

CONFORMED COPY

INTERIM FUND CREDIT NUMBER N004 MLI

ACI Project Agreement

(Urban Development and Decentralization Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION as Administrator of the interim trust fund established with funds contributed by certain members of International Development Association pursuant to Resolution No. IDA 184 of the Board of Governors of International Development Association

and

AGENCE DE CESSION IMMOBILIERE

Dated December 19, 1996

INTERIM FUND CREDIT NUMBER N004 MLI

PROJECT AGREEMENT

AGREEMENT, dated December 19, 1996, between AGENCE DE CESSION IMMOBILIERE (ACI) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) as administrator (the Administrator) of the interim trust fund (Interim Fund) established with funds contributed by certain members of the Association pursuant to Resolution No. IDA 184 (the Interim Fund Resolution) of the Board of Governors of the Association, adopted on June 26, 1996.

WHEREAS: (A) by the Development Credit Agreement of even date herewith between Republic of Mali (the Borrower) and the Administrator, the Administrator has agreed to make available to the Borrower an amount in various currencies equivalent to fifty-five million five hundred thousand Special Drawing Rights (SDR 55,000,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that ACI agree to undertake such obligations toward the Administrator as are set forth in this Agreement;

(B) by a subsidiary loan agreement to be entered into between the Borrower and ACI, a portion of the proceeds of the credit provided for under the Development Credit Agreement will be relented to ACI on the terms and conditions set forth in said Subsidiary Loan Agreement; and

WHEREAS ACI, in consideration of the Administrator's entering into the Development Credit Agreement with the Borrower, has agreed to undertake the obligations set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Definitions

Section 1.01. Unless the context otherwise requires, the several terms defined in the Development Credit Agreement and in the General Conditions (as so defined) have the respective meanings therein set forth.

ARTICLE II

Execution of the Project

Section 2.01. (a) ACI declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Development Credit Agreement, and, to this end, shall carry out Part E of the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, environmental, and land development practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for Part E of the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section, and except as the Borrower, ACI and the Administrator shall otherwise agree, the ACI shall carry out Part E of the Project in accordance with the Implementation Program set forth in Schedule 4 to the Development Credit Agreement, including the Project Implementation Plan and the Environmental Mitigation Plan.

Section 2.02. Except as the Administrator shall otherwise agree, procurement of the goods, works and consultants' services required for Part 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 the Development Credit Agreement.

Section 2.03. (a) ACI shall carry out the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of the ACI Project Agreement and Part E of the Project.

(b) For purposes of Section 9.07 of the General Conditions, ACI shall:

(i) prepare on the basis of guidelines acceptable to the Administrator and furnish to the Administrator not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Administrator, a plan, of such scope and in such detail as the Administrator shall reasonably request, for the continued achievement of the objectives of Part E of the Project; and

(ii) afford the Administrator a reasonable opportunity to exchange views with the Borrower on said plan.

Section 2.04. ACI shall duly perform all its obligations under the ACI Subsidiary Loan Agreement. Except as the Administrator shall otherwise agree, ACI shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving the ACI Subsidiary Loan Agreement or any provision thereof.

Section 2.05. (a) ACI shall, at the request of the Administrator, exchange views with the Administrator with regard to the progress of Part E of the Project, the performance of its obligations under this Agreement and under the ACI Subsidiary Loan Agreement, and other matters relating to the purposes of the Credit.

(b) ACI shall promptly inform the Administrator of any condition which interferes or threatens to interfere with the progress of Part E of the Project, the accomplishment of the purposes of the Credit, or the performance by ACI of its obligations under this Agreement and under the ACI Subsidiary Loan Agreement.

Section 2.06. Without limitation to the provision of Section 2.05 of this Agreement, ACI shall participate in the annual reviews and the midterm review referred to in paragraphs (3) and (4), respectively, of Schedule 4 to the Development Credit Agreement and, to this end, shall: (i) furnish to the Borrower and the Administrator such reports as may be required for that purpose, and in such detail as the Borrower or the Administrator shall reasonably request, on the progress and status of the Project; and (ii) following each such review, promptly take, or assist the Borrower in taking, any corrective action deemed necessary to remedy any shortcoming noted in the implementation of the Project, or to implement, or assist the Borrower in implementing, such other measures as may have been agreed upon between the parties in furtherance of the objectives of the Project.

ARTICLE III

Management and Operations of ACI

Section 3.01. (a) ACI shall carry on its operations and conduct its affairs in accordance with sound administrative, financial, environmental and land development practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers.

(b) ACI shall ensure that its positions of general manager, technical director and financial director shall be filled at all times by persons with qualifications and experience acceptable to the Administrator.

Section 3.02. ACI shall at all times operate and maintain its equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound engineering, financial and power transmission and distribution practices.

Section 3.03. ACI shall take out and maintain with responsible insurers, or make other provision satisfactory to the Administrator for, insurance against such risks and in such amounts as shall be consistent with appropriate practice.

Section 3.04. ACI shall at all times ensure that its land development activities represent at least 2/3 of its chiffre d'affaire.

Section 3.05. ACI shall: (a) offer for sale through public auction, in accordance with procedures and criteria acceptable to the Administrator, at least 70% of the lots to be developed under Part E of the Project, and (b) ensure that the proceeds of the sale of lots developed under Part E of the Project are used exclusively to finance the development of additional lots for housing.

ARTICLE IV

Financial Covenants

Section 4.01. (a) ACI shall maintain records and accounts adequate to reflect in accordance with sound accounting practices its operations and financial condition, including its operations in respect to the Project.

(b) ACI shall:

(i) have its records, accounts and financial statements (balance sheets, statements of income and expenses and related statements), including those of the Special Account D, for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Administrator;

(ii) furnish to the Administrator as soon as available, but in any case not later than six (6) 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 Administrator shall have reasonably requested; and

(iii) furnish to the Administrator such other information concerning said records, accounts and financial statements as well as the audit thereof, as the Administrator shall from time to time reasonably request.

ARTICLE V

Effective Date; Termination; Cancellation and Suspension

Section 5.01. This Agreement shall come into force and effect on the date upon which the Development Credit Agreement becomes effective.

Section 5.02. (a) This Agreement and all obligations of the Administrator and of ACI thereunder shall terminate on the earlier of the following two dates:

- (i) the date on which the Development Credit Agreement shall terminate in accordance with its terms; or
- (ii) the date twenty (20) years after the date of this Agreement.

(b) If the Development Credit Agreement terminates in accordance with its terms before the date specified in paragraph (a) (ii) of this Section, the Administrator shall promptly notify ACI of this event.

Section 5.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.

ARTICLE VI

Miscellaneous Provisions

Section 6.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex or radiogram to the party to which it is required or permitted to be given or made at such party's address hereinafter specified or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For the Association and the Administrator:

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

Cable address:

INDEVAS
Washington, D.C.

Telex:

248423 (RCA)
82987 (FTCC)
64145 (WUI) or
197688 (TRT)

For ACI:

Agence de Cessions Immobilières
Aboubacar Haidara
199, rue 402 Dravela Bolibana
B.P. 2485
Mali

Section 6.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of ACI, or by ACI on behalf of the Borrower under the Development Credit Agreement, may be taken or executed by the General Manager of ACI or such other person or persons as the General

Manager of ACI shall designate in writing, and ACI shall furnish to the Administrator sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 6.03. This Agreement may be executed in several counterparts, each of which shall be an original, and all collectively but one instrument.

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.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Cheick Oumar Diarra

Regional Vice President
Africa

AGENCE DE CESSION IMMOBILIERE

By /s/ Jean-Louis Sarbib

Authorized Representative

