

CONFORMED COPY

CREDIT NUMBER 2617 MLI

Development Credit Agreement

(Transport Sector Project)

between

REPUBLIC OF MALI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 8, 1994

CREDIT NUMBER 2617 MLI

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated July 8, 1994, between REPUBLIC OF MALI (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Association has received letters dated November 1993 and April 26, 1994, describing a program of policies, goals, and actions designed to achieve an adjustment of the Borrower's transport sector (the Program) and declaring the Borrower's commitment to the execution of the Program;

(B) the Borrower, having committed itself to the execution of the Program and, as part of the Program, having undertaken to carry the Project described in Schedule 2 to this Agreement, has requested the Association to assist in the financing of the Project;

(C) Part B of the Project will be carried out by Regie du Chemin de Fer du Mali (RCFM) with the Borrower's assistance and, as part of such assistance, the Borrower will make available to RCFM a portion of the proceeds of the Credit as provided in this Agreement;

(D) the Borrower intends to seek additional funds from other donors, including the European Development Fund, the West African Development Bank, the African Development Fund, the Islamic Development Bank, the Organization of Petroleum Exporting Countries Fund, and the Governments of France, Germany and Canada, to assist in financing 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 and in the Project Agreement of even date herewith between the Association and RCFM;

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 last sentence of Section 3.02 deleted (the General Conditions) constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions 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 (b) of this Agreement;

(b) "Subsidiary Loan Agreement" means the agreements to be entered into between the Borrower and RCFM pursuant to Section 3.01 (c) and (d) of this Agreement, as the same may be amended from time to time, and such term includes any schedules to the Subsidiary Loan Agreement;

(c) "RCFM" means the Regie du Chemin de Fer du Mali;

(d) "SNCS" means the Societe de Chemins de Fer du Senegal;

(e) "DNT" means the Borrower's Direction Nationale des Transports;

(f) "DNTP" means the Borrower's Direction Nationale des Travaux Publics;

(g) "ADM-ASECNA" means Aeroports du Mali - Agence pour la Securite de la Navigation Aerienne en Afrique et Madagascar;

(h) "AGETIPE-Mali" means Agence d'Execution des Travaux d'Interet Public pour l'Emploi du Mali;

(i) "CPTP" means the Borrower's Centre de Perfectionnement des Transports et des Travaux Publics;

(j) "SMTP" means the Borrower's Service du Materiel des Travaux Publics;

(k) "CNREX" means the Borrower's Centre National de Recherche et d'Experimentation pour les Travaux Publics;

(l) "BDMSA" means Banque de Developpement du Mali S.A.;

(m) "Project Agreement" means the agreement between the Association and the Regie du Chemin de Fer du Mali (RCFM), of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement; and

(n) "CCIM" means Chambre de Commerce et d'Industrie du Mali.

#### 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 forty-six million one hundred thousand Special Drawing Rights (SDR 46,100,000).

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 goods and services required for the Project 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 CFA francs a special deposit account in a commercial bank acceptable to the Association, on terms and conditions satisfactory to the Association, including appropriate protection against setoff, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be June 30, 2001 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 the date sixty (60) 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; and (ii) at the rate set as of the 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 from the next payment date in that year specified in Section 2.06 of this Agreement.

(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 percent (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 April 15 and October 15 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 April 15 and October 15 commencing October 15, 2004 and ending April 15, 2034. Each installment to and including the installment payable on April 15, 2014 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. RCFM is designated as representative of the Borrower in respect of Part B of the Project 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:

- (i) shall carry out Parts A and C of the Project with due diligence and efficiency and in conformity with appropriate administrative and financial practices and shall provide, promptly as needed, the funds, facilities, services and other resources required for such Parts of the Project; and
- (ii) without limitation or restriction upon any of its other obligations under the Development Credit Agreement, the Borrower shall cause RCFM to perform all its obligations set forth in the Project Agreement, shall take or cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable RCFM to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) Without limitation upon the provisions of paragraph (a) of this Section, and except as the Borrower and the Association shall otherwise agree, the Borrower shall carry out Parts A and C of the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

(c) The Borrower shall re-lend out of the proceeds of the Credit the amount allocated to Category (1) (c) of the table in paragraph 1 of Schedule 1 to this Agreement to RCFM under a subsidiary loan agreement to be entered into between the Borrower and RCFM, under terms and conditions which shall have been approved by the Association and which shall include, inter alia, a repayment period of twenty years, including a grace period not to exceed ten years, an interest rate of 7.5 percent per annum, and provisions requiring RCFM to bear the foreign exchange risk.

(d) The Borrower shall make available to RCFM out of the proceeds of the Credit the amount allocated to Categories (1)(b) and (3)(b) of the table in paragraph 1 of Schedule 1 to this Agreement, as a Grant.

(e) The Borrower shall exercise its rights under the 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 Subsidiary Loan Agreement or any provision thereof.

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for 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.

Section 3.03. The Borrower and the Association hereby agree that 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 Part B of the Project shall be carried out by RCFM pursuant to Section 2.03 of the Project Agreement.

Section 3.04. The Borrower shall:

- (a) not later than July 15 of each year, submit to the Association for its approval, and to other donors intervening in the transport sector, its investment program for the transport sector for the next three years, which shall not, unless the Association agrees otherwise, include any investment not specified in the Program;
- (b)
  - (i) make annual allocations in its budget for road routine maintenance, in amounts at least equal to the figures in the table in paragraph 4 of Schedule 4 to this Agreement, and
  - (ii) deposit the funds so allocated, in monthly tranches, into an account in a commercial bank for the purpose of advancing funds exclusively for the routine road maintenance;
- (c) take all necessary actions to ensure that, for the duration of Project implementation, at least 75 percent of total road routine maintenance work is performed by private contractors;
- (d) not later than two years after the Effective Date:
  - (i) implement the recommendations of the road-users taxation study to be carried out under Part D.5 of the Project, and
  - (ii) complete the technical studies on road rehabilitation and maintenance to be carried out under Part A.1 of the Project;
- (e) not later than:
  - (i) six months after the Effective Date, launch campaigns for vehicle inspection and registration renewal, to be carried out by private specialized firms, and
  - (ii) eighteen months after the Effective date, publish the results of such inspection and registration renewal campaigns, and strengthen its regulatory framework to ensure better compliance with inspection and registration requirements; and
- (f) not later than one year after the Effective Date, carry out technical and financial audits of CNREX.

Section 3.05. The Borrower shall:

- (a) have its account No. 267-503L, in BDMSA, for road maintenance, audited every six months, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association; and
- (b) cause the private operator referred to in paragraph 2 (c) of Schedule 4 to this Agreement to have its records, accounts and financial statements in respect of Part A of the Project, audited every six months, in accordance with appropriate auditing principles consistently applied by independent auditors acceptable to the Association.

Section 3.06. (a) The Borrower 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 and the Project.

(b) Prior to each such exchange of views, the Borrowers shall furnish, or cause to be furnished, as the case may be, to the Association for its review and comment a report on the progress achieved in carrying out the Program and the Project, in such details as the Association shall reasonably request.

Section 3.07. Without any limitation to or restriction upon its other reporting requirements under the General Conditions and this Agreement, the Borrower shall:

- (a) not later than thirty months after the Effective Date or such other date as the Association and the Borrower shall agree upon, carry out and cause RCFM to carry out with the Association a midterm review of the implementation of the Project to:
  - (i) review the progress achieved in

carrying out the Project, taking into account, inter alia, the evolution of the key implementation monitoring indicators referred to in paragraph 3 of Schedule 4 to this Agreement, and recommend corrective measures eventually required for further implementation of the Project; (ii) monitor the implementation of the contract-plan referred to in paragraph 3 (b) (iv) and 3 (b) (vi) of Schedule 1 to this Agreement; (iii) evaluate RCFM's performance in carrying out its business plan referred to in paragraph 3 (b) (iv) of Schedule 1 to this Agreement; (iv) update the Borrower's road maintenance program taking into account, inter alia, the degree of road deterioration and results of technical studies completed under Part A.1 of the Project; (v) recommend additional actions eventually required to improve cost recovery in the transport sector; and (vi) update the financing plan for further implementation of the Program;

(b) not later than six weeks prior to such review, furnish to the Association for its review and comments a report in such details as the Association shall reasonably request, including an evaluation of progress achieved in Project implementation; and

(c) based on such review, the Borrower shall promptly prepare an action plan, acceptable to the Association, for further implementation of the Project and shall thereafter implement such action plan in a manner satisfactory to the Association.

#### ARTICLE IV

##### Financial Covenants

Section 4.01. (a) The Borrower 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 Borrower responsible for carrying out the Project or any part thereof.

(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 four 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 Association has received the audit report for the fiscal year in which the last withdrawal from the Credit Account or payment out of the Special 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.

#### 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) the Borrower shall have failed to implement the Program, or a significant part thereof;

(b) RCFM shall have failed to perform any of its obligations under the Project Agreement;

(c) as a result of events which have occurred after the date of the Development Credit Agreement, an extraordinary situation shall have arisen which shall make it improbable that RCFM will be able to perform its obligations under the Project Agreement;

(d) any legislative or regulatory text concerning RCFM shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of RCFM to perform any of its obligations under the Project Agreement; and

(e) the Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of RCFM or for the suspension of its operations.

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

(a) any event specified in paragraph (c) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty (60) days after notice thereof shall have been given by the Association to the Borrower; and

(b) any event specified in paragraphs (a), (b), (d) and (e) of Section 5.01 of this Agreement shall occur.

#### 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) the Borrower has established an equipment rental company, with legal status and organization satisfactory to the Association, to rent out equipment currently managed by SMTP;

(b) the Borrower has adopted regulation prohibiting dumping of used oil into storm drains, sewers or watercourses, lakes, and ponds;

(c) the Borrower has entered into technical assistance contracts, satisfactory to the Association, to: (i) strengthen DNT's general studies and planning capacities and enhance its transport monitoring function, and (ii) set up a Project implementation monitoring system;

(d) the auditors referred to in Section 4.01 of this Agreement have been hired for a period of a least three years, and an accounting system, which shall be satisfactory to the Association and adequate to satisfy the requirements of said Section 4.01, has been established;

(e) the Borrower has prepared standard bidding documents for the purposes of the Project, in accordance with the relevant standard bidding documents issued by the Bank; and

(f) the contract for vehicles inspection referred to in Section 3.04  
(e) of this Agreement has been signed.

Section 6.02. The following are specified as additional matters, 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:

(a) that the Project Agreement has been duly authorized or ratified by RCFM, and is legally binding upon RCFM in accordance with its terms; and

(b) that the Subsidiary Loan Agreement has been duly authorized or ratified by the Borrower and RCFM and is legally binding upon the Borrower and RCFM 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.

#### ARTICLE VII

##### Representatives of the Borrower; Addresses

Section 7.01. Except as provided in Section 2.09 of this Agreement, the Minister of Finance and Trade of the Borrower 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	
Mali	
Cable address:	Telex:
MINIFINANCE	2559 MJ

For the Association:

International Development	
Association	
1818 H Street, N.W.	
Washington, D.C. 20433	
United States of America	
Cable address:	Telex:
INDEVAS	248423 (RCA)
Washington, D.C.	82987 (FTCC)
	64145 (WUI) or
	197688 (TRT)

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/ Siragatou Ibrahim Cisse  
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:

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Civil Works:		90%
(a) under Part A of the Project	25,420,000	
(b) under Part B.2 of the Project	4,180,000	
(c) under Part B.3 of the Project	1,920,000	
(2) Equipment:		100%
(a) under Part A of the Project	930,000	
(b) under Part C of the Project	850,000	
(3) Consultants' services, studies and training:		100%
(a) under Part A of the Project	2,060,000	
(b) under Part B.1 of the Project	500,000	
(c) under Part C.1 of the Project	780,000	
(d) under Parts C.2, C.3, C.4 and C.5 of the Project	2,270,000	
(4) Operating Costs under Part C.4 of the Project	150,000	100%
(5) Unallocated	7,040,000	
TOTAL	46,100,000 =====	

2. For the purpose of paragraph 1 of this Schedule the term "operating costs" means costs incurred by the Project Coordinator under the Project on account of local staff salaries and allowances, operation and maintenance of vehicles and equipment, and supplies and services.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement; and (b) payments made for expenditures under Categories (1)(b), (1)(c) and (3)(b) of the table in paragraph 1 of this Schedule, until: (i) the Borrower and the Government of Senegal have agreed on a joint action plan, satisfactory to the Association, on the technical and commercial integration of international freight rail transport services of RCFM and SNCS on the Dakar/Bamako route, (ii) Subsidiary Loan Agreement between the Borrower and RCFM has been signed, (iii) a new legal status for RCFM, acceptable to the Association, has been adopted, (iv) RCFM's Board of Directors has adopted a business plan for 1994-1998, acceptable to the Association, (v) RCFM has adopted a staff reduction program acceptable to the Association, (vi) a contrat-plan for 1995-1997, acceptable to the Association, has been signed between the Borrower and RCFM, including, inter alia, detailed mechanisms for the financing of RCFM's staff reduction program; and (vii) the Borrower and RCFM have entered into agreements acceptable to the Association, for the operation of domestic railway passengers lines to be maintained for public purposes, and the Borrower has made necessary allocations in its 1995 national budget for corresponding compensation to RCFM.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures under contracts for goods not exceeding \$25,000 equivalent, and contracts for works not exceeding \$150,000, under such terms and conditions as the Association shall specify by notice to the Borrower.

## SCHEDULE 2

### Description of the Project

The objective of the Project is to assist the Borrower in improving sectoral efficiency and rehabilitating and maintaining essential transport infrastructure.

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: Roads

1. Rehabilitation and maintenance of the Borrower's priority road network, including: (a) improvement of environmental and safety conditions along roads; (b) consultants' services for supervision of works, management contracts; and (c) technical studies on road rehabilitation and maintenance.

2. Improvement of accessibility of agricultural areas through: (a) construction and maintenance of feeder roads; and (b) acquisition of two ferries.

#### Part B: Railways

1. Studies and short term technical assistance to improve traffic organization and to facilitate technical and commercial integration of international freight services of RCFM and SNCS on the Dakar/Bamako route.

2. Execution of the first five-year tranche of the Borrower's ten-year program for the rehabilitation of the Diboli/Bamako railway track.

3. Transfer of the RCFM's freight terminal from Bamako-Centre to Korofina-Sud.

#### Part C: Capacity-Building

Capacity-building assistance, for the strengthening and modernization of the Borrower's transport management capacities and the reorganization of transport services, including:

1. Strengthening DNT's general studies and planning capacities through, inter alia: (a) reorganization and computerization of DNT's operations; (b) setting up of a monitoring unit to establish and maintain a transport data

bank; (c) carrying out vehicle inspection and registration renewal, and computerization of vehicles registration; (d) carrying out information activities to sensitize freight carriers on sectoral issues and policies; and (e) acquisition of office equipment.

2. Support to DNTTP for: (a) its reorganization including, inter alia, the overhaul and computerization of its accounting systems and training of its staff; (b) the setting up and operation of road network management systems and strengthening of its network management unit; (c) the establishment, testing and maintenance of a road data bank; and (d) the establishment of an investment programming system.

3. Support to CPTP for: (a) the expansion of its activities to include training of private sector operators; (b) implementation of training programs, including training courses provided locally and abroad, and specialized seminars on relevant topics such as environmental aspects of road construction and maintenance.

4. Support to the Project Coordinator, including short-term technical assistance to develop and operate a Project implementation monitoring system, and logistical support.

5. Studies, including: (a) a review of the legal and regulatory framework of transport activities, aiming at improving the legal environment for private sector participation in the sector; and (b) a study of the road-user taxation system with a view to improve the recovery of road maintenance and rehabilitation costs.

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The Project is expected to be completed by December 31, 2000.

### SCHEDULE 3

#### Procurement and Consultants' Services

##### Section I. Procurement of Goods and Works

###### Part A: International Competitive Bidding

1. Except as provided in Part D hereof, goods and works 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 1992 (the Guidelines).

(a) For fixed price contracts, the invitation to bid referred to in paragraph 2.13 of the Guidelines shall provide that, when contract award is delayed beyond the original bid validity period, the successful bidder's bid price will be increased for each week of delay by two predisclosed correction factors acceptable to the Association, one to be applied to all foreign currency components and the other to the local currency component of the bid price. Such an increase shall not be taken into account in the bid evaluation.

(b) In the procurement of goods and works in accordance with this Part A, the Borrower shall use the relevant standard bidding documents issued by the Bank, with such modifications thereto as the Association shall have agreed to be necessary for the purposes of the Project. Where no relevant standard bidding documents have been issued by the Bank, the Borrower shall use bidding documents based on other internationally recognized standard forms agreed with the Association.

(c) To the extent practicable, contracts for goods shall be grouped into packages estimated to cost the equivalent of \$100,000 or more.

###### 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 the Borrower's territory 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: Preference for Domestic Contractors

In the procurement of works in accordance with the procedures described in Part A.1 hereof, the Borrower may grant a margin of preference to domestic contractors in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraph 5 of Appendix 2 thereto.

Part D: Other Procurement Procedures

1. Items, or groups of items, for goods estimated to cost the equivalent of \$100,000 or less per contract, up to an aggregate amount equivalent to \$500,000, may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.
2. Items, or groups of items, for goods estimated to cost the equivalent of \$50,000 or less per contract, up to an aggregate amount equivalent to \$750,000, may be procured either: (a) under contracts awarded on the basis of comparison of price quotations obtained from at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Association; or (b) through the UNDP Inter-Agency Procurement Services Office, in accordance with procedures acceptable to the Association.
3. Contracts for routine road maintenance works to be executed by private contractors and to be financed by the Borrower, may be awarded on the basis of Agetipe-Mali's manual of procedures in accordance with procedures acceptable to the Association.
4. Contracts for Part B.2 of the Project, estimated to cost an aggregate amount exceeding the equivalent of \$500,000, shall not be awarded unless the financing of the rehabilitation of the Bamako-Diboli railway track has been secured.

Part E: Review by the Association of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to each contract for goods and works estimated to cost the equivalent of \$150,000 or more, and each contract awarded under Part B.2 of the Project, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to said paragraph 2 (d) shall be furnished to the Association prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Association pursuant to said paragraph 3 shall be furnished to the Association as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 5 to this Agreement.

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which withdrawals from the Credit Account are to be made on the basis of statements of expenditure.

2. The figure of 10% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

1. In order to assist the Borrower in carrying out the Project, the Borrower shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association. Such consultants shall be selected in accordance with principles and procedures

satisfactory to the Association on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981 (the Consultant Guidelines). For complex, time-based assignments, the Borrower shall employ such consultants under contracts using the standard form of contract for consultants' services issued by the Bank, with such modifications as shall have been agreed by the Association. Where no relevant standard contract documents have been issued by the Bank, the Borrower shall use other standard forms agreed with the Association.

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultant Guidelines requiring prior Association review or approval of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation reports and contracts shall not apply to contracts estimated to cost less than \$100,000 equivalent each. However, this exception to prior Association review shall not apply to the terms of reference for such contracts or to the employment of individuals, to single source selection of firms, to assignments of a critical nature as reasonably determined by the Association or to amendments of contracts raising the contract value to \$100,000 equivalent or above.

#### SCHEDULE 4

##### Implementation Program

1. Coordination. The Project will be implemented by the Borrower's ministry in charge of equipment and transport, through its specialized departments/agencies. A Coordinating Committee (CC), including representatives of the Borrower's ministries responsible for finance, transport and for public works, RCFM, ADM-ASECNA, and CCIM, will be established to supervise and coordinate the implementation of the Project.

2. Executing Agencies/Departments. (a) DNTP will be responsible for the implementation of Parts A and C.2 of the Project; (b) Road maintenance works under Part A of the Project will be carried out by private contractors; (c) Management of contracts with private contractors for routine road maintenance will be delegated to a private operator, under terms and conditions acceptable to the Association; (d) DNT will be in charge of Parts C.1 and C.5 of the Project; (e) RCFM will implement Part B of the Project; and (f) Part C.3 of the Project will be carried out by CPTP.

3. Project Coordinator. Under the supervision of the CC, the Project Coordinator will: (a) assist the executing departments/ agencies in handling procurement and disbursement procedures; (b) be responsible for the coordination of reports and audits preparation; and (c) organize annual donors meetings for the monitoring of the implementation of the Project.

4. Key Implementation Monitoring Indicators.

(a) Road maintenance:

- length (km) of paved and earth roads annually maintained (periodic and routine maintenance);
- maintenance by Force Account/Maintenance by Contractors;
- trees planting (number of trees, length of road square hectares);
- road data (km);

(b) SMTP:

- annual operating income; part from force account/part from private sector;

(c) Training:

- number of days of training/year;
- number of beneficiaries/year (private sector/public sector); and

(d) DNT:

- number of vehicles re-registered; and
- number of vehicles inspected.

5. Minimal Budgetary Allocations for Road Routine Maintenance.

(\$ million in constant 1993 dollars)

1994	1995	1996	1997	1998
6.1	6.5	6.9	7.0	7.2

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (2) (b), (3) (a), (3) (c), (3) (d) and (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 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 \$300,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

2. 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 shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Association a request or requests for a deposit or deposits which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, 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) (i) For replenishment of the Special Account, the Borrower shall furnish to the Association requests for deposits into the Special Account at such intervals as the Association shall specify.

(ii) Prior to, or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid 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 said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account, the

Borrower shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Association shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Association shall have determined that all further withdrawals should be made by the Borrower directly 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

(b) once the total unwithdrawn amount of the Credit allocated to the eligible Categories, less 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 equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories 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 the 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 an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) 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. Unless the Association shall otherwise agree, no further deposit by the Association into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(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.

(c) The Borrower may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Association made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

