

**The World Bank**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
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CONFORMED

May 19, 2011

H. E. Lassine Bouaré  
Minister of Economy and Finance  
Ministry of Economy and Finance  
B.P. 234  
Bamako  
MALI

Re: Grant No. TF098148  
Republic of Mali: Energy Small and Medium Enterprises Support  
in Sub-Saharan Africa

Excellency:

In response to the request for financial assistance made on behalf of the Republic of Mali (“Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development and the International Development Association (collectively the “World Bank”), acting as administrator of grant funds provided by Russia (the “Donor”) under the Trust Fund to Support Energy Small and Medium Size Enterprises in Sub-Saharan Africa, proposes to extend to the Recipient a grant in an amount not to exceed six million five hundred thousand United States Dollars (U.S.\$6,500,000) (“Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in the financing of the project described in the Annex (“Project”). This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall

become effective as of the date specified by the World Bank in accordance with Section 5.02 of the Annex to this Agreement

Very truly yours,  
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
AND  
INTERNATIONAL DEVELOPMENT ASSOCIATION

By \_\_\_\_\_  
//s// Ousmane Diagana  
Country Director for Mali  
Africa Region

AGREED:  
REPUBLIC OF MALI

By //s// Lassine Bouaré  
Authorized Representative  
Name Lassine Bouaré  
Title Minister of Economy and Finance  
Date: May 10, 2011

Enclosures:

- (1) “Standard Conditions for Grants Made by the World Bank Out of Various Funds”, dated July 31, 2010
- (2) Disbursement Letter of even date herewith, together with “World Bank Disbursement Guidelines for Projects”, dated May 1, 2006
- (3) Guidelines: “Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised on October 1, 2006 and May 1, 2010
- (4) Guidelines: “Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 and revised in October 1, 2006 and May 1, 2010
- (5) Guidelines on “Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011

## Article I

### Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated July 31, 2010 (“Standard Conditions”), constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement, and the following additional terms have the following meanings:

(a) “Administrative and Financial Manual” (*Manuel Administratif et Financier*) means the Recipient’s document, dated August 2004, agreed with the World Bank and setting out administrative, financial management, accounting, and auditing arrangements and procedures for purposes of implementation of the Project, as the same may be amended from time to time with the prior written concurrence of the World Bank, and such term includes any schedules to said Manual.

(b) “Beneficiary” means a private commercial operator, a duly registered community organization, a non-governmental organization, or an economic interest group which meets the criteria specified in Section 2.03(h) of this Agreement and the Administrative and Financial Manual, the Project Implementation Manual (as hereinafter defined), and the Rural Electrification Fund Manual (as hereinafter defined), and to which or for whose benefit a Subproject Grant (as hereinafter defined) is made or proposed to be made for the carrying out of a Subproject (as hereinafter defined).

(c) “Environmental and Social Management Framework” or “ESMF” means the Recipient’s, document, dated April 14, 2009, agreed with the World Bank and setting out mitigation, enhancement, monitoring, and institutional measures identified by the Recipient to eliminate any adverse environmental and social impacts of Project activities, offset them, or reduce them to acceptable levels, or enhance positive impacts, as the same may be modified from time to time with the prior written concurrence of the World Bank, and such term includes any schedules to said Framework.

(d) “Nyetaa Finances” means the microfinance institution established in August 2008 to develop short and medium term of loans for productive energy uses in rural areas of Mali for small and medium size enterprises, cooperatives, and households with access to off-grid electricity.

(e) “Project Implementing Entity” means the Malian Agency for Household Energy and Rural Electrification Development (*Agence Malienne pour le Développement de l’Energie Domestique et de l’Electrification Rurale* or “AMADER”).

(f) “Project Implementation Manual” (*Manuel d’Execution du Projet*) means the Recipient’s document, dated April 2004, agreed with the World Bank and setting out implementation, organizational, monitoring and evaluation, environmental and social monitoring and mitigation, and procurement arrangements and procedures for purposes of implementation of the Project, as the same may be amended from time to time with the prior written concurrence of the World Bank, and such term includes any schedules to said Manual.

(g) “Project Implementing Entity’s Legislation” means the Recipient’s Decree No. 226/P-RM of May 30, 2003.

(h) “Resettlement Policy Framework” or “RPF” means the Recipient’s document, dated April 14, 2009, agreed with the World Bank and setting out arrangements for the resettlement and compensation of persons affected by potential changes in land use associated with activities to be implemented under the Project, as the same may be modified from time to time with the prior written concurrence of the World Bank, and such term includes any schedules to said Framework.

(i) “Rural Electrification Fund” (*Fonds d’Electrification Rurale*) means the Recipient’s entity, established and operating pursuant to the Recipient’s Ordinance No. 019/P/RM of March 15, 2000, charged with the provision of financing to rural electrification activities.

(j) “Rural Electrification Fund Manual” means (*Manuel du Fonds d’Electrification Rurale*) means the Recipient’s document, dated September 2004, agreed with the World Bank and setting out administrative, financial, and accounting arrangements and procedures for purposes of the operation of the Rural Electrification Fund, including the disbursement of Rural Electrification Fund financing, as the same may be amended from time to time with the prior written concurrence of the World Bank, and such term includes any schedules to said Manual.

(k) “Subproject” means a specific activity carried out by a Beneficiary under Part 2 of Section 2.01 of the Project, financed or proposed to be financed through a Subproject Grant (as hereinafter defined).

(l) “Subproject Grant” means a grant made or proposed to be made to finance a Subproject.

(m) “Subproject Grant Agreement” means an agreement between the Project Implementing Entity and a Beneficiary, setting forth the terms and conditions under which proceeds of the Grant shall be made available to the Beneficiary for the purpose of financing Subprojects.

(n) “Subsidiary Agreement” means the agreement referred to in Section 2.03(b) of this Agreement pursuant to which the Recipient shall make the proceeds of the Grant available to the Project Implementing Entity.

## **Article II**

### **Project Execution**

2.01. ***Project Objectives and Description.*** The objective of the Project is to support the Recipient’s efforts in increasing access to modern energy services for its population through: (i) increasing energy supply to households, small and medium enterprises, health and education centers in rural and peri-urban areas; (ii) promoting community-based woodland management; and (iii)

strengthening energy sector reform processes toward increased private sector participation in decentralized energy service delivery.

The Project consists of the following parts:

Part 1. Capacity Development and Institutional Strengthening

(a) Provision of additional goods, training and technical assistance to strengthen technical and managerial capacities of the Project Implementing Entity and other sector institutions such as local energy service companies through: (i) specific training sessions on operation and maintenance of mini-grids; (ii) specific training sessions on the regulation of rural energy projects; (iii) training and information sharing on local manufacturing and assembly of energy system components to optimize investments costs; (iv) support to a pilot project on productive energy uses to be carried out in selected villages in the Sikasso and Koulikoro region; and (v) monitoring and evaluation of rural energy projects.

(b) Support AMADER's capacity development in the areas of: (i) planning, monitoring and evaluation, and impact assessment; (ii) design and implementation of renewable energy initiatives; and (iii) innovative approaches to develop productive and social uses of energy.

Part 2. Energy Service Delivery

(a) Scaling up energy service delivery projects through the development and extension of micro and mini-grids in selected villages in different regions of the Recipient's territory.

(b) Scaling up renewable energy technologies by expanding access to renewable energy in selected villages in different regions of the Recipient's territory.

(c) Carrying out a project pilot on productive energy uses in selected villages in the Sikasso and Koulikoro region through partnership with Nyetaa Finances.

2.02. ***Project Execution Generally.*** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 ("Anti-Corruption Guidelines"); and (d) this Article II.

2.03. ***Institutional and Other Arrangements.*** Without limitations upon the provisions of Section 2.02 above, the Recipient shall:

(a) maintain, until the end of the Project, the Project Implementing Entity with resources and staff having the necessary experience, qualifications and expertise satisfactory to the World Bank.

(b) enter into a Subsidiary Agreement, on terms and conditions satisfactory to the World Bank with the Project Implementing Entity, providing, *inter alia*, for: (i) the provision to the Project Implementing Entity of the funds and other resources required to enable it to carry out the Project; and (ii) the obligation of the Project Implementing Entity to carry out the Project in accordance with the terms and conditions set forth in this Agreement; and (iv) the obligation of

the Project Implementing Entity to implement the Project in accordance with the Administrative and Financial Manual, the Project Implementation Manual, the Rural Electrification Fund Manual, the Environmental and Social Management Framework (“ESMF”), the Resettlement Policy Framework (“RPF”), and the Anti-corruption Guidelines.

(c) exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant, and except as the World Bank shall otherwise agree, the Recipient shall not change, assign, amend, abrogate, waive or fail to enforce the Subsidiary Agreement or any provision thereof. In the event of any inconsistency between the provisions of the Subsidiary Agreement and the provisions of this Agreement, the latter shall prevail.

(d) ensure that in the event of any conflict between the provisions of the ESMF, or the RPF, and those of this Agreement, the latter prevail.

(e) maintain, throughout Project implementation, the Rural Electrification Fund, with an institutional framework, functions, and resources satisfactory to the World Bank.

(f) without limitation upon the provisions of subparagraph (e) of this section, ensure that the Project Implementing Entity appraise, approve, and monitor and evaluate the Subprojects in accordance with the provisions of subparagraph (g) below, the Administrative and Financial Manual, the Project Implementation Manual, the Rural Electrification Fund Manual and the Anti-corruption Guidelines.

(g) ensure that no proposed Subproject is eligible for financing under the Project unless the Project Implementing Entity has determined, on the basis of an appraisal conducted in accordance with subparagraph (f) above, the Administrative and Financial Manual, the Project Implementation Manual, and the Rural Electrification Fund Manual, that the proposed Subproject and the proposed Beneficiary satisfy the eligibility criteria specified below and in further detail in the Administrative and Financial Manual, the Project Implementation Manual, and the Rural Electrification Fund Manual, which include the following:

(A) the proposed Subproject has been prepared by a private commercial operator, a duly registered community organization, a non-governmental organization, or an economic interest group which meets the eligibility criteria specified in said Manuals;

(B) the proposed Subproject is for activities set forth in Part 2 of Section 2.01 of this Agreement and described in further detail in said Manuals;

(C) the proposed Subproject satisfies none of the non-eligibility criteria specified in said Manuals;

(D) the proposed Subproject complies with the Environmental and Social Management Framework and the Resettlement Policy Framework; and

(E) the proposed Subproject complies with the standards and requirements set forth in the Recipient’s applicable laws and regulations relating to the Project.

(h) cause the Project Implementing Entity to enter into a Subproject Grant Agreement with the respective Beneficiary under terms and conditions satisfactory to the World Bank, which shall include:

(A) a description of the Subproject, its budget, and applicable performance indicators;

(B) (i) the denomination of the Subproject Grant in CFA Francs; and (ii) the provision of the Subproject Grant on a grant basis;

(C) the right of the Project Implementing Entity to suspend or terminate the right of any Beneficiary to use the proceeds of the Subproject Grant, or declare to be immediately due and payable all or any part of the amount of the Subproject Grant then withdrawn, upon failure by the Beneficiary to perform any of its obligations under the Subproject Grant Agreement; and

(D) the obligation of the Beneficiary to: (i) carry out the Subproject with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, administrative, environmental, and social practices satisfactory to the World Bank, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of Grant proceeds other than the Recipient; (ii) ensure that the resources required for the Subproject are provided promptly as needed; (iii) procure the goods, works, and consultants' services to be financed out of the Subproject Grant in accordance with procedures ensuring efficiency and economy and in accordance with the provisions of the Rural Electrification Fund Manual, and use them exclusively in the carrying out of the Subproject; (iv) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the World Bank, the progress of the Subproject and the achievement of its objectives; (v) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect the operations, resources, and expenditures related to the Subproject; and (2) at the World Bank's or the Project Implementing Entity's request, have such financial statements audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank, and promptly furnish the statements as so audited to the World Bank and the Project Implementing Entity; (F) enable the World Bank and the Project Implementing Entity to inspect the Subproject, its operation, and any relevant records and documents; and (G) prepare and furnish to the World Bank and the Project Implementing Entity all such information as the World Bank or the Project Implementing Entity shall reasonably request relating to the foregoing.

(i) ensure that the Project Implementing Entity exercise its rights under the Subproject Grant Agreement in such manner as to protect its interests and the interests of the World Bank and to achieve the Project objective, and, except as the World Bank shall otherwise agree, ensure that the latter shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, any substantive provision of the aforementioned.

2.04. ***Project Monitoring, Reporting and Evaluation.*** (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators acceptable to the

World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

2.05. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than 45 days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each period shall be furnished to the World Bank not later than six months after the end of such period.

## 2.06. **Procurement**

(a) General. All goods, works and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised on October 1, 2006 and May 1, 2010 (“Procurement Guidelines”), in the case of goods and works;

(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 and revised in October 1, 2006 and May 1, 2010 (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines (“Procurement Plan”).

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods and Works



(i) Except as otherwise provided in sub-paragraph (ii) below goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods and works for those contracts specified in the Procurement Plan: (A) National Bidding; (B) Shopping; (C) Direct Contracting; and (D) International Competitive Bidding, subject to the provisions of paragraph 3.13 (a) of the Procurement Guidelines.

(d) Particular Methods of Procurement of Consultants' Services

(i) Except as otherwise provided in item (ii) below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants' services for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants' Qualifications; (E) Single-source Selection; (F) Selection of Individual Consultants; and (G) Sole Source Procedures for the Selection of Individual Consultants.

(e) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank.

### **Article III Withdrawal of Grant Proceeds**

3.01. ***Eligible Expenditures.*** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Grant Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, consultants' services, Operating Costs, Training and Workshop for Part 1 of the Project	1,600,000	100%
(2) Rural electrification subprojects	4,900,000	100%
<b>TOTAL AMOUNT</b>	6,500,000	

For the purposes of this Section, the term "Training" means the reasonable costs associated with training and workshop participation under the Project, consisting of travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials; and

"Operating Costs" means the incremental operating expenses incurred on account of the Project implementation, management and monitoring including on account of operation and maintenance costs of office and office equipment; office supplies, additional staff costs, travel and supervision costs, per diem, but excluding the salaries and indemnities of officials and public servants of the Recipient's civil service.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2012.

## **Article IV**

### **Additional Remedies**

4.01. **Additional Events of Suspension.** The Additional Events of Suspension referred to in Section 4.02 (k) of the Standard Conditions consists of the following:

(a) A situation shall have arisen which shall make it improbable that the Project or a significant part thereof will be carried out.

(b) The Project Implementing Entity's Legislation has been amended, suspended, abrogated, repealed, or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.

**Article V**  
**Effectiveness; Termination**

5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the Subsidiary Agreement has been executed on behalf of the Recipient and the Project Implementing Entity.

5.02. Except as the Recipient and the World Bank shall otherwise agree, the Effective Date on which this Agreement shall enter into effect shall be the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01. If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

5.03. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date 90 days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

**Article VI**  
**Recipient's Representative; Addresses**

6.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is the Minister of the Recipient in charge of finance.

6.02. **Recipient's Address.** The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Economy and Finance  
BP 234  
ACI 2000  
Bamako, Mali

Facsimile:  
223-20-221914 / 20-231654

6.03. **World Bank's Address.** The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable:                                      Telex:                                      Facsimile:

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