produced by the regulator	TBD	NA	TBD	TBD
	Tariff policy proposals advancing affordable access for all consumer groups in urban and rural areas	TBD	TBD	TBD	TBD	TBD
Monitoring of quality of service	Performance information collected by ARE	TBD	TBD	TBD	TBD	TBD
	Gender and social inclusion related performance information collected by ARE	TBD	TBD	TBD	TBD	TBD
License granting	Licenses granted for eligible activities as defined in the 2022 Electricity Code	Number of licenses granted for eligible activities as defined in the 2022 Electricity Code	Number	TBD	TBD	Y
Dispute resolution occurring	Dispute resolution occurring according to the defined mechanism	TBD	TBD	TBD	TBD	TBD
Output Indicators						
Investments in regulatory substance capacity	Gender and Social focal point trained	TBD	TBD	TBD	TBD	TBD
	Capacity to design tariff methodology strengthened	TBD	TBD	TBD	TBD	TBD
	Quality of service regulations documented	TBD	TBD	TBD	TBD	TBD
	Licensing regulations and	Date which the licensing regulations	Date	NA	TBD	Y

Table 1: Mauritania Energy Support Project

Result	Indicator	Definition	Unit of Measure	Baseline	End of Threshold Target	ITT Indicator
	templates documented	and templates are documented				
	Dispute resolution process documented	Date at which the dispute resolution process is documented	Date	NA	TBD	Y
	Trainings conducted in use of regulations	Number of staff trained in use of regulations	Number	Value:0 Year: 2024 Source: NA	TBD	Y
Planning Capacity and Private Investment Integration Activity						
Off-Grid Planning Capacity Sub-Activity						
Output Indicators						
Capacity building program for SER-SOMELEC	TBD	TBD	TBD	TBD	TBD	TBD
Pilot Project Support Sub-Activity						
Output Indicators						
Support for pilot off-grid project	TBD	TBD	TBD	TBD	TBD	TBD

Table 2: Mauritania Resilience Project

Result	Indicator	Definition	Unit of Measure	Base-line	End of Threshold Target	ITT Indicator
Outcome Indicators to measure the Project Objective						
Objective: Improve the capacity of MOESD and other selected ministries to develop fundable adaptation projects and incorporate resilience and social impact in the environmental impact assessment process	Adaptation projects secure funding from a financing source	Number of adaptation projects submitted by the Government securing funding from a financing source	Number	TBD	TBD	Y
	ESIAs and ESMPs with social sections	Total number of new environmental and social impact assessments and new and existing environmental and social management plans with social sections	Number	TBD	TBD	Y
	ESIAs and ESMPs with resiliency sections	Total number of new environmental and social impact assessments and new and existing environmental and social management plans with resiliency sections	Number	TBD	TBD	Y
Adaptation Capacity Building Activity						

Table 2: Mauritania Resilience Project

Result	Indicator	Definition	Unit of Measure	Base-line	End of Threshold Target	ITT Indicator
Adaptation Finance Application Sub-Activity						
Output Indicators						
Adaptation investment proposal and financing application developed.	Adaptation investment proposal and financing application developed.	Date at which a funding application is accepted by a finance organization for consideration	Date	NA	TBD	Y
Adaptation Project Development Sub-Activity						
Outcome Indicators						
Increased number of adaptation projects in pipeline	Number of adaptation projects in the pipeline	Total number of adaptation projects in the pipeline	Number	NA	TBD	NA
Output Indicators						
Adaptation investment guide developed	Adaptation investment guide developed	Date at which the adaptation investment guide is approved	Date	NA	TBD	Y
Investments in staff and institutional capacity to plan, design, finance, and implement adaptation action.	TBD	TBD	TBD	TBD	TBD	TBD
Strategic Planning and Implementation Activity						
Legal Framework and Institutional Procedures Sub-Activity						
Outcome Indicators						
ESIA regulatory framework reinforced	TBD	TBD	TBD	TBD	TBD	TBD
Output Indicators						
New laws and legal instruments adopted	New laws, decrees, and/or other legal instruments that require resilience to be considered in design/scoping and explicitly stated in ESIA's	Total number of new laws, decrees, and/or other legal instruments that require resilience to be considered in design/scoping and explicitly stated in ESIA's	Number	TBD	TBD	Y
ESIA Capacity, Review, and Implementation Sub-Activity						
Outcome Indicators						
Qualified ESIA and ESMP reviewers	Qualified ESIA and ESMP reviewers	TBD	Number	TBD	TBD	Y
Output Indicators						
Training program for strategic planning decision makers and staff who scope and review ESIA's	TBD	TBD	TBD	TBD	TBD	TBD
Social strategic unit advises and trains ESIA reviewers	Social strategic unit advises and trains ESIA reviewers	TBD	TBD	TBD	TBD	TBD

Table 2: Mauritania Resilience Project

Result	Indicator	Definition	Unit of Measure	Base-line	End of Threshold Target	ITT Indicator
ESIA and ESMP guides elaborated	ESIA and ESMP guides elaborated	ESIA and ESMP guides completed and shared with reviewers	TBD	TBD	TBD	TBD

ANNEX II

ALLOCATION OF GRANT FUNDING

Project/Activity	Total (US\$)	Total (US\$)
	Government-Contracted Activities	MCC-Contracted Activities
MESP	\$11,850,000	
Improving Power Sector Planning and Operations Activity	\$6,000,000	
Power Sector Regulation Activity	\$3,000,000	
Planning Capacity and Private Investment Integration Activity	\$2,850,000	
MRP	\$10,000,000	
Adaptation Capacity Building Activity	\$5,750,000	
Strategic Planning and Implementation Activity	\$4,250,000	
Monitoring and Evaluation	\$600,000	
Program Management and Administration	\$3,550,000	\$1,000,000
Program Total	\$26,000,000	\$1,000,000

ANNEX III

CONDITIONS PRECEDENT TO DISBURSEMENTS OF GRANT FUNDS OTHER THAN FUNDS FOR MCC-CONTRACTED ACTIVITIES

The conditions precedent set forth in this Annex III apply to all Disbursements, other than for MCC-Contracted Activities.

PART A. Conditions Precedent for Entire Disbursement Request (Applicable to All Projects)

- (1) Before the second Disbursement of Grant funding, the Accountable Entity must develop and adopt a comprehensive SGIP in accordance with the *MCC Operational Requirements and Milestones for Social Inclusion and Gender Integration*, in form and substance satisfactory to MCC.
- (2) All disbursements that occur 180 days or more after this Agreement enters into force are contingent upon the Accountable Entity establishing a comprehensive M&E Plan, in form and substance satisfactory to MCC.
- (3) Before the third Disbursement of Grant funding, the Accountable Entity must develop and adopt, in form and substance satisfactory to MCC, a Program-wide ESMS commensurate with the scope, scale, risks and opportunities presented by the Program.
- (4) Before each Disbursement of Grant funding for payment under any technical assistance contract for a given Project or Activity, the Accountable Entity must submit evidence, in form and substance satisfactory to MCC, that the Accountable Entity is implementing and in compliance in all material respects with the requirements of each of the ESMS, the stakeholder engagement and communications plan for that Project or Activity, and all the environmental and social requirements identified in each of the studies conducted as part of such Project or Activity.

PART B. Conditions Precedent to Disbursement of Grant Funding for the MESP

- (1) Before the first Disbursement of Grant funding for the MESP, the MEP shall establish a permanent Social Unit within the MEP, and Social Focal Points within ARE and SOMELEC, ensuring social and gender considerations are included in the planning process.
- (2) Before the first Disbursement of Grant funding for the Pilot Project Support Sub-Activity, the Government shall have adopted all relevant decrees and instruments necessary for establishing SER-SOMELEC.
- (3) Before the first Disbursement of Grant funding for the MESP, the Government must demonstrate that working group members in each institution have been nominated and provided adequate time and resources to engage with the Program.

- (4) Before each Disbursement of Grant funding for the MESP, the Government must demonstrate that working group members in each institution have been provided adequate time and resources to engage with the Program. These working groups are expected to last throughout the life of the Program.
- (5) Before the eighth Disbursement of Grant funding for the MESP, the MESP must meet, to MCC's satisfaction, the Results Definition Standard as defined and described in the M&E Policy.

Part C. Conditions Precedent to Disbursement of Grant Funds for the MRP

- (1) Before the first Disbursement of Grant funding for the MRP, the Government shall establish: (i) the SSU to support the MRP within the MOESD for the duration of the Program; and (ii) a working group of selected members to support MRP throughout the Program.
- (2) Before each Disbursement of Grant funding for the MRP, the Government must demonstrate that MRP working group members are provided adequate time and resources to engage with the Program. This working group is expected to last throughout the life of the Program.
- (3) Before the eighth Disbursement of Grant funding for the MRP, the MRP must meet, to MCC's satisfaction, the Results Definition Standard as defined and described in the M&E Policy.

ANNEX IV

DEFINITIONS

Accountable Entity has the meaning provided in Section 3.2(b).

Activity or Activities has the meaning provided in Section A of Annex I.

Additional Representative has the meaning provided in Section 7.3.

AE Audit Guidelines has the meaning provided in Section 4.1(d).

AE Procurement Policy and Guidelines has the meaning provided in Section 4.3(a).

Agreement has the meaning provided in the preamble to this Agreement.

ARE has the meaning provided in Section 1.2(a).

Audit Plan has the meaning provided in Section 4.1(d).

Auditor has the meaning provided in Section 4.1(d).

Bank has the meaning provided in Section 5.1(d)(i).

Bank Agreement has the meaning provided in Section 5.1(d)(i).

Baseline has the meaning provided in Section C.3.1.2 of Annex I.

BCS has the meaning provided in Section 4.1(b).

Capacity Building Activity has the meaning provided in Section A.2(a) of Annex I.

Common Indicators has the meaning provided in the M&E Plan.

Common Payment System has the meaning provided in Section 5.1(c)(iii).

Completion Date has the meaning provided in Section 6.1.

Covered Provider has the meaning provided in the AE Audit Guidelines.

Detailed Financial Plan has the meaning provided in Section 4.1(a).

Disbursement has the meaning provided in Section 2.1(d).

Disbursement Period has the meaning provided in Section 5.1(b).

Disbursement Request has the meaning provided in Section 5.1(b).

DQRs has the meaning provided in Section C.5 of Annex I.

ESIA has the meaning provided in Section A.2(b)(i) of Annex I.

ESMP has the meaning provided in Section A.2.(b)(ii) of Annex I.

Environmental and Social Management System or **ESMS** means a set of policies, procedures, tools and internal capacity to identify and manage an institution's exposure to the environmental and social risks of its activities, investments, clients, investees or stakeholders.

Evaluation Component has the meaning provided in Section C.1 of Annex I.

Exempt Beneficiary has the meaning provided in Annex V.

Exempt Entity has the meaning provided in Annex V.

Exempt Individual has the meaning provided in Annex V.

Fiscal Accountability Plan has the meaning provided in Section 4.4.

Fiscal Agent has the meaning provided in Section B.2(f) of Annex I.

Fiscal Agent Agreement means the agreement or agreements by which the Government or Accountable Entity engages or hires the Fiscal Agent and which sets forth the roles and responsibilities of the Fiscal Agent and other appropriate terms and conditions.

Fiscal Agent Disbursement Certificate has the meaning provided in Section 5.3(a)(iii).

Governing Document has the meaning provided in Section 4.9(h).

Government has the meaning provided in the preamble to this Agreement.

Government-Contracted Activities has the meaning provided in Section 4.1.

Government Service Provider has the meaning provided in Section 4.11(b).

Government Service Provider Contracts has the meaning provided in Section 4.11(b).

Grant has the meaning provided in Section 2.1(a).

IFC Performance Standards has the meaning provided in Section 4.5(a).

Implementation Letters has the meaning provided in Section 4.10.

Implementation Plan has the meaning provided in Section 4.1.

Implementation Plan Document has the meaning provided in Section 4.1.

Improving Power Sector Planning and Operations Activity has the meaning provided in Section A.1(a) of Annex I.

Indicators has the meaning provided in Section C.3.1 of Annex I.

Inspector General has the meaning provided in Section 4.7(c).

Intellectual Property means all registered and unregistered trademarks, service marks, logos, names, trade names, and all other trademark rights; all registered and unregistered copyrights; all patents, inventions, shop rights, know how, trade secrets, designs, drawings, art work, plans, prints, manuals, computer files, computer software, hard copy files, catalogues, specifications, and other proprietary technology and similar information; and all registrations for, and applications for registration of, any of the foregoing, that are financed, in whole or in part, using the Grant.

ITT has the meaning provided in Section C.3.1.8 of Annex I.

Key Staff has the meaning provided in the MCC Governance Guidelines or as otherwise agreed between MCC and the Government.

LFI has the meaning provided in Annex V.

Lien has the meaning provided in Section 3.2(f).

Local Account has the meaning provided in Section 5.1(d)(i).

M&E has the meaning provided in Section C of Annex I.

M&E Plan has the meaning provided in Section 4.2.

M&E Policy has the meaning provided in Section 4.2.

Material Agreement has the meaning provided in Section 4.9(d).

MCA Act has the meaning provided in the preamble to this Agreement.

MCC has the meaning provided in the preamble to this Agreement.

MCC-Contracted Activities has the meaning provided in Section 2.1(b).

MCC Cost Principles has the meaning provided in Section 4.4.

MCC's Counter-Trafficking in Persons Policy means the Counter-Trafficking in Persons Policy, as such may be posted on MCC's Website from time to time or otherwise made available to the Government.

MCC Environmental Guidelines has the meaning provided in Section 2.4(b)(iii).

MCC Gender and Inclusion Policy means the MCC Gender and Inclusion Policy (including any guidance documents issued in connection with the guidelines) posted from time to time on the MCC Website or otherwise made available to the Government.

MCC Governance Guidelines has the meaning provided in Section 3.2(b).

MCC Marking Standards has the meaning provided in Section 3.2(j).

MCC Operational Requirements and Milestones for Social Inclusion and Gender Integration means the MCC Operational Requirements and Milestones for Social Inclusion and Gender Integration, as such may be posted on MCC's Website from time to time or otherwise made available to the Government.

MCC Program Grant Guidelines has the meaning provided in Section 4.3(b).

MCC Reporting Guidelines has the meaning provided in Section 4.6(a).

MCC Service Provider has the meaning provided in Section 2.1(b).

MCC Service Provider Contracts has the meaning provided in Section 2.1(b).

MCC Service Provider Disbursement has the meaning provided in Section 5.1(a).

MCC Website has the meaning provided in Section 2.4(b)(iii).

MEP has the meaning provided in Section 1.2(a).

MESP has the meaning provided in Section 1.2(a).

MOESD has the meaning provided in Section 1.2(b).

Monitoring Component has the meaning provided in Section C.1 of Annex I.

MRP has the meaning provided in Section 1.2(b).

Operations Unit has the meaning provided in Section B.2(a) of Annex I.

Party or Parties has the meaning provided in the preamble to this Agreement.

Permitted Account has the meaning provided in Section 5.1(d)(i).

Planning Capacity and Private Investment Integration Activity has the meaning provided in Section A.1(c) of Annex I.

Power Sector Regulation Activity has the meaning provided in Section A.1(b) of Annex I.

Principal Representative has the meaning provided in Section 7.3.

Private Projects has the meaning provided in Section A.1(c)(ii) of Annex I.

Procurement Agent has the meaning provided in Section B.2(f) of Annex I.

Procurement Plan has the meaning provided in Section 4.1(b).

Program has the meaning provided in the preamble to this Agreement.

Program Asset(s) means any asset, good or property (real, tangible or intangible) purchased or financed, in whole or in part (directly or indirectly), by the Grant, including any Intellectual Property.

Program Goal has the meaning provided in Section 1.1.

Program Grant has the meaning provided in Section 4.3(b).

Program Guidelines means collectively the AE Audit Guidelines, the AE Procurement Policy and Guidelines, the MCC Cost Principles, the MCC Environmental Guidelines, the MCC Policy for Accountable Entities and Implementation Structures, the MCC Gender and Inclusion Policy, the MCC Operational Requirements and Milestones for Social Inclusion and Gender Inclusion, the Policy on Preventing, Detecting and Remediating Fraud and Corruption in MCC Operations, the MCC Governance Guidelines, the MCC Marking Standards, the MCC Reporting Guidelines, the M&E Policy, MCC Program Grant Guidelines, any successor to any of the foregoing, and any other guidelines, policies or guidance papers relating to the administration of a Threshold Program, and, in each case, as from time to time published on the MCC Website.

Project or Projects has the meaning provided in Section 1.2.

Project Objective or Project Objectives has the meaning provided in Section 1.2.

Provider has the meaning provided in the AE Audit Guidelines.

Records has the meaning provided in Section 4.7(a).

Resettlement Policy Framework means a broad plan or scheme prepared for a project, based on the principles of IFC Performance Standard No.5, that sets forth and defines the principles, organizational arrangements, and design criteria to be applied to regulate all circumstances regarding resettlement that may occur in implementation of the project.

SER-SOMELEC has the meaning provided in Section A.1(c) of Annex I.

Service Providers has the meaning provided in Section 4.11(c).

Service Provider Contracts has the meaning provided in Section 4.11(c).

SGIP has the meaning provided in Section 5.3(b)(vi).

Social Focal Points means existing employees of SOMELEC and ARE, seconded, appointed, or allocated a portion of their existing portfolio to serve as a liaison with the Social Unit. The purpose of their role is to exchange information, facilitate approved changes in planning processes and policy, and socialize information and changes within their respective institutions.

Social Unit has the meaning provided in Section A.1(a)(i) of Annex I.

SOMELEC has the meaning provided in Section 1.2(a).

SSU has the meaning provided in Section A.2(b)(ii) of Annex I.

Strategic Planning and Implementation Activity has the meaning provided in Section A.2(b) of Annex I.

Supervisory Council has the meaning provided in Section B.2(a) of Annex I.

TA Contractor has the meaning provided in Section A.1(a)(ii) of Annex I.

Target has the meaning provided in Section C.3.1.3 of Annex I.

Taxes has the meaning provided in Section 2.5(a).

TBD means to be determined by the Parties.

Threshold Program has the meaning provided in the preamble to this Agreement.

United States has the meaning provided in the preamble to this Agreement.

United States Dollars or US\$ means the lawful currency of the United States of America.

United States Treasury Current Value of Funds Rate means the interest rate published by the United States Treasury's Bureau of Fiscal Services that is based on the current value of funds available to the Department of the Treasury and is the rate used for debt collection, cash discounts, and rebate evaluation of the United States Government.

Work Plan has the meaning provided in Section 4.1(c).

ANNEX V

TAXES

The Government shall ensure that the Accountable Entity, as well as all Government entities providing assistance with the implementation of the Program, Providers, Covered Providers, contractors (prime contractors and subcontractors), consultants, and other entities and individuals providing goods, works or services in furtherance of the Program that receive MCC Funding directly or indirectly (an “*Exempt Entity*” in the case of a legal entity or an “*Exempt Individual*” in the case of a natural person, and in either case an “*Exempt Beneficiary*”), are exempt from Taxes in accordance with Section 2.5 of this Agreement. The Accountable Entity shall facilitate and assist each Exempt Beneficiary with the exemption process to ensure compliance with the exemption procedures herein.

Each Exempt Beneficiary shall provide the documents described in the following Tax Schedules or those which provide substantially equivalent information but for which terminology may vary. The Government shall make no additional requirements or demands without modification of these Tax Schedules. All applications made to and requests made of Government authorities in connection with the procedures described in these Tax Schedules shall be free of any fees or charges.

Consistent with Section 2.5 of this Agreement, and notwithstanding the exemption procedures described in these Tax Schedules, if a Tax has been paid by an Exempt Beneficiary in connection with this Agreement, the Government shall refund the amount of the Tax paid to that Exempt Beneficiary within 30 days of the receipt of documentation providing evidence of the Tax paid.

All references to days in this Annex V represent calendar days, unless otherwise specified.

In addition to the provision of Section 2.5 of this Agreement, Order No. 2006-001 of January 3, 2006 (the “*LFP*”), which repealed and amended the provision of Law No. 97-008 of January 21, 1997, establishes the tax and customs regime applicable to public projects implemented with external financing.

SCHEDULE A

INCOME AND PROFIT TAXES

Legal Basis for Exemption

- Section 2.5 of this Agreement
- The LFI

Beneficiaries of the Exemption

- The Accountable Entity
- Exempt Beneficiaries

Procedures

On an annual basis and following execution of any agreement with an Exempt Beneficiary, the Accountable Entity will provide the Ministry of Economy and Finance with a list of each Exempt Beneficiary (other than (A) natural persons who are citizens or permanent residents of Mauritania; and (B) legal persons formed under the laws of Mauritania). The Ministry of Economy and Finance will then issue a letter of derogation to the Exempt Beneficiaries indicating that the Exempt Beneficiary is exempt from any income or profit taxes in Mauritania on income or profits attributed to work performed in connection with the Program.

SCHEDULE B

PROCEDURE FOR ALL TAXES ON GOODS, EQUIPMENT, OR SERVICES PURCHASED LOCALLY¹

Legal Basis for Exemption

- Section 2.5 of this Agreement
- The LFI

Beneficiaries of the Exemption

- The Accountable Entity
- Exempt Beneficiaries

Procedures

Goods, equipment, or services to be purchased or procured in the local market by the Accountable Entity or an Exempt Beneficiary in furtherance of the Program shall be exempt from all indirect taxes.

When an Exempt Beneficiary intends to purchase or procure any goods, equipment, or services in the local market in furtherance of the Program, the Exempt Beneficiary shall provide the Accountable Entity with a request for a specific exemption from indirect taxes. The request shall include a list of the specific goods, equipment, or services that shall be acquired in the local market, a pro forma invoice, and a copy of the contract or agreement with the Accountable Entity.

The Accountable Entity shall certify that specific goods, equipment or services requested for exemption align to the needs of the Program. The Accountable Entity shall then prepare an application for an exemption from Indirect Taxes for the specific goods, equipment or services to be purchased or procured in the local market and submit the request to Ministry of Economy and Finance. The request will include the pro forma invoice.

Within ten days of receipt of the application, the Ministry of Economy and Finance shall issue to the Exempt Beneficiary a tax exemption certificate for the specific goods, equipment, or services to be purchased or procured locally.

The Exempt Beneficiary shall provide the tax exemption certificate to the vendor or service provider, which shall provide the goods, equipment, or services to the Exempt Beneficiary without the imposition of the exempt indirect taxes.

¹ Including, but not limited to value-added tax and taxes on goods and services.

SCHEDULE C

PROCEDURE FOR ALL TAXES OR DUTIES ON IMPORTED GOODS, EQUIPMENT, AND PERSONAL EFFECTS ²

Legal Basis for Exemption

- Section 2.5 of this Agreement
- The LFI

Beneficiaries of the Exemption

- The Accountable Entity
- Exempt Beneficiaries

Procedures

Goods, equipment, and personal effects to be imported by the Accountable Entity or an Exempt Beneficiary in furtherance of the Program shall be exempt from all indirect taxes.

When an Exempt Beneficiary intends to import any goods or equipment in furtherance of the Program, the Exempt Beneficiary shall provide the Accountable Entity, in writing, a request for the release of the specific goods or equipment to be imported without indirect taxes. The request shall include: (A) a list of the goods or equipment (packing list); (B) a bill of lading, airway bill or road consignment note; and (C) a copy of the invoice.

The Accountable Entity shall certify that the specific goods or equipment to be imported align to the needs of the Program. The Accountable Entity shall then prepare an application for the release of the specific goods or equipment to be imported free of indirect tax and forward its certification and a copy of the exemption request to the Ministry of Economy and Finance for processing.

Within ten days of the receipt of the application, the Ministry of Economy and Finance shall process the exemption and issue an approval letter.

Based on the approval letter, the Exempt Beneficiary (or its consignee) will be able to clear the goods or equipment without the imposition of the exempt indirect taxes.

² Including, but not limited to, taxes on international trade, value-added tax, Bénéfice Industriel et Commercial (BIC), Bénéfice Non Commercial (BNC), Impôt Minimum Forfaitaire (IMF), and import taxes.