

CONFORMED COPY

CREDIT NUMBER 4164-MLI

Financing Agreement

(West and Central Africa Air Transport Safety and Security Project)

between

REPUBLIC OF MALI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 25, 2006

CREDIT NUMBER 4164-MLI

FINANCING AGREEMENT

AGREEMENT dated May 25, 2006, between REPUBLIC OF MALI (Recipient) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association 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 three million eight hundred thousand Special Drawing Rights (SDR 3,800,000) (“Credit”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 April 15 and October 15 in each year.
- 2.06. The principal amount of the Financing shall be repaid in accordance with repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is Dollars.

ARTICLE III — PROJECT

- 3.01. 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 Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

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

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

5.01. The Additional Conditions of Effectiveness consist of the following:

- (a) The Subsidiary Agreement, in form and substance satisfactory to the Association, has been duly executed on behalf of the Recipient and the Project Implementing Entity.
- (b) The President and members of the Directorate of the Project Implementing Entity have been appointed by the Recipient.
- (c) The financial management system of the Project Coordination Unit has been revised to the satisfaction of the Association, including so as to permit the fulfillment of financial reporting requirements under this Agreement.
- (d) An accountant with qualifications, experience and terms of reference satisfactory to the Association has been appointed to the Project Coordination Unit in accordance with the provisions of Section III of Schedule 2 to this Agreement.
- (e) An external auditor with qualifications, experience and terms of reference satisfactory to the Association has been appointed by the Project Implementing Entity in accordance with the provisions of Section III of Schedule 2 to this Agreement.

5.02. The Additional Legal Matter consists of the following:

The Subsidiary Agreement has been duly authorized or ratified by the Recipient and the Project Implementing Entity, and is legally binding upon the Recipient and the Project Implementing Entity, in accordance with its terms.

5.03. The Effectiveness Deadline is the date 120 days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is the Minister at the time responsible for economy and finance.

6.02. The Recipient's Address is:

Ministry of Economy and Finance
BP 234
Bamako
Republic of Mali

Telex:

Facsimile:

2559

223-222-88-53

6.03. The Association's Address is:

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

Cable:

Telex:

Facsimile:

INDEVAS
Washington, D.C.

248423 (MCI) or
64145 (MCI)

1-202-477-6391

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

REPUBLIC OF MALI

By:

/s/ Abou Bakar Traoré
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:

/s/ Alassane Diawara
Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to support the Recipient in improving compliance of the Project Implementing Entity and Bamako international airport with International Civil Aviation Organization (ICAO) safety and security standards.

The Project consists of the following parts:

1. Strengthening of safety and security oversight capacity of Project Implementing Entity

- (a) Implementation of corrective action plans relating to ICAO safety and security audit reports through provision of training to staff;
- (b) Improvement of technical library; and
- (c) Provision of support for purposes of workload management and supervisory capacity through acquisition of communications and information technology equipment.

2. Strengthening of Bamako international airport security standards

- (a) Acquisition and installation of security equipment;
- (b) Carrying out of training programs for safety and security personnel;
- (c) Establishment of airport crisis center;
- (d) Carrying out of annual airport-crisis simulation exercises; and
- (e) Provision of support to rehabilitation of airport infrastructure - specifically, fencing, security-zone access control and patrol roads - through acquisition of equipment.

SCHEDULE 2

Project Execution

Section I. Subsidiary Financing; Institutional and Other Arrangements

A. Subsidiary Agreement

1. To facilitate the implementation of the Project by the Project Implementing Entity, the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity on a grant basis under a subsidiary agreement between the Recipient and the Project Implementing Entity, under terms and conditions approved by the Association (“Subsidiary Agreement”).
2. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

B. Institutional Arrangements

1. Project Implementing Entity: The Recipient shall maintain, at all times during Project implementation, the Project Implementing Entity in form and substance and with resources and functions satisfactory to the Association. The Project Implementing Entity shall be responsible for overall Project implementation.
2. Project Coordination Unit: The Recipient shall maintain, at all times during Project implementation, the Project Coordination Unit in form and substance and with resources and functions satisfactory to the Association. The Project Coordination Unit shall be responsible for day-to-day Project implementation.

C. Execution Covenants

Administrative, Financial and Accounting Manual

The Recipient shall implement the Project, and shall cause the Project Implementing Entity to ensure, that the Project is implemented in accordance with the provisions of the Administrative, Financial and Accounting Manual and, except as the Association shall otherwise agree, the Recipient shall not amend or

waive, or permit to be amended or waived, any provision of the aforementioned if such amendment or waiver may, in the opinion of the Association, materially or adversely affect Project implementation.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Association no later than 45 days after the end of the period covered by such report.
- (b) The performance indicators referred to above in paragraph (a) consist of the following:
 - (i) Part 1 of the Project
 - (A) By the Closing Date, the compliance rate of the Project Implementing Entity with ICAO safety standards has increased from 51% to at least 80%.
 - (B) By the Closing Date, the compliance rate of the Project Implementing Entity with ICAO security standards has increased from 8% to at least 75%.
 - (C) By the Closing Date, the proportion of technical personnel of the Project Implementing Entity complying with ICAO safety standards has increased from 40% to at least 90%.
 - (D) By the Closing Date, the proportion of ICAO-certified security inspectors employed by the Project Implementing Entity has increased from 25% to at least 75%.
 - (E) By the Closing Date, the budget of the Project Implementing Authority has increased to at least

\$2,600,000, with at least \$1,000,000 being allocated to security activities.

(ii) Part 2 of the Project

- (A) By the Closing Date, the proportion of Bamako international airport security personnel with at least three (3) years of experience has increased from 25% to at least 75%.
- (B) By the Closing Date, the number of serious problems recorded during annual crisis simulation exercises at Bamako international airport has decreased to less than three (3).
- (C) By the Closing Date, the rate of seizure of illegal objects (as defined by the ICAO) from passengers by airline security personnel at Bamako international airport has decreased to less than 0.5%.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain, or cause to be maintained by the Project Implementing Entity, a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. Without limitation upon the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association as part of the Project Report no later than 45 days after the end of each calendar quarter, interim un-audited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) Fiscal Year. The audited Financial Statements for each such period shall be furnished to the Association no later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Goods and Works.** All goods and works required for the Project shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Schedule.
2. **Consultants' Services.** All consultants' services required for the Project shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Schedule.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

Procurement Method
(a) National Competitive Bidding
(b) Shopping
(c) Direct Contracting

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. **Other Methods of Procurement of Consultants' Services.** The following table specifies methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method
(a) Consultant's Qualifications
(b) Single Source Selection
(c) Least Cost Selection
(d) Direct Contracting

D. Review by the Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. 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, to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

	Category	Amount of the Financing Allocated (Expressed in SDR)	Percentage of Expenditures to be Financed
(1)	Goods	1,350,000	100
(2)	Works	1,400,000	100
(3)	Consultants' services	700,000	100
(4)	Training	75,000	100
(5)	Operating Costs	125,000	100

(6)	Unallocated	150,000	
	TOTAL AMOUNT	3,800,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR 190,000 may be made for payments made prior to this date but on or after October 1, 2005 for Eligible Expenditures under Categories (1), (3) (4) and (5).
2. The Closing Date is December 31, 2009.

Section V. Other Undertakings

The Recipient shall:

1. Ensure the financial and administrative autonomy of the Project Implementing Entity at all times during Project implementation.
2. Cause the Project Implementing Entity to submit to the Association, from the Effective Date onward and throughout Project implementation, quarterly reports, in form and substance satisfactory to the Association, containing information relating to the rate of seizure of illegal objects (as defined by the ICAO) from passengers by airline security personnel.
3. Cause the Project Implementing Entity to appoint a financial auditor, with qualifications, experience and terms of reference satisfactory to the Association, no later than 30 days after the Effective Date.
4. Cause the Project Implementing Entity to submit to the Association, no later than three (3) months after the end of each Fiscal Year, a report, in form and substance satisfactory to the Association, on the use of the Recipient's Airport Security Fee.
5. Cause the Project Implementing Entity to submit to the Association, no later than six (6) months after the end of each Fiscal Year, a report, in form and substance satisfactory to the Association, relating to the finances of the Project Implementing Entity over that Fiscal Year. This report shall include statements of

revenues collected and expenditures incurred and shall detail the percentage of expenditures used for safety and security activities.

6. Cause the Project Implementing Entity to submit to the Association, no later than four (4) months after each of the Recipient's annual airport-crisis simulation exercises, a report, in form and substance satisfactory to the Association, describing the results of such exercise, as well as ICAO-certified experts' comments on said report.
7. Carry out the first annual airport-crisis simulation exercise referred to in paragraph 6 of this Section no later than September 30, 2007.
8. Cause the Project Implementing Entity to submit to the Association, no later than 18 months after the Effective Date and six (6) months prior to the Closing Date, ICAO safety and security audit reports.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each April 15 and October 15:	
commencing October 15, 2016 to and including April 15, 2026	1%
commencing October 15, 2026 to and including April 15, 2046	2%

*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

Definitions

1. “Administrative, Financial and Accounting Manual” means the manual outlining administrative, financial and accounting procedures and guidelines, referred to in Section I.C of Schedule 2 to this Agreement, as shall have been agreed with the Association for purposes of Project implementation, as the same may be amended from time to time in consultation with the Association, and such term includes any annexes thereto.
2. “Airport Security Fee” means the fee levied by the Recipient for purposes of financing acquisition, operation and maintenance of airport security equipment and infrastructure, and payable by passengers using any of the Recipient’s airports.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004.
5. “Fiscal Year” means the Recipient’s fiscal year beginning on January 1 in any one calendar year and ending on December 31 in the same calendar year.
6. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005.
7. “International Civil Aviation Organization” or “ICAO” means the organization established pursuant to the International Civil Aviation Convention of September 7, 1944, and whose objective is to promote the secure and organized development of international civil aviation across the world.
8. “Operating Costs” means the incremental expenses incurred by the Project Implementing Entity on account of Project implementation, management and monitoring, including for office space rental and utilities, office supplies, bank charges, communications, vehicle operation, maintenance and insurance, building and equipment maintenance, travel and supervision, salaries of contractual and temporary staff, but excluding salaries, honoraria and fees of members of the Recipient’s civil service.

9. "Procurement Guidelines" means the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 2004.
10. "Procurement Plan" means the Recipient's procurement plan for the Project, dated March 2, 2006 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
11. "Project Coordination Unit" means the unit referred to in Section I.B.2 of Schedule 2 to this Agreement, established and operating pursuant to the Recipient's Decree No. 95-175/PM-RM of April 24, 1995 under the Recipient's Transport Sector Project (as hereinafter defined).
12. "Project Implementing Entity" means *Agence Nationale de l'Aviation Civile* (National Civil Aviation Agency).
13. "Subsidiary Agreement" means the agreement referred to in Section I.A.1 of Schedule 2 to this Agreement pursuant to which the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity.
14. "Training" means seminars, workshops and study trips.
15. "Transport Sector Project" means the Recipient's project financed by the Association under the Development Credit Agreement of April 13, 1995 between the Recipient and the Association (Credit No. C2617 MLI).