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CONFORMED COPY

CREDIT NUMBER 4585-ML

Financing Agreement

(Third Poverty Reduction Support Credit)

between

REPUBLIC OF MALI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 30, 2009

CREDIT NUMBER 4585-ML

FINANCING AGREEMENT

AGREEMENT dated May 30, 2009, entered into between REPUBLIC OF MALI (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Association has decided to provide this financing on the basis, *inter alia*, of: (a) the actions which the Recipient has already taken under the Program and which are described in Section I of Schedule 1 to this Agreement, and (b) the Recipient’s maintenance of an appropriate macro-economic policy framework. The Recipient and the Association therefore hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

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

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to forty three million five hundred thousand Special Drawing Rights (SDR 43,500,000) (variously, “Credit” and “Financing”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in support of the Program in accordance with Section II of Schedule 1 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 March 1 and September 1 in each year.

- 2.06. The principal amount of the Credit shall be repaid in accordance with repayment schedule set forth in Schedule 2 to this Agreement.
- 2.07. The Payment Currency is the Dollar.

ARTICLE III — PROGRAM

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

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following: a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

ARTICLE V — EFFECTIVENESS

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

ARTICLE VI — REPRESENTATIVE; ADDRESSES

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

6.02. The Recipient's Address is:

Ministry of Economy and Finance
P. O. Box 234
Quartier du Fleuve
Bamako, Mali

Facsimile:

223-20-231654
223-20-221914
223-20-220793

6.03. The Association's Address is:

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

Cable address:

Telex:

Facsimile:

INDEVAS
Washington, D.C.

248423(MCI)

1-202-477-6391

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

REPUBLIC OF MALI

By /s/ Sanoussi Touré

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Alassane Diawara

Authorized Representative

SCHEDULE 1

Program Actions; Availability of Financing Proceeds

Section I. Actions under the Program

The actions taken by the Recipient under the Program include the following:

A. **Infrastructure and Private Investment**

1. (a) Transfer out of the Recipient's budget for Fiscal Year 2009 to the Mali Textile Development Company for the payment by the Mali Textile Development Company to cotton producers' organizations of 3.7 billion FCFA of amounts owed by the latter to cotton producers overdue for the 2007-2008 campaign; and (b) adoption of a Seed Cotton Pricing Protocol setting forth a price mechanism for the 2009-2010 campaign in line with the international lint market price.

2. Appointment of the members of the council of the Recipient's Telecommunications Regulatory Agency, in accordance with the Recipient's Decree No. 07-143-P-RM.

3. Adoption of an inter-ministerial decision establishing that the period of validity of import and export licenses issued by the Recipient's National Directorate for Commerce and Competition is twelve (12) months.

B. **Public Financial Management**

4. Preparation of four additional Medium-Term Expenditure Frameworks to cover the following four (4) ministries: Ministry of Finance, Ministry of Economy, Industry and Trade, Ministry of Domestic Security and Internal Protection, Ministry of Youth and Sports taking into consideration the ministries' implementation capacity and the Recipient's macroeconomic framework.

5. Submission of the draft budget execution report for 2007 (*Projet de Loi de Règlement 2007*) to the Recipient's parliament by December 31, 2008.

6. (a) Establishment of the regional procurement directorates (*Directions Régionales des Marchés Publics et Direction*); and an independent procurement regulatory authority (*Autorité de Régulation des Marchés Publics et de Délégation des*

Services Publics); and (b) appointment of the directors for said directorates and of the members of said authority, all under terms of reference satisfactory to the Association.

C. Access to Basic Social Services

7. Allocation of 1.6 billion FCFA in the Recipient's 2009 budget to finance its school feeding program for the school year 2008/09 in the poorest regions of the Recipient's territory.

8. Adoption by the Recipient's Ministry of Health of the Health Human Resource Policy, satisfactory to the Association, with the objective to improve the availability of health services personnel throughout the territory of the Recipient, and with a particular focus on ensuring the availability of such personnel in rural areas.

9. Execution of contracts between the Recipient and private operators for the management of five drinking water supply systems.

Section II. Availability of Financing Proceeds

A. General. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient.

B. Allocation of Financing Amounts. The Financing shall be withdrawn in a single tranche. The allocation of the amounts of the Financing to this end is set out in the table below:

Allocations	Amount of the Financing Allocated (expressed in SDR)
Single Tranche	43,500,000
TOTAL AMOUNT	43,500,000

C. Deposits of Financing Amounts. Except as the Association may otherwise agree:

1. all withdrawals from the Financing Account shall be deposited by the Association into a dedicated account by the Recipient and acceptable to the Association; and

2. the Recipient shall ensure that upon each deposit of an amount of the Financing into this account, an equivalent amount is accounted for in the Recipient's budget management system, in a manner acceptable to the Association.

D. Audit. Upon the Association's request, the Recipient shall:

1. have the account and the recording of amounts of the Financing into the Recipient's budget management system referred to in Part C of this Section audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association;

2. furnish to the Association as soon as available, but in any case not later than six months after the date of the Association's request for such audit, a certified copy of the report of such audit, of such scope and in such detail as the Association shall reasonably request; and

3. furnish to the Association such other information concerning the said account and recording of Credit amounts into the budget management system, and their audit, as the Association shall reasonably request.

E. Excluded Expenditures. The Recipient undertakes that the proceeds of the Financing shall not be used to finance Excluded Expenditures. If the Association determines at any time that an amount of the Financing was used to make a payment for an Excluded Expenditure, the Recipient shall, promptly upon notice from the Association, refund an amount equal to the amount of such payment to the Association. Amounts refunded to the Association upon such request shall be cancelled.

F. Closing Date. The Closing Date is December 31, 2009.

SCHEDULE 2**Repayment Schedule**

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each March 1 and September 1:	
commencing September 1, 2019 to and including March 1, 2029	1%
commencing September 1, 2029 to and including March 1, 2049	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

Section I. Definitions

1. “*Autorité de Régulation des Marchés Publics et des Délégation des Services Publics*” means the Recipient’s entity established and operating pursuant to the Recipient’s Law No. 08/023 of July 23, 2008 and the Recipient’s Decree No. 08/482 of August 11, 2008.
2. “Decree No. 07-143-P-RM” means the Recipient’s Decree of April 23, 2007 providing for the organization, structure and operation of the *Comité de Régulation des Télécommunications*, pursuant to the Recipient’s *Ordonnance* No. 99-043/P-RM of September 30, 1999 and the Recipient’s Law No. 01-005 of February 27, 2001, governing the telecommunications sector.
3. “*Direction Régionale des Marchés Publics*” means the Recipient’s entity established pursuant to the Recipient’s Decree No. 08/484 of August 11, 2008.
4. “Dollar” means the currency of the United States of America.
5. “Excluded Expenditure” means any expenditure:
 - (a) for goods or services supplied under a contract which any national or international financing institution or agency other than the Association or the Bank has financed or agreed to finance, or which the Association or the Bank has financed or agreed to finance under another credit, grant or loan;
 - (b) for goods included in the following groups or sub-groups of the Standard International Trade Classification, Revision 3 (SITC, Rev.3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev.3 (1986) (the SITC), or any successor groups or subgroups under future revisions to the SITC, as designated by the Association by notice to the Recipient:

Group	Sub-group	Description of Item
112		Alcoholic beverages
121		Tobacco, un-manufactured, tobacco refuse
122		Tobacco, manufactured (whether or not

		containing tobacco substitutes)
525		Radioactive and associated materials
667		Pearls, precious and semiprecious stones, unworked or worked
718	718.7	Nuclear reactors, and parts thereof; fuel elements (cartridges), non-irradiated, for nuclear reactors
728	728.43	Tobacco processing machinery
897	897.3	Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems)
971		Gold, non-monetary (excluding gold ores and concentrates)

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

(d) for environmentally hazardous goods, the manufacture, use or import of which is prohibited under the laws of the Recipient or international agreements to which the Recipient is a party;

(e) on account of any payment prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and

(f) with respect to which the Association determines that corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Recipient or other recipient of the Financing proceeds, without the Recipient (or

other such recipient) having taken timely and appropriate action satisfactory to the Association to address such practices when they occur.

6. “FCFA” means *Franc Communauté Financière Africaine*, the currency of the Recipient.
7. “Financing Agreement” includes all appendices, schedules, and agreements supplemental to the Financing Agreement.
8. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006) with the modifications set forth in Section II of this Appendix.
9. “Health Human Resource Policy” means the Recipients’ policy as defined in the Recipient’s Minister of Health letter dated April 7, 2009 confirming the adoption of said policy by the Ministry of Health.
10. “Mali Textile Development Company” means the limited liability state owned enterprise known as “*Compagnie Malienne pour le Développement des Textiles*”, established and operating under the Recipient’s Ordinance No. 4, dated March 1, 1975.
11. “Medium-Term Expenditure Framework” means the Recipient’s framework expenditure plan for three (3) to four (4) years for specific ministries, as the case may be.
12. “Ministry of Domestic Security and Internal Protection” means the Recipient’s ministry in charge of domestic security and internal protection.
13. “Ministry of Economy, Industry and Trade” means the Recipient’s ministry in charge of economy, industry and trade.
14. “Ministry of Finance” means the Recipient’s ministry in charge of finance.
15. “Ministry of Health” means the Recipient’s ministry in charge of health.
16. “Ministry of Youth and Sports” means the Recipient’s ministry in charge of youth and sports.

17. “National Directorate for Commerce and Competition” means the directorate established within the Recipient’s Ministry of Commerce, Trade and Investments pursuant to the Recipient’s Decree No. 03-070/P-RM dated February 11, 2003.
18. “Program” means the program of actions, objectives and policies designed to promote growth and achieve sustainable reductions in poverty and set forth or referred to in the letter dated April 16, 2009 from the Recipient to the Association declaring the Recipient’s commitment to the execution of the Program, and requesting assistance from the Association in support of the Program during its execution.
19. “Seed Cotton Pricing Protocol” means the protocol known as “*Protocole d’Accord État - CMDT - Producteurs sur le Mécanisme de Détermination du Prix d’Achat du Coton Graine*”, dated April 13, 2009 and signed by the Recipient’s minister in charge of finance, the chief executive officer of the CDMT and the president of the cotton producers’ association aimed at determining the purchase price mechanism for cotton grain.
20. “Single Tranche” means the amount of the Financing allocated to the category entitled “Single Tranche” in the table set forth in Part B of Section II of Schedule 1 to this Agreement.
21. “Telecommunications Regulatory Agency” means the Recipient’s regulatory body in the telecommunications sector, known as “*Comité de Régulation des Télécommunications*”, established and operating pursuant to the Recipient’s Decree No. 07-143-P-RM.

Section II. Modifications to the General Conditions

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

1. The last sentence of paragraph (a) of Section 2.03 (relating to Applications for Withdrawal) is deleted in its entirety.
2. Sections 2.04 (*Designated Accounts*) and 2.05 (*Eligible Expenditures*) are deleted in their entirety, and the remaining Sections in Article II are renumbered accordingly.

3. Section 2.05 (renumbered as such pursuant to paragraph 2 above) is modified to read as follows:

“Section 2.05. *Refinancing Preparation Advance*

If the Financing Agreement provides for the repayment out of the proceeds of the Financing of an advance made by the Association or the Bank (“Preparation Advance”), the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Financing Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Association shall pay the amount so withdrawn to itself or the Bank, as the case may be, and shall cancel the remaining unwithdrawn amount of the advance.”

4. Sections 4.01 (*Project Execution Generally*), and 4.09 (*Financial Management; Financial Statements; Audits*) are deleted in their entirety, and the remaining Sections in Article IV are renumbered accordingly.
5. Paragraph (a) of Section 4.05 (renumbered as such pursuant to paragraph 3 above and relating to *Use of Goods, Works and Services*) is deleted in its entirety.
6. Paragraph (c) of Section 4.06 (renumbered as such pursuant to paragraph 3 above) is modified to read as follows:

“Section 4.06. *Plans; Documents; Records*

... (c) The Recipient shall retain all records (contracts, orders, invoices, bills, receipts and other documents) evidencing expenditures under the Financing until two years after the Closing Date. The Recipient shall enable the Association’s representatives to examine such records.”

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

“Section 4.07. *Program Monitoring and Evaluation*

... (c) The Recipient shall prepare, or cause to be prepared, and furnish to the Association not later than six months after the Closing Date, a report of such scope and in such detail as the Association shall

reasonably request, on the execution of the Program, the performance by the Recipient and the Association of their respective obligations under the Legal Agreements and the accomplishment of the purposes of the Financing.”

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

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

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

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

- (c) The term “Program Preparation Advance” (renamed as such pursuant to subparagraph 8 (c) above) is modified to read “Preparation Advance” and its definition is modified to read as follows:

“‘Preparation Advance’ means the advance referred to in the Financing Agreement and repayable in accordance with Section 2.05.”

- (d) The term “Project” is modified to read “Program” and its definition is modified to read as follows:

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