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**CREDIT NUMBER 4388-ML**

# **Financing Agreement**

**(Second Poverty Reduction Support Credit)**

**between**

**REPUBLIC OF MALI**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated March 10, 2008**

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**FINANCING AGREEMENT**

AGREEMENT dated March 10, 2008 entered into between REPUBLIC OF MALI (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Association has decided to provide this financing on the basis, *inter alia*, of: (a) the First Poverty Reduction Support Credit between the Recipient and the Association dated March 12, 2007; (b) the actions which the Recipient has already taken under the Program and which are described in Section I of Schedule 1 to this Agreement; and (c) the Recipient’s maintenance of an appropriate macroeconomic policy framework. The Recipient and the Association therefore hereby agree as follows:

**ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

**ARTICLE II — FINANCING**

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to twenty six million five hundred thousand Special Drawing Rights (SDR 26,500,000) (“Credit”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in support of the Program in accordance with Section II of the Schedule 1 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Un-withdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are March 1 and September 1 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with repayment schedule set forth in Schedule 2 to this Agreement.
- 2.07. The Payment Currency is the Dollar.

### **ARTICLE III — PROGRAM**

- 3.01. The Recipient declares its commitment to the Program and its implementation. To this end:
- (a) the Recipient and the Association shall from time to time, at the request of either party, exchange views on the progress achieved in carrying out the Program;
  - (b) prior to each such exchange of views, the Recipient shall furnish to the Association for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Association shall reasonably request; and
  - (c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Recipient shall exchange views with the Association on any proposed action to be taken after the disbursement of the Financing which would have the effect of materially reversing the objectives of the Program, or any action taken under the Program, including any action specified in Section I of Schedule 1 to this Agreement.

### **ARTICLE IV — REMEDIES OF THE ASSOCIATION**

- 4.01. The Additional Event of Suspension consists of the following:

A situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

### **ARTICLE V — EFFECTIVENESS**

- 5.01. The Effectiveness Deadline is the date 90 days after the date of this Agreement.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

6.01. The Recipient's Representative is its minister at the time responsible for economy.

6.02. The Recipient's Address is:

Ministry of Economy, Industry and Commerce  
P. O. Box 1759  
Quartier du Fleuve  
Bamako, Mali

Facsimile:

(223) 223 99 34

6.03. The Association's Address is:

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

Cable address:

Telex:

Facsimile:

INDEVAS  
Washington, DC

248423(MCI) or  
64145(MCI)

1 202 477 6391

AGREED in Bamako, Mali, as of the day and year first above written.

**REPUBLIC OF MALI**

**By /s/ Fatoumata Nènè Sy Bâ**

**Authorized Representative**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By /s/ Alassane Diawara**

**Authorized Representative**

## **SCHEDULE 1**

### **Program Actions; Availability of Financing Proceeds**

#### **Section I. Actions under the Program**

**Actions Taken under the Program.** The actions taken by the Recipient under the Program include the following:

- A. Macroeconomic and Budgetary Framework
  - 1. Operationalization, in form and substance satisfactory to the Association, of the interconnection system of six (6) ministries (Ministry of Education, Ministry of Health, Ministry of Agriculture, Ministry of Social Development, Solidarity and Elderly People, Ministry of Internal Security and Civil Protection, and Ministry of Finance) and the four (4) regional budget departments (Cikaso, Gao, Mopti and District of Bamako), in a manner that is consistent with the network infrastructure established by AGETIC, in accordance with paragraph 3 of the LDP.
- B. Public Procurement
  - 2. Approval, in form and substance satisfactory to the Association, by the Recipient's National Committee for the Coordination and Follow-up of the Public Procurement Reforms of the draft Decree on the Procurement Code.
- C. Financial Sector
  - 3. Provision of adequate funding for Fiscal Year 2008, as reflected in the 2008 Recipient's Budget Law and in an amount satisfactory to the Association, to the Micro-finance Supervision Unit.
- D. Private Sector
  - 4. Operationalization, in form and substance satisfactory to the Association, of the one-stop window for investors, in line with the Recipient's Law for Single Identification Process No. 06-040 dated August 11, 2006.
  - 5. Reduction of the property registration fees and taxes by firms, in an amount satisfactory to the Association, in accordance with the Recipient's General Tax Code Law No. 06067 dated December 29, 2006, and in an amount and following procedures satisfactory to the Association, in accordance with paragraph 7 of the LDP.

E. Transport and Transit Facilitation

6. Implementation of measures, in form and substance satisfactory to the Association, designed to increase the share of revenues from road users fees for Fiscal Year 2008 to 40 percent (40%) of the Recipient's Road Authority road maintenance budget for Fiscal Year 2008.
7. Implementation by the General Department of Customs, in form and substance satisfactory to the Association of the external audit recommendations regarding transport facilitation provided by the World Customs Organization, dated October 2006.

F. Agriculture

8. Publication, in form and substance satisfactory to the Association, of a document describing the irrigation financing mechanism scheme in the Office du Niger zone, including the draft text for the establishment of a department within the Office du Niger responsible for the management of said mechanism, in accordance with paragraph 9 of the LDP.

G. Health and Social Development

9. Adoption by the Recipient's Council of Ministers of a budget for Fiscal Year 2008, satisfactory to the Association, based on the results oriented MTEFs of the Ministries in charge of health and social development at the time, including a provisional health mapping, that takes into account the available data on the private sector in the statistics of existing health centers, in accordance with paragraph 10 of the LDP.

**Section II. Availability of Financing Proceeds**

- A. **General.** The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient.
- B. **Allocation of Financing Amounts.** The Financing shall be withdrawn in a single tranche. The allocation of the amount of the Financing to this end is set out in the table below:

Allocations	Amount of the Financing Allocated (Expressed in SDR)
Single Tranche	26,500,000
TOTAL AMOUNT	26,500,000

- C. Deposits of Financing Amounts.** Except as the Association may otherwise agree:
1. all withdrawals from the Financing Account shall be deposited by the Association into an account designated by the Recipient and acceptable to the Association; and
  2. the Recipient shall ensure that upon each deposit of an amount of the Financing into this account, an equivalent amount is accounted for in the Recipient's budget management system, in a manner acceptable to the Association.
- D. Excluded Expenditures.** The Recipient undertakes that the proceeds of the Financing shall not be used to finance Excluded Expenditures. If the Association determines at any time that an amount of the Financing was used to make a payment for an Excluded Expenditure, the Recipient shall, promptly upon notice from the Association, refund an amount equal to the amount of such payment to the Association. Amounts refunded to the Association upon such request shall be cancelled.
- E. Closing Date.** The Closing Date is December 31, 2008.



## **SCHEDULE 2**

### **Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (Expressed as a percentage)*</b>
On each March 1 and September 1:	
Commencing March 1, 2018 to and including September 1, 2027	<b>1</b>
Commencing March 1, 2028 to and including September 1, 2047	<b>2</b>

\*The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

## APPENDIX

### Section I. Definitions

1. “AGETIC” means the Recipient’s Information and Communication Technology Agency (*Agence de Technologies de l’Information et de la Communication*) established pursuant to the Recipient’s Law 96-015 of February 13, 1996, and which is responsible for developing and implementing information technologies in public administration.
2. “Excluded Expenditure” means any expenditure:
  - (a) for goods or services supplied under a contract which any national or international financing institution or agency other than the Association or the Bank has financed or agreed to finance, or which the Association or the Bank has financed or agreed to finance under another Financing, credit, grant, or loan;
  - (b) for goods included in the following groups or sub-groups of the Standard International Trade Classification, Revision 3 (SITC, Rev.3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev.3 (1986) (the SITC), or any successor groups or subgroups under future revisions to the SITC, as designated by the Association by notice to the Recipient:

Group	Sub-group	Description of Item
112		Alcoholic beverages
121		Tobacco, un-manufactured, tobacco refuse
122		Tobacco, manufactured (whether or not containing tobacco substitutes)
525		Radioactive and associated materials
667		Pearls, precious and semiprecious stones, un-worked or worked
718	718.7	Nuclear reactors, and parts thereof; fuel elements (cartridges), non-irradiated, for nuclear reactors
728	728.43	Tobacco processing machinery
897	897.3	Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths’ or silversmiths’ wares (including set gems)
971		Gold, non-monetary (excluding gold ores and concentrates)

- (c) for goods intended for a military or paramilitary purpose or for luxury consumption;

- (d) for environmentally hazardous goods, the manufacture, use or import of which is prohibited under the laws of the Recipient or international agreements to which the Recipient is a party;
  - (e) on account of any payment prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and
  - (f) with respect to which the Association determines that corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Recipient or other recipient of the Financing proceeds, without the Recipient (or other such recipient) having taken timely and appropriate action satisfactory to the Association to address such practices when they occur.
- 3. “Financing Agreement” includes all appendices, schedules, and agreements supplemental to the Financing Agreement.
  - 4. “Fiscal Year” means the calendar year starting on January 1, and ending on December 31.
  - 5. “General Conditions” means the “International Development Association General Conditions for Credit and Grants”, dated July 1, 2005 (as amended through October 15, 2006), with the modifications set forth in Section II of this Appendix.
  - 6. “General Department of Customs” (*Direction Générale des Douanes*) means the Recipient’s entity, established under the Ministry of Finance pursuant to the Recipient’s Decree No. 08-039/PM-RM of January 22, 2008.
  - 7. “Letter of Development Policy” or “LDP” means the letter referred to in paragraph 12 of this Section I.
  - 8. “MTEFs” means the Recipient’s Medium-Term Expenditure Frameworks (*Cadre des dépenses à moyen terme d’un secteur de développement du Gouvernement du Bénéficiaire*).
  - 9. “Micro-finance Supervision Unit” (*Cellule de Contrôle et de Suivi des Systèmes Financiers Décentralisés*) means the Recipient’s entity, established under the Ministry of Finance pursuant to the Recipient’s Decree No. 08-039/PM-RM of January 22, 2008.
  - 10. “Office du Niger” (Niger Office) means the Recipient’s entity, established pursuant to the Recipient’s Law No. 94-004/AN/RM of March 9, 1994, and which is responsible for management of the irrigation scheme in its zone of responsibility in the interior delta of the Niger river.

11. “National Committee for the Coordination and Follow-up of the Public Procurement Reforms” (*Comité National de Coordination et de Suivi de la Réforme des Marchés Publics*) means the Recipient’s entity, established under the Ministry of Finance pursuant to the Recipient’s Decree No. 08-039/PM-RM of January 22, 2008.
12. “Program” means the program of actions, objectives, and policies designed to promote growth and achieve sustainable reductions in poverty and set forth or referred to in the letter dated December 24, 2007 from the Recipient to the Association declaring the Recipient’s commitment to the execution of the Program, and requesting assistance from the Association in support of the Program during its execution.
13. “Road Authority” (*Autorité Routière*) means the Recipient’s entity, established under the Ministry of Finance pursuant to the Recipient’s Decree No. 08-039/PM-RM of January 22, 2008.
14. “Single Tranche” means the amount of the Financing allocated to the category entitled “Single Tranche” in the table set forth in Part B of Section II of Schedule 1 to this Agreement.

## **Section II. Modifications to the General Conditions**

The modifications to the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006), are as follows:

1. The last sentence of paragraph (a) of Section 2.03 (relating to Applications for Withdrawal) is deleted in its entirety.
2. Sections 2.04 (*Designated Accounts*) and 2.05 (*Eligible Expenditures*) are deleted in their entirety, and the remaining Sections in Article II are renumbered accordingly.
3. Sections 4.01 (*Project Execution Generally*), and 4.09 (*Financial Management; Financial Statements; Audits*) are deleted in their entirety, and the remaining Sections in Article IV are renumbered accordingly.
4. Paragraph (a) of Section 4.05 (renumbered as such pursuant to paragraph 3 above and relating to *Use of Goods, Works and Services*) is deleted in its entirety.
5. Paragraph (c) of Section 4.06 (renumbered as such pursuant to paragraph 3 above) is modified to read as follows:

“Section 4.06. *Plans; Documents; Records*

... (c) The Recipient shall retain all records (contracts, orders, invoices, bills, receipts and other documents) evidencing expenditures under the Financing

until two years after the Closing Date. The Recipient shall enable the Association's representatives to examine such records."

6. Section 4.07 (renumbered as such pursuant to paragraph 3 above) is modified to read as follows:

*"Section 4.07. Program Monitoring and Evaluation*

... (c) The Recipient shall prepare, or cause to be prepared, and furnish to the Association not later than six months after the Closing Date, a report of such scope and in such detail as the Association shall reasonably request, on the execution of the Program, the performance by the Recipient and the Association of their respective obligations under the Legal Agreements and the accomplishment of the purposes of the Financing."

7. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:

- (a) The definition of the term "Eligible Expenditure" is modified to read as follows:

"'Eligible Expenditure' means any use to which the Financing is put in support of the Program, other than to finance expenditures excluded pursuant to the Financing Agreement."

- (b) The term "Financial Statements" and its definition as set forth in the Appendix are deleted in their entirety.

- (c) The term "Project" is modified to read "Program" and its definition is modified to read as follows:

"Program" means the program referred to in the Financing Agreement in support of which the Financing is made." All references to "Project" throughout these General Conditions are deemed to be references to "Program".

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