

AGREEMENT RELATED TO CREDIT NUMBER 2370 MLI

Norwegian Grant Agreement

(Natural Resources Management Project)

between

REPUBLIC OF MALI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
as Administrator of development
aid funds provided by

the Royal Ministry of Foreign Affairs of
the Kingdom of Norway

Dated December 6, 1993

AGREEMENT RELATED TO CREDIT NUMBER 2370 MLI

NORWEGIAN GRANT AGREEMENT

AGREEMENT, dated December 6, 1993, between REPUBLIC OF MALI (the "Grantee") and INTERNATIONAL DEVELOPMENT ASSOCIATION (the "Association") acting as Administrator (the "Administrator") of the Norwegian Grant (as hereinafter defined) provided by the Royal Ministry of Foreign Affairs of the Kingdom of Norway ("Norway").

WHEREAS (A) the Grantee and the Association have entered into a Development Credit Agreement, dated July 15, 1992 (the "Development Credit Agreement"), whereby the Association has agreed to provide a credit to finance part of the cost of the Natural Resources Management Project, as more fully described in Schedule 2 to this Agreement (the "Project");

(B) the Grantee has requested the assistance of Norway in the financing of a part of the Project;

(C) Norway has agreed to make available a grant (the "Norwegian Grant") through the Administrator to the Grantee to assist in the financing of the Project, on the terms and conditions hereinafter set forth;

(D) by an agreement between Norway and the Association (the "Administration Agreement"), Norway has requested the Association, and the Association has accepted, to administer the Norwegian Grant in accordance with the provisions of the Administration Agreement;

(E) the Grantee acknowledges that the financial assistance extended to the Grantee under this agreement (the "Norwegian Grant Agreement") shall be considered as part of the bilateral development aid extended by Norway to the Grantee; and

(F) the Administrator has agreed on the basis, inter alia, of the foregoing to extend the Norwegian Grant to the Grantee in support of the Project, 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 (the "General Conditions") constitute an integral part of this Agreement subject, however, to the following modifications thereof:

(a) the term "Association", whenever used in the General Conditions, means the International Development Association acting as Administrator of the Norwegian Grant pursuant to the Administration Agreement, except in the phrase "member of the Association" in Sections 2.01 (5), 4.02 (b) and 6.02 (e);

(b) the term "Development Credit Agreement", whenever used in the General Conditions, means the Norwegian Grant Agreement;

(c) the term "Credit", whenever used in the General Conditions, means the Norwegian Grant;

(d) the term "Credit Account", whenever used in the General Conditions, means the trust account opened by the Administrator in its books in the name of the Grantee to which the amount of the Norwegian Grant is credited (the "Trust Account");

(e) in Section 6.02 the term "Association" shall also include the Association acting in its own capacity;

(f) Section 9.06 (c) shall be modified to read:

"(c) Not later than six months after the Closing Date, or such later date as may be agreed for this purpose between the Grantee and the Administrator, the Grantee shall prepare and furnish to the Administrator a report of such scope and in such detail as the Administrator shall reasonably request, on the execution of the Project referred to in the Preamble to the Norwegian Grant Agreement, the performance by the Grantee and the Administrator of their respective obligations under the Norwegian Grant Agreement and the accomplishment of the purposes of the Norwegian Grant."; and

(g) Sections 3.02, 3.03, 3.04, 3.05, 4.02, 4.03, 4.04, 4.06, 6.05, 7.01, 8.01 (a), and Article XII are deleted.

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions, in the Administration Agreement and in the Preamble to this Agreement, have the respective meanings therein set forth and the following additional terms have the following meanings:

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

(b) "Norwegian Kroner" or "NOK" means the currency of Norway; and

(c) "CFA Franc" or "CFAF" means the currency of the Grantee.

ARTICLE II

The Grant

Section 2.01. The Administrator agrees to extend to the Grantee, on the terms and conditions herein set forth or referred to, a grant in an amount of thirty million Norwegian Kroner (NOK 30,000,000) or such other amount as shall have been made available by Norway to the Administrator for this purpose pursuant to the

Administration Agreement.

Section 2.02. (a) The amount of the Norwegian Grant may be withdrawn from the Trust Account in accordance with the provisions of Schedule 1 to this Agreement, as such Schedule may be amended from time to time by agreement between the Grantee and the Administrator for expenditures made (or if the Administrator shall so agree, to be made) in respect of the reasonable cost of the goods and services required for the Project.

(b) Notwithstanding the provisions of paragraph (a) above, no withdrawals shall be made in respect of payments for taxes levied by, or in the territory of, the Grantee on goods and services or in the importation, manufacture, procurement or supply thereof.

(c) The Grantee shall, for the purposes of the Project, open and maintain in CFA Franc a special account (the "Special Account") in a commercial bank on terms and conditions satisfactory to the Administrator. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 3 to this Agreement.

Section 2.03. (a) Consultants and experts acceptable to the Administrator shall be employed by the Grantee on terms and conditions satisfactory to the Administrator for the provision of services to be financed out of the proceeds of the Norwegian Grant. Such consultants and experts shall be selected in accordance with procedures satisfactory to the Administrator on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" (the Guide-lines), published by the Bank in August 1981. No substitution of such consultants and experts or modification of the terms and conditions of their employment shall be made except with the prior consent of the Administrator.

(b) Goods and works to be financed out of the proceeds of the Norwegian Grant shall be procured under contracts awarded in accordance with the same procedures as those described in Schedule 3 of the Development Credit Agreement and on the basis of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1992.

(c) If the Administrator shall have reasonably determined that the procurement of any item is inconsistent with the procedures set forth or referred to in paragraphs (a) and (b) above, no expenditures for such item shall be financed out of the proceeds of the Norwegian Grant, and the Administrator may, without in any way restricting or limiting any other right, power or remedy of the Administrator under this Agreement, by notice to the Grantee, cancel such amount of the Norwegian Grant as, in the Administrator's reasonable opinion, represents the amount of such expenditures which would otherwise have been eligible for financing out of the proceeds of the Norwegian Grant.

Section 2.04. The Closing Date shall be June 30, 1998 or such later date as the Administrator shall establish. The Administrator shall promptly notify the Grantee of such later date.

ARTICLE III

Execution of the Project

Section 3.01. The Grantee declares its commitment to the objectives of the Project and, to this end, shall carry out the Project through the Central Implementing and Monitoring Unit (CIMV) Ministry of Rural Development and Environment, with due diligence and efficiency, and in conformity with appropriate administrative, financial and environmental practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Grantee shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of the departments or agencies of the Grantee responsible for carrying out the Project or any part thereof.

(b) The Grantee shall:

Section 5.03. In accordance with the provisions of the Administration Agreement, the rights and obligations of the Administrator under this Agreement may be transferred to Norway. The Grantee accepts and agrees that, upon notice by the Administrator to the Grantee to that effect, Norway shall, ipso facto, from the date specified in such notice, be substituted in all rights and obligations of the Administrator under this Agreement as if Norway had been an original party to this Agreement, without any further action or formality required on the part of any party, and from such date the Administrator shall cease to have any rights or obligations as a party under this Agreement.

ARTICLE VI

Effectiveness

Section 6.01. This Agreement shall become effective as of the date first above written or the date of the Administration Agreement, whichever is the later, and shall continue in effect until the Norwegian Grant has been fully disbursed and the parties to this Agreement have fulfilled their obligations under this Agreement.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, 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/ Siragatou Ibrahim Cissé

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION
as Administrator of the Norwegian Grant

By /s/ Edward V. K. Jaycox

Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Grant

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

Category	Amount of the Grant Allocated (Expressed in NOK)	% of Expenditures to be Financed
(1) Civil works	9,000,000	100%
(2) Equipment	9,000,000	100%
(3) Consultants' services	8,000,000	100%
(4) Operating costs	4,000,000	100%
TOTAL	30,000,000	

2. For the purposes of this Schedule, the term "operating costs" means the incremental costs arising under the Project on account of local staff travel allowances, maintenance of vehicles, fuel, and office rent, supplies and services.

3. The proceeds of the Grant will finance village-level social and productive investments under component (a) (see Schedule 2: Description of Project), including: civil works for the supply of drinking water, building materials for the construction of schools and health centers, rural roads, village grain stores, animal traction carts, grain mills, oil extraction machines, and other civil works and equipment to be identified during project implementation. Under "training and public awareness" (component (e)), the Grant will finance salaries for the planners of training sessions, trainers, resource persons and the organizers of these sessions, lodging, food, transportation and, in some circumstances, per diem of trainees, training equipment, the creation of training manuals and training aids, national public awareness campaigns, the establishment of a subregional database of training resources in the field of natural resource management, and 50% of salaries of the Project director and three specialists in the Central Implementation Unit of the Project.

SCHEDULE 2

Description of the Project

The Natural Resource Management Project is the first five-year timeslice of a long-term national program to provide the necessary support to village communities to enable them to establish, implement, and monitor village management plans covering the natural resources in their communities. The main components of the Project are: (a) village-level investments to stop the degradation of soil, water, and natural vegetation and to establish infrastructures and productive facilities with immediate, direct impact on the communities' way of life, in about 150 villages within three of Mali's eight administrative regions; (b) modification of the boundaries of the Baoulé National Park and implementation of a long-term management plan; (c) support to Government services at regional and local levels to help villagers to set up, implement and monitor community natural resource management plans; (d) support to the newly created Planning, Monitoring and Evaluation Department within the Ministry of Agriculture, Livestock and Environment, in establishing an environmental information system; (e) implementation of a training and public awareness program; and (f) technical assistance, consultant services, applied research and technical studies.

SCHEDULE 3

Special Account

1. For the purposes of this Schedule:

(a) the term "Category" means Categories (1) to (4) 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 to be financed out of the proceeds of the Grant; and

(c) the term "Authorized Allocation" means an amount equivalent to \$250,000 to be withdrawn from the Trust Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Except as the Administrator 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 Administrator has received evidence satisfactory to the Administrator 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 Grantee for a deposit or deposits which add up to the aggregate amount of the Authorized Allocation, the Administrator shall, on behalf of the Grantee, deposit into the Special Account such amount or amounts out of the proceeds of the Grant as the Grantee shall have requested.

(b) The Grantee shall furnish to the Administrator requests for replenishment of the Special Account at such intervals as the Administrator shall specify. On the

basis of such requests, the Administrator shall deposit into the Special Account such amounts out of the proceeds of the Grant 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. Each such deposit shall be made by the Administrator in the respective equivalent amount, 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 Grantee out of the Special Account for which the Grantee requests replenishment pursuant to paragraph 3 (b) of this Schedule, the Grantee shall furnish to the Administrator, prior to or at the time of such request, such documents and other evidence as the Administrator 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 Administrator when either of the following situations first arises:

- (i) the Administrator shall have determined that all further withdrawals of the Grant proceeds should be made directly to the Grantee; or
- (ii) the total unwithdrawn amount of the Grant shall be equal to the equivalent of twice the amount of the Authorized Allocation.

(b) Thereafter, withdrawals of the Grant proceeds remaining unwithdrawn shall follow such procedures as the Administrator shall specify by notice to the Grantee. Such further withdrawals shall be made only after and to the extent that the Administrator shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice have been or will be utilized in making payments for Eligible Expenditures.

6. If the Administrator 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 Grantee shall, promptly upon notice from the Administrator, deposit into the Special Account (or, if the Administrator shall so request, refund to the Administrator) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. No further deposit by the Administrator into the Special Account shall be made until the Grantee has made such deposit or refund.

7. If the Administrator 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 Grantee shall, promptly upon notice from the Administrator, refund to the Administrator such outstanding amount which will be added to the unwithdrawn amount of the Grant.

