

CONFORMED COPY

CREDIT NUMBER 1938 MLI

Development Credit Agreement

(Public Enterprise Institutional  
Development Project)

between

REPUBLIC OF MALI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 7, 1988

CREDIT NUMBER 1938 MLI

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated September 7, 1988, between REPUBLIC OF MALI (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Association has received a letter of intent dated April 21, 1988, from the Borrower describing the Borrower's strategy in respect of its Public Enterprise Sector (PE Sector), declaring the Borrower's commitment to the execution of a program of actions designed to achieve essential reforms of the Borrower's PE sector (said strategy and actions hereinafter called the Program), and requesting assistance from the resources of the Special Facility for Sub-Saharan Africa (the African Facility) in the financing of urgently needed imports required during such execution;

(B) the Borrower has requested the Association to provide additional assistance in support of the Program and, by an agreement of even date herewith between the Borrower and, the Association (the Program Development Credit Agreement), the Association is agreeing to provide such assistance in an aggregate principal amount equivalent to twenty-nine million four hundred thousand Special Drawing Rights (SDR 29,400,000) (the Program Development Credit);

(C) the Borrower has also requested the Association as Administrator of Special Joint Financing from Japan (the Japanese Grant Administrator) to provide additional assistance towards the financing of the Program under the Special Joint Financing Agreement for the African Facility, and by an agreement of even date hereto by the Borrower and the Japanese Grant

Administrator (the Japanese Grant Agreement), the Japanese Grant Administrator is agreeing to provide such assistance in an amount of one thousand million Japanese Yen (Y 1,000,000,000) (the Japanese Grant).

(D) the Borrower intends to contract from the Japan Overseas Economic Cooperation Fund (OECF) under the Special Joint Financing Agreement for the African Facility a loan (the OECF Loan) in an amount of four thousand million Japanese Yen (Y 4,000,000,000) to assist in the financing of the Program on the terms and conditions set forth in an agreement (the OECF Loan Agreement) to be entered into between the Borrower and OECF;

(E) the Borrower has contracted from the Saudi Fund for Development (SFD) a loan under the Special Joint Financing Agreement for the African Facility (the SFD Loan) in an amount of twenty-two million Saudi Riyals (SR 22,000,000) in support of the Program on the terms and conditions set forth in an agreement (the SFD Loan Agreement) dated February 12, 1987 between the Borrower and SFD;

(F) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has also requested the Association to assist in the financing of the Project; and

WHEREAS the Association has agreed on the basis, inter alia, of the foregoing, to extend the Credit to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

#### ARTICLE I

##### General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, with the modifications set forth below (the General Conditions) constitute an integral part of this Agreement:

- (a) the last sentence of Section 3.02 is deleted; and
- (b) Section 9.06 (c) is modified to read:

"(c) Promptly after completion of the Project, but in any event not later than six months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Association, the Borrower shall prepare and furnish to the Association a report, of such scope and in such detail as the Association shall reasonably request, on the execution and initial operation of the Project, its cost and the benefits derived and to be derived from it, the execution of the Program referred to in the Preamble to the Development Credit Agreement, the performance by the Borrower and the Association of their respective obligations under the Development Credit Agreement and the accomplishment of the purposes of the Credit."

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement and in the Program Development Credit Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

- (a) "BEP" means the Borrower's Bureau des Entreprises Publiques established pursuant to Ordonnance No. 85-07/PRM of March 23, 1985;
- (b) "Central Bank" and "BCEAO" means the Banque Centrale des Etats de l'Afrique de l'Ouest;
- (c) "CFAF" means the currency of the Borrower.
- (d) "MFC" means Ministry of Finance and Commerce;
- (e) "OPT" means Office des Postes et Telecommunications, a PE of the Borrower of rating pursuant to Law No. 81-16/AN-RM of March 3, 1981 and,

whenever the context requires, after OPT's dissolution and the creation of the new PEs referred to in Part D of the Project, shall mean said new PEs;

(f) "OPT Subsidiary Loan Agreement" means the agreement to be entered into between the Borrower and OPT pursuant to Section 3.01 (c) of this Agreement, as the same may be amended or assigned from time to time, and such term includes all schedules to the OPT Subsidiary Loan Agreement; and

(g) "PE" means public enterprise, namely any enterprise in which the Borrower has directly or indirectly (through any of its subdivisions or through other public enterprises) a financial participation equivalent to 20% or more of said enterprise's equity;

(h) "Project Preparation Advances" means the project preparation advances granted by the Association to the Borrower pursuant to exchanges of letters dated June 25, 1985 and June 26, 1985; and July 26, 1986 and July 28, 1986 between the Borrower and the Association;

(i) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement;

## ARTICLE II

### The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to seven million Special Drawing Rights (SDR 7,000,000).

Section 2.02. (a) The amount of the Credit, may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement, for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of works, goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit.

(b) The Borrower shall, for the purposes of the Project, open and maintain in CFAF a special account in its Central Bank on terms and conditions satisfactory to the Association. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 4 to this Agreement.

(c) Promptly after the Effective Date, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and pay to itself the amount required to repay the principal amount of the Project Preparation Advances withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn balance of the authorized amount of the Project Preparation Advances shall thereupon be cancelled.

Section 2.03. The Closing Date shall be December 31, 1994 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from a date sixty days after the date of this Agreement (the Accrual Date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or cancelled; (ii) at the rate set as of June 30 immediately preceding the Accrual Date or at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied as of the next payment date in that year, specified in Section 2.06 of this Agreement, except that the rate set as of June 30, 1988 shall be applied as of July 1, 1988.

(c) The commitment charge shall be paid: (i) at such places as the

Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ( $3/4$  of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semiannually on May 1 and November 1 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each May 1 and November 1 commencing November 1, 1998, and ending May 1, 2028. Each installment to and including the installment payable on May 1, 2008, shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever: (i) the Borrower's gross national product per capita, as determined by the Association, shall have exceeded \$790 in constant 1985 dollars for five consecutive years; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the terms of repayment of installments under paragraph (a) above by requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid. If so requested by the Borrower, the Association may revise such modification to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(c) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the Association may, if so requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments as provided in paragraph (a) above.

Section 2.08. The currency of the French Republic is hereby specified for the purposes of Section 4.02 of the General Conditions.

Section 2.09. The Director of BEP and the Borrower's Agent Comptable Central du Tresor are jointly designated as representatives of the Borrower for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions.

### ARTICLE III

#### Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out Parts A, B and E of the Project through BEP and Part C of the Project through MFC with due diligence and efficiency and in conformity with appropriate administrative, financial, public administration, commercial and management practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) The Borrower shall cause OPT to carry out Part D of the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, commercial, management and utility practices and shall provide or cause OPT to provide, promptly as needed, the funds,

facilities, services and other resources required for said Part of the Project.

(c) The Borrower shall relend to OPT such part of the proceeds of the Credit as shall be allocated from time to time to Categories (9) through (12) of the table set forth in paragraph 1 of Schedule 1 to this Agreement under a subsidiary loan agreement to be entered into between the Borrower and OPT under terms and conditions which shall have been approved by the Association.

(d) The terms and conditions of the OPT Subsidiary Loan Agreement referred to above shall: (i) include a 20-year repayment period, including a 5-year grace period, an annual interest rate of 7.72% and a requirement that OPT shall bear the foreign exchange risk on all amounts lent to it; and (ii) provide for the assignment of all rights and obligations thereunder to the PEs resulting from OPT's reorganization after their creation, the apportionment of such assignment between such PEs to be satisfactory to the Association.

(e) The Borrower shall exercise its rights under the OPT Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Association and to accomplish the purposes of the Credit and, except as the Association shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the OPT Subsidiary Loan Agreement or any provision thereof (except as provided in paragraph (d) (ii) above).

Section 3.02. (a) The Borrower shall ensure that BEP shall, under administrative arrangements satisfactory to the Association, be responsible for, inter alia, the following tasks:

- (i) detailed preparation of PE policy, legal and institutional reforms;
- (ii) monitoring of the implementation of PE reforms and preparation of complementary measures;
- (iii) preparation of divestiture strategies;
- (iv) preparation of proposals to facilitate the redeployment of redundant PE personnel;
- (v) monitoring and reporting on the progress of the Program;
- (vi) establishing its operational procedures as required for the preparation and implementation of, inter alia, work programs, job descriptions, accounting systems, budget control procedures and employee appraisal systems; and
- (vii) compilation of cross-debt statistics and outstanding debt figures.

(b) The Borrower shall ensure that BEP shall at all times be staffed with qualified and experienced personnel in adequate number, including such personnel as provided for in Section I, paragraph 1, of Schedule 5 to this Agreement.

Section 3.03. The Borrower shall ensure that MFC shall be responsible for, inter alia, the following tasks:

(a) management of the implementation of PE divestiture under the Program, including:

- (i) execution of liquidation operations;
- (ii) transfer of all or part of PE capital owned by the Borrower;
- (iii) promotion of private participation;
- (iv) compilation of Borrower and PE cross-debt statistics and outstanding debt figures; and

(v) carrying out of negotiations with creditors and potential investors.

(b) design and implementation of a follow-up system of financial performance based on periodical information supplied by PEs, particularly through the system of performance contracts;

(c) economic evaluation of all PE investment proposals which financially engage the Borrower;

(d) preparation of further macro-economic adjustment measures in the Borrower's territory; and

(e) preparation and implementation of the reforms of the Borrower's banking sector.

Section 3.04. (a) Except as the Association shall otherwise agree, procurement of the goods and consultants' services required for Parts A, B, C and E of the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to this Agreement.

(b) The Borrower shall ensure that procurement by OPT of the goods, works and consultants' services required for Part D of the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to this Agreement.

#### ARTICLE IV

##### Financial Covenants

Section 4.01. (a) The Borrower shall maintain, or cause BEP and MFC, each for their part, to maintain records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of Parts A, B, C and E of the Project of the departments or agencies of the Borrower responsible for carrying out such Parts of the Project.

(b) The Borrower shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;
- (ii) furnish to the Association, as soon as available, but in any case not later than six months after the end of each such year, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) furnish to the Association such other information concerning said records, accounts and the audit thereof as the Association shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of statements of expenditure, the Borrower shall:

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the completion of the audit for the fiscal year in which the last withdrawal from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Association's representatives to examine such records; and

- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation can be relied upon to support the related withdrawals.

Section 4.02. (a) The Borrower shall cause OPT to maintain records and accounts adequate to reflect in accordance with sound accounting practices its operations and financial condition.

(b) The Borrower shall cause OPT to:

- (i) have its records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;
- (ii) furnish to the Association as soon as available, but in any case not later than six months after the end of each such year (A) certified copies of its financial statements for such year as so audited and (B) the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) furnish to the Association such other information concerning such records, accounts, financial statements and the audit thereof as the Association shall from time to time reasonably request.

(c) The records and accounts referred to in paragraph (b) of this Section shall include the records and accounts for the Special Account as they relate to OPT and to the extent they shall not have been included in the Borrower's records and accounts referred to in Section 4.01 of this Agreement.

(d) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of statements of expenditure, the Borrower shall cause OPT to:

- (i) maintain, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until one year after the Association has received the audit report for the fiscal year in which the last disbursement from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Association's representatives to examine such records; and
- (iv) ensure that such accounts are included in the annual audit, referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

Section 4.03. The Borrower shall cause OPT:

(a) to take out and maintain with responsible insurers, or to make other provision satisfactory to the Association for, insurance against such

risks and in such amounts as shall be consistent with appropriate practices;

(b) to carry on its operations and conduct its affairs in accordance with sound administrative, financial, commercial and utility practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers; and

(c) at all times to operate and to maintain its plants, machinery, equipment and other property and from time to time, promptly as needed, to make all necessary repairs and renewals thereof, all in accordance with sound engineering, financial, commercial and utility practices.

#### ARTICLE V

##### Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (h) of the General Conditions, the following additional events are specified:

(a) That an event has occurred which shall make it improbable that the Program, or a significant part thereof, will be carried out.

(b) The Borrower shall have failed to perform any of its obligations under the Program Development Credit Agreement.

(c) (i) Subject to subparagraph (ii) of this paragraph:

(A) the right of the Borrower to withdraw the proceeds of any grant, loan or credit (including the Program Development Credit) made to the Borrower for the financing of the Project or in support of the Program shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor, or

(B) any such loan or credit shall have become due and payable prior to the agreed maturity thereof.

(ii) Subparagraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that:

(A) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and

(B) adequate funds for the Project and in support of the Program are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

Section 5.02. Pursuant to Section 7.01 (d) of the General Conditions, the following additional events are specified:

(a) the event specified in paragraph (b) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower; and

(b) the event specified in paragraph (c) (i) (B) of Section 5.01 of this Agreement shall occur, subject to the proviso of sub-paragraph (ii) of that paragraph.

#### ARTICLE VI

##### Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions:



(a) all conditions precedent to the effectiveness of the Program Development Credit Agreement, the Japanese Grant Agreement, the OECF Loan Agreement and the SFD Loan Agreement, except for the effectiveness of this Agreement, have been fulfilled; and

(b) the OPT Subsidiary Loan Agreement has been executed on behalf of the Borrower and OPT.

Section 6.02. The following is specified as an additional matter, within the meaning of Section 12.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association, namely, that the OPT Subsidiary Loan Agreement has been duly authorized or ratified by the Borrower and OPT and is legally binding upon the Borrower and OPT in accordance with its terms.

Section 6.03. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

Section 6.04. The obligations of the Borrower under Sections 4.02 and 4.03 of this Agreement shall cease and determine on the date on which the Program Development Credit Agreement shall terminate or on the date fifteen (15) years after the date of this Agreement, whichever shall be the earlier.

#### ARTICLE VII

##### Representatives of the Borrower; Addresses

Section 7.01. Except as provided in Section 2.09 of this Agreement, the Minister of the Borrower responsible for finance is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministere des Finances et du Commerce  
Bamako  
Republic of Mali

Cable address:

Telex:

MINIFINANCES  
Bamako

2559 MINIFINANCE

For the Association:

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

Cable address:

Telex:

INDEVAS  
Washington, D.C.

440098 (ITT)  
248423 (RCA) or  
64145 (WUI)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF MALI

By /s/ Nouhoum Samassekou

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Edward V. K. Jaycox

Regional Vice President

Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit, the allocation of the amounts of the Credit to each Category and the percentage of expenditures for items so to be financed in each Category:

Amount of the Credit Allocated (Expressed in CategorySDR Equivalent)	% of Expenditures to be Financed	
Parts A, B and E of the Project		
(1) Advisors and consultants	1,100,000	100%
(2) Vehicles, equipment and furniture	150,000	100%
(3) Operating costs	80,000	50%
(4) Training	380,000	100%
(5) Studies	500,000	100%
Part C of the Project		
(6) Advisers and consultants	650,000	100%
(7) Operating costs	80,000	50%
(8) Vehicles, equipment and furniture	80,000	100%
Part D of the Project		
(9) Consultants	1,700,000	100%
(10) Vehicles, equipment and furniture	380,000	100%
(11) Civil works	150,000	50%
(12) Training	150,000	100%
Other		
(13) Refunding of Project Prepara- tion Advances	1,100,000	Amount due pur- suant to Section 2.02 (c) of this Agreement

(14) Unallocated	500,000
TOTAL	7,000,000

2. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of:

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

(b) Categories (9) through (12) of the table set forth in paragraph 1 of Schedule 1 to this Agreement until the Borrower and OPT shall have determined, in a manner satisfactory to the Association, the principal respective actions and obligations of the Borrower and OPT which shall be included in the Charters (Statuts) of the PEs referred to in Part D.2 of the Project and in the performance contracts to be concluded between the Borrower and such PEs.

## SCHEDULE 2

### Description of the Project

The objectives of the Project are to provide to the Borrower the needed institutional support to carry out and maintain the adjustments to its PE sector as provided for in the Program.

The Project consists of the following parts subject to such modifications thereof as the Borrower and the Association may agree upon from time to time to achieve such objectives:

#### Part A: Strengthening of Public Enterprise Bureau

1. Assistance to BEP in the management of all activities and in the discharge of the responsibilities, referred to in Section 3.02 of the Development Credit Agreement.
2. Development of BEP's capacity to function as the technical body for the reform of the PE Sector including, inter alia, the establishment of a Management Information System (MIS) to enable BEP to periodically evaluate the overall performance of PEs.

#### Part B: Training of BEP Staff and PE Managers

A training program for BEP staff and PE managers consisting of:

- (a) training seminars and courses organized by BEP in:
  - (i) corporate planning (including the use of performance contracts);
  - (ii) internal control, auditing and accounting standards and reporting;
  - (iii) investment appraisal and capital budgeting techniques; and
  - (iv) general enterprise management;
- (b) on-the-job training by resident advisors to BEP.

#### Part C: Assistance to the Ministry of Finance and Commerce

Assistance to MFC in the management of all activities, and in the discharge of the responsibilities referred to in Section 3.03 of the Development Credit Agreement.

#### Part D: Support to the Postal and Telecommunications Sectors

1. Assistance in the reorganization of the Borrower's postal and telecommunications sectors and their financial restructuring.
2. Strengthening of the operations of the PE for postal

services to be created under the Program, including:

- (a) improvement of the organization and management of said PEs;
- (b) improvement of labor management policies;
- (c) rehabilitation of the mail services;
- (d) strengthening of domestic and international mail services through, inter alia, studies, civil works, and the provision of vehicles and equipment; and
- (e) management training.

Part E: Studies

Assistance in the carrying out of studies to prepare the basis for further adjustment in the Borrower's PE sector, including:

- (a) formulation of action plans for the PEs to be restructured in further phases of the reform;
- (b) evaluation of the Program with regard to: (i) divestiture experience; (ii) PEs financial results; (iii) PEs results under performance contracts; and (iv) the role of supervisory ministries;
- (c) impact studies;
- (d) studies on the reconversion of former PE employees;
- (e) formulation of an action plan for financial policy reform; and
- (f) formulation of an action plan for the PE textile sector.

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The Project is expected to be completed by June 30, 1994.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

1. Except as provided in Part C hereof, goods for OPT shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines).
2. To the extent practicable, contracts shall be grouped in bid packages estimated to cost the equivalent of \$50,000 or more each.

Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A.1 hereof, goods manufactured in Mali may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

Part C: Other Procurement Procedures

1. Civil Works for OPT may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association and paragraph 3.3 of the Guidelines.
2. Items for OPT which could not be grouped in bid packages of more than the equivalent of \$50,000 up to an aggregate amount not to exceed the equivalent of \$250,000, and equipment, vehicles and furniture for BEP and

MFC may be procured under contracts awarded on the basis of comparison of price quotations solicited from a list of at least three suppliers from at least three different countries eligible under the Guidelines and in accordance with paragraph 3.4 of the Guidelines.

#### SCHEDULE 4

##### Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (12) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to one hundred fifty million francs CFA (CFAF 150,000,000) to be withdrawn from the Credit Account and deposited in the special Account pursuant to paragraph 3 (a) of this Schedule.

2. Except as the Association shall otherwise agree, payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Association has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account may be made as follows:

(a) On the basis of a request or requests by the Borrower for a deposit or deposits which add up to the aggregate amount of the Authorized Allocation, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount or amounts as the Borrower shall have requested.

(b) The Borrower shall furnish to the Association requests for replenishment of the Special Account at such intervals as the Association shall specify. On the basis of such requests, the Association shall withdraw from the Credit Account and deposit into the Special Account such amounts as shall be required to replenish the Special Account with amounts not exceeding the amount of payments made out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories and in the respective equivalent amounts, as shall have been justified by the evidence supporting the request for such deposit furnished pursuant to paragraph 4 of this Schedule.

4. For each payment made by the Borrower out of the Special Account, for which the Borrower requests replenishment pursuant to paragraph 3 (b) of this Schedule, the Borrower shall furnish to the Association, prior to or all the time of such request, such documents and other evidence as the Association shall reasonably request, showing that such payment was made for eligible expenditures.

5. (a) Notwithstanding the provisions of paragraph 3 of this Schedule, no further deposit into the Special Account shall be made by the Association when either of the following situations first arises:

(i) the Association shall have determined that all further withdrawals should be made directly by the Borrower from the Credit Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement; or

(ii) the total unwithdrawn amount of the Credit allocated to the eligible Categories for the Project, minus the amount of any outstanding special commitment entered into by the

Association pursuant to Section 5.02 of the General Conditions with respect to the Project, shall be equal to the equivalent of twice the amount of the Authorized Allocation.

(b) Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories for the Project shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in such Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of the Special Account: (i) was made for any expenditure or in any amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished pursuant to paragraph 4 of this Schedule, the Borrower shall, promptly upon notice from the Association, deposit into the Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. No further deposit by the Association into the Special Account shall be made until the Borrower has made such deposit or refund.

(b) If the Association shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount for crediting to the Credit Account.

#### SCHEDULE 5

##### I. Staffing and Technical Assistance for BEP

###### 1. Staffing of BEP

The General Directorate of BEP will be staffed as follows:

- General Director
- Professionals (3 staff)
- Administrative and support staff (including four accountants, two administrative assistants, three secretaries, two messengers, two drivers).

###### 2. Resident Advisory Services (totalling about 36 person-months)

One senior advisor.

###### 3. Short-term consultants (totalling about 168 person-months)

BEP shall obtain the assistance of:

(a) short-term consultants including as required, accountants/auditors, liquidators, investment bankers, lawyers and computer specialists. Their principal tasks will be to assist BEP in PE divestiture activities, in the preparation of performance contracts and of a suitable manual of instructions for BEP's activities;

(b) a general training coordinator to assist BEP in preparing and monitoring its training program referred to in Part B of the Project; and

(c) other consultants to carry out ad hoc functions as may be determined with the concurrence of the Association.

##### II. Technical Assistance for MFC

###### 1. Resident Advisory Services (totalling about 36 person-months)

One senior adviser.

###### 2. Short-term consultants (totalling about 30 person-months) MFC shall

obtain the assistance of:

(a) short-term consultants including as required, accountants/auditors, liquidators, investment bankers, lawyers and specialists whose main task will be to assist MFC in the implementation of the privatization program, the design and implementation of banking sector reforms, the completion of liquidation proceedings, the evaluation of PE financial results and the preparation of additional macroeconomic reforms; and

(b) other consultants to carry out ad hoc functions as may be determined with the concurrence of the Association.

