

CONFORMED COPY

CREDIT NUMBER 3828 MLI

Development Credit Agreement

(Household Energy and Universal Access Project)

between

REPUBLIC OF MALI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated January 7, 2004

CONFORMED COPY

CREDIT NUMBER 3828 MLI

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated January 7, 2004, between REPUBLIC OF MALI (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) The Association has received from the Borrower a letter dated July 9, 2003, describing a program of objectives and actions designed to increase access to modern energy in the rural- and peri-urban areas in the territory of the Borrower (the Program) and declaring the Borrower's commitment to the execution of such Program;

(B) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Association to assist in the financing of the Project;

(C) the Project, with the exception of Parts B and G.1 of the Project will be carried out by *Agence Malienne pour le Développement de l'Energie Domestique et de l'Electrification Rurale* (AMADER) with the Borrower's assistance and, as part of such assistance, the Borrower will make the proceeds of the credit provided for in Article II of this Agreement (the Credit) available to AMADER, as set forth in this Agreement;

(D) the Borrower has also requested the International Bank for Reconstruction and Development (the Bank), acting as an implementing agency of the Global Environment Facility (GEF) in respect of grant funds provided to the Global Environment Facility Trust Fund (the GEF Trust Fund) by certain members of the Bank as participants to the GEF, to provide additional assistance towards the financing of the Project, and by the GEF Trust Fund Grant Agreement (the GEF Grant Agreement) of even date herewith between the Borrower and the Bank, the Bank is making a grant in an aggregate principal amount equivalent to three million five hundred thousand Dollars (\$3,500,000) (the GEF Grant); 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 agreement of even date herewith between the Association and AMADER (the Project 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 (as amended through October 6, 1999) (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) “Administrative Manual” means a manual setting forth financial, accounting and auditing procedures to be adhered to in carrying out the Project, as the same may be amended from time to time with the approval of the Association, and such term includes any schedules to said Administrative Manual;

(b) “*Autorisation*” means an agreement to be entered into between the Borrower and a Beneficiary (as hereafter defined) setting forth the conditions for the granting of a power producing concession by the Borrower in favor of the Beneficiary, pursuant to the provisions set forth in the Borrower’s *Ordonnance* No. 00-019/P-RM dated March 15, 2000, published in the Borrower’s Official Gazette No. 7 (Special) dated August 5, 2000;

(c) “Beneficiary” means a private commercial operator, a duly registered community organization, a *Commune Rurale* (as hereafter defined), a *Collectivité Décentralisée* (as hereafter defined) or a deconcentrated agency of a line ministry, a NGO (as hereafter defined) or a GIE (as hereafter defined), as the case may be, as recipient of financing for the purposes of a Subproject (as hereinafter defined) under Part A of the Project;

(d) “*Collectivités Décentralisées*” means the autonomous local administrative entities established under the Borrower’s Laws Nos. 96-059, dated February 21, 1996, Official Gazette No. 6 dated March 31, 1996 pp 204-209; No. 96-059, dated November 4, 1996, Official Gazette (special edition) No. 3 dated November 26, 1996; and No. 99-035 dated August 10, 1999, Official Gazette No. 21 dated August 1999, pp 806-810;

(e) “*Commune Rurale*” means an autonomous local administrative entity, *collectivité territoriale*, as defined by the Borrower’s Law No. 93-008/AN-RM dated February 11, 1993, (re-edited *Recueil 2000* p. 480);

(f) “CPR” means *Cadre Politique de Recasement* the Borrower’s resettlement plan dated May 2, 2003;

(g) “CREE” means *Commission de Régulation d’Eau et d’Electricité*, the Borrower’s independent water and electricity regulation body established pursuant to

Ordonnance No. 00-21/P-RM dated March 15, 2000, published by the Borrower's Official law No.0080 of December 22, 2000;

(h) "DNCN" means *Direction Nationale de la Conservation de la Nature*, the Borrower's natural conservation directorate in the Ministry in charge of forestry;

(i) "DNE" means *Direction Nationale de l'Energie*, the Borrower's national energy administration agency in the Ministry in charge of energy;

(j) "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;

(k) "Environmental and Social Management Plan" or "CGES" means the Borrower's *Cadre de gestion environnementale et sociale*, the Borrower's document dated May 2, 2003 setting forth mitigation, enhancement, monitoring, and institutional measures having been identified by the Borrower as feasible to offset adverse environmental and social impacts related to Project activities, or to reduce them to acceptable levels, or to enhance positive impacts;

(l) "European Union", means the European Union entering into force on November 1, 1993 pursuant to the Maastricht Treaty, having adopted as single currency the Euro, in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;

(m) "Financial Monitoring Report" or "FMR" means each report prepared in accordance with Section 4.02 of this Agreement, of the GEF Grant Agreement and of the Project Agreement;

(n) "Fiscal Year" and "FY" means the fiscal year of the Borrower commencing January 1 and ending December 31 in the same year;

(o) "FCFA" means *Franc de la Communauté Financière Africaine*, the currency of the Borrower;

(p) "GIE" means *Groupement d'Intérêt Economique*, a legal entity as defined in the OHADA Uniform Act *relatif au droit des sociétés commerciales et du groupement d'intérêt économique*, dated April 17, 1997 (*Journal Officiel de l'OHADA No. 2*, dated October 1, 1997, Art 869 *sequitur*);

(q) "IAPSO" means the Inter-Agency Procurement Service Office of the United Nations Development Programme;

(r) "IEC" means information, education and communication;

(s) "Local Commercial Bank" and "LCB" means a commercial bank in the

territory of the Borrower, acceptable to the Association, selected by AMADAR, to keep the account out of which funds will be disbursed under the RUF (as hereafter defined);

(t) “LPG” means Liquid Petroleum Gas;

(u) “ME” means *Ministère chargé de l’énergie*, the Borrower’s Ministry in charge of energy;

(v) “NGO” means a non-governmental organization, established and operating in the territory of the Borrower pursuant to the laws of the Borrower;

(w) “Project Preparation Facility” means the project preparation advance granted by the Association to the Borrower pursuant to the letter agreement signed on behalf of the Association on September 22, 2003, and on behalf of the Borrower on September 23, 2003;

(x) “Project Account” means the account referred to in Section 3.04 (a) of this Agreement;

(y) “Project Implementation Manual” and “PIM” mean the “*Manuel de Procédures*” referred to in Section 6.01 (b) (iv), and paragraph 1 of Schedule 4 to this Agreement setting forth, *inter alia*, procedures to be used for implementing the Project, including a Project implementation plan, a procurement plan, the Administrative manual and eligibility criteria for the financing of *Autorisations* and Subprojects (as hereafter defined) and monitoring and performance indicators, as the same may be amended from time to time with the approval of the Association, and such term includes any schedules to said Project Implementation Manual;

(z) “Project Agreement” means the agreement between the Association and AMADER 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;

(aa) “Rural Electrification Fund” and “RUF” means the public fund established pursuant to *Ordonnance No. 019/P/RM* dated March 15, 2000, of the laws of the Borrower, for the purpose of providing subsidies to rural electrification activities;

(bb) “RUF Manual” means a manual setting forth administrative, financial and accounting procedures governing the disbursement of RUF funds from the LCB, and such term includes all schedules and amendments to said RUF Manual;

(cc) “Special Account” means the special deposit account opened for withdrawals by the Borrower in respect of expenditures made under the Project and referred to in Section 2.02 (b) of this Agreement, and such term may alternatively indicate one or both such accounts;

(dd) “Subproject” means a specific energy Subproject financed or to be financed by Subproject Financing (as hereinafter defined) provided from the proceeds of the Credit and the GEF Trust Fund Grant, as the case may be;

(ee) “Subproject Financing Agreement” means an agreement for the financing made or proposed to be made by the Borrower to a Beneficiary to finance a Subproject; and

(ff) “Subsidiary Grant Agreement” means the agreement to be entered into between the Borrower and AMADER pursuant to Section 3.01 (a) (iii) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the Subsidiary Grant Agreement.

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 twenty-five million two hundred thousand Special Drawing Rights (SDR 25,200,000).

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: (i) expenditures made (or if the Association shall so agree, to be made) in respect of the reasonable cost of works, goods and services required for all Parts of the Project with the exception of Part A of the Project and to be financed out of the proceeds of the Credit; and (ii) amounts paid (or, if the Association shall so agree, amounts to be paid) for Part A of the Project on account of withdrawals made for the purposes of meeting the reasonable cost of works, goods and services required for a Subproject in respect of which the withdrawal from the Credit Account is requested.

(b) The Borrower may open and maintain in FCFA a special deposit account in the name of AMADER for the purposes of the Project, at the exception of Part F, in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against set off, 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.

(c) Promptly after the Effective Date, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and pay to itself the amount required to repay the principal amount of the Project Preparation Advance withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn balance of the authorized amount of the Project Preparation Advance shall thereupon be canceled.

Section 2.03. The Closing Date shall be June 30, 2009, 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 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 canceled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date and 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 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 February 15 and August 15 in each year.

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each February 15 and August 15, commencing February 15, 2014 and ending August 15, 2043. Each installment to and including the installment payable on August 15, 2023 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 per capita gross national product (GNP), as determined by the Association, shall have exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; 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 repayment of installments under paragraph (a) above by:

- (A) 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; and
- (B) requiring the Borrower to commence repayment of the principal amount of the Credit as of the first semiannual payment date referred to in paragraph (a) above falling six months or more after the date on which the Association notifies the Borrower that the events set out in this paragraph (b) have occurred, provided, however, that there shall be a grace period of a minimum of five years on such repayment of principal.

(c) If so requested by the Borrower, the Association may revise the modification referred to in paragraph (b) above 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.

(d) 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 European Union is hereby specified for the purposes of Section 4.02 of the General Conditions.

Section 2.09. The President Director General of AMADER is designated as representative of the Borrower 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 in respect of Categories (1), (2), (3), (4), (5) and (6) set forth in the table in paragraph 1 of Schedule 1 to this Agreement.

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 B and G.1 of the Project through DNE, with due diligence and efficiency and in conformity with appropriate administrative, technical and financial practices and with due regard to environmental concerns, and in accordance with the implementation program set forth in Schedule 4 to this Agreement,

and shall provide, promptly as needed, the funds, facilities, services and other resources required for Part B and G.1 of the Project;

- (ii) without any limitation or restriction upon any of its obligations under the Development Credit Agreement, shall cause AMADER to carry out Parts A, C, D, E, F and G.2 of the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, accounting and technical practices and due regard to environmental concerns, in accordance with the provisions of the AMADER Project Agreement and all the obligations therein set forth with respect to all Parts of the Project with the exception of Part F, and the implementation program set forth in Schedule 4 to this Agreement and Schedule 2 to the AMADER Project Agreement, shall take and cause to be taken all action, including the provision of funds, facilities, services and other resources necessary or appropriate to enable AMADER to perform such obligations and shall not take or permit to be taken any action which would prevent or interfere with such performance; and
- (iii) make the proceeds of the Credit allocated from time to time to Categories (1) through (6) set forth in the table in paragraph 1 of Schedule 1 to this Agreement available to AMADER under the Subsidiary Grant Agreement to be entered into between the Borrower and AMADER comprising terms and conditions approved by the Association.

(b) The Borrower shall exercise its rights under the Subsidiary Grant Agreement in such manner as to protect the interests of the Borrower and the Association and to accomplish the objectives of the Project, and, except as the Association shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Subsidiary Grant Agreement or any provision thereof.

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods and consultants' services required for Parts B and G.1 of 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 works, goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) shall be carried out by AMADER in respect of the Project with the exception of parts B and G.1 of the Project pursuant to Section 2.03 of the Project Agreement.

Section 3.04. Without limitation upon the provisions of paragraph (a) of Section 3.01 of this Agreement, the Borrower shall:

(a) open and maintain an account (the Project Account) in a commercial bank in the name of AMADER on terms and conditions satisfactory to the Association;

(b) promptly thereafter, deposit into the Project Account an initial deposit equivalent to \$75,000 to finance the Borrower's contribution to the Project;

(c) deposit into the Project Account, in quarterly installments, until the Closing Date, such amounts as shall be required for the timely replenishment of the Project Account up to an amount equivalent to \$260,000; and

(d) ensure that the funds deposited into the Project Account in accordance with paragraphs (b) and (c) of this Section shall be used exclusively to finance expenditures under the Project other than those financed from the proceeds of the Credit.

ARTICLE IV

Financial and Other Covenants

Section 4.01. (a) The Borrower shall maintain, or cause DNE to maintain, a financial management system, including records and accounts, and prepare financial statements in a format acceptable to the Association, adequate to reflect the operations, resources and expenditures related to Part B and G.1 of the Project.

(b) The Borrower shall:

(i) have the records, accounts and financial statements referred to in paragraph (a) of this Section and the records and accounts for the Special Account for each Fiscal Year audited, in accordance with auditing standards acceptable to the Association, 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 six months after the end of each such year, (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year as so audited, and (B) an opinion on such statements, records and accounts and 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 such records and accounts, and the audit thereof, and concerning said auditors, as the Association may 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 separate 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 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.

Section 4.02. (a) Without limitation upon the provisions of Section 4.01 of this Agreement, and the Borrower's progress reporting obligations set out in paragraph 2 (b) and 3 (b) of Schedule 4 to this Agreement, the Borrower shall prepare and furnish to the Association a Financial Monitoring Report, in form and substance satisfactory to the Association, which:

- (i) sets forth sources and uses of funds for the Project, both cumulatively and for the period covered by said report, and projected sources and applications of funds for the Project for the six-month period following the period covered by said report;
- (ii) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and explains variances between the actual and planned implementation targets; and
- (iii) sets forth the status of procurement under the Project as at the end of the period covered by said report.

(b) The first Financial Monitoring Report shall be furnished to the Association not later than 45 days after the end of the first calendar quarter after the Effective Date, and shall cover the period from the incurrence of the first expenditure under the Project through the end of such first calendar quarter; thereafter, each

Financial Monitoring Report shall be furnished to the Association not later than 45 days after each subsequent calendar quarter, and shall cover such calendar quarter.

ARTICLE V

Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (l) of the General Conditions, the following additional events are specified:

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

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

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

Section 5.02. Pursuant to Section 7.01 (h) of the General Conditions the following additional event is specified, namely that the events specified in paragraph (b) and (c) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower.

ARTICLE VI

Effective Date

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 appointed, for the purpose of Parts B and G.1 of this Agreement, the auditor referred to in Section 4.01 (b) of this Agreement, in accordance with the provisions of Section II of Schedule 3 to this Agreement;

(b) the Borrower has caused AMADER to, and AMADER has: (i) appointed, for the purposes of the Project with the exception of Parts B and G.1 of the Project, the auditor referred to in Section 4.01 (b) of the AMADER Project Agreement, in accordance with the provisions of Section II of Schedule 3 to this Agreement; (ii) established a computerized accounting and financial management system in AMADER for the purposes of the Project with the exception of Parts B and G.1 of the Project, acceptable to the Association; (iii) appointed the AMADER staff referred to in paragraph 4 of Schedule 4 to this Agreement; and (iv) adopted, and furnished to the Association the PIM, and a procurement plan for the first year of Project implementation, both in form and substance acceptable to the Association;

(c) the Subsidiary Grant Agreement has been executed on behalf of the Borrower and AMADER and is legally binding on the parties;

(d) the GEF Grant Agreement has been duly executed and ratified and all conditions precedent to its effectiveness, or to the right of AMADER to make withdrawals thereunder, except only the effectiveness of the Development Credit Agreement, have been fulfilled.

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 and signed by AMADER, and is legally binding upon AMADER in accordance with its terms; and

(b) that the Subsidiary Grant Agreement has been duly authorized and signed by the Borrower and AMADER and is legally binding upon the Borrower and AMADER in accordance with its terms.

Section 6.03. The date one hundred and eighty (180) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. Except as provided for in Section 2.09 of this Agreement, the Minister of the Borrower at the time responsible for finance 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:

Minister of Finance
Ministry of Economy and Finance
BP 234
Bamako
Republic of Mali

Facsimile: (223) 22 88 53

For the Association:

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

Cable address:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI) or 64145 (MCI)	(202) 477 6391

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/ Abdoulaye Diop

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ A. David Craig

Authorized Representative

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

A. General

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:

<u>Category</u>	<u>Amount of the Credit Allocated (Expressed in SDR Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(1) Goods		100% of foreign expenditures and 70% of local expenditures
(a) for Part B and G.1 of the Project		
(b) other	1,450,000	
(2) Consultants' services and audits		80%
(a) for Part B and G.1 of the Project		
(b) other	4,700,000	
(3) Training		100%
(a) for Part B and G.1 of the Project		
(b) other	750,000	
(4) Operating costs	900,000	85%

<u>Category</u>	<u>Amount of the Credit Allocated (Expressed in SDR Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(5) Funding for Subprojects under Part A of the Project	5,400,000	100% of amounts disbursed
(6) Funding for Subprojects under RUF under Part D.1 of the Project	10,350,000	100% of amounts disbursed
(7) Refunding of Project Preparation Advance	900,000	Amount due pursuant to Section 2.02 (b) of this Agreement
(8) Unallocated	750,000	
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TOTAL	25,200,000	
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2. For the purposes of this Schedule:

(a) the term “foreign expenditures” means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower;

(b) the term “local expenditures” means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower; provided, however, that if the currency of the Borrower is also that of another country from the territory of which goods or services are supplied, expenditures in such currency for such goods or services shall be deemed to be “foreign expenditures”; and

(c) the term “operating costs” means the incremental expenses incurred on account of Project implementation, management and monitoring, including office supplies, administrative support, communication and utility services, rehabilitation of AMADER offices, travel and supervision costs, but excluding salaries of officials of the Borrower’s civil service.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures:

(a) prior to the date of this Agreement;

(b) under Category (5) of the table set forth under paragraph 1 of this Schedule 1, unless the Subproject has been selected in accordance with the provisions set forth in Schedule 2 to the AMADER Project Agreement, the PIM and the CGES; and

(c) under Category (6) of the table set forth under paragraph 1 of this Schedule 1, unless a LCB, satisfactory to the Association, has been appointed under terms of reference acceptable to the Association, and the RUF Manual setting forth conditions for the disbursement of Subproject Financing from the Special Account, satisfactory to the Association has been approved by the Borrower and transmitted to the Association.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures for: (a) goods under contracts costing less than \$200,000 equivalent each, (b) services under contracts with firms costing less than \$100,000 or with individual consultants costing less than \$50,000 equivalent each; and (c) training and operating costs, all under such terms and conditions as the Association shall specify by notice to the Borrower.

Part B: Capacity Development and Institutional Strengthening of CREE,
DNE and DNCN

1. Strengthening of CREE

Strengthening the contract oversight, monitoring and compliance capacities of CREE, through:

(a) provision of training to selected staff of CREE in, *inter alia*: (i) financial regulation, (ii) analytical accounting, (iii) financial management, (iv) contract monitoring, and (v) tariff design;

(b) provision of technical advisory services to: (i) develop and implement the monitoring and evaluation program of private sector energy providers, and (ii) carry out IEC campaigns on regulatory issues;

(c) establishment of a local area network at CREE with 18 workstations, through the acquisition of equipment and software for economic and financial modeling, accounting and programming; and

(d) acquisition of vehicles for selected CREE staff to carry out operational activities.

2. Strengthening of DNE

Strengthening the energy sector strategy and reform oversight, and monitoring capacities of DNE, through:

(a) provision of training for selected DNE staff in the areas of, *inter alia*: (i) policy formulation, (ii) control, monitoring, evaluation, and impact assessment, and (iii) demand side management and energy efficiency;

(b) provision of technical assistance establishing planning, monitoring, evaluation, impact assessment systems and databases for the development of energy delivering systems;

(c) establishment of a local area network in DNE with 24 workstations and connection of said network with: (i) ME's departments, directorates and technical services, and (ii) the internet, through the acquisition of equipment and software;

(d) rehabilitation of the DNE documentation center, and information and cataloging system, through the provision of equipment and the carrying out of works; and

(e) acquisition of vehicles for the carrying out of operational activities.

3. Strengthening of DNCN

Strengthening the management capacities of DNCN in the household energy sector, through:

(a) provision of training for selected DNCN staff in the areas of, *inter alia*: (i) policy formulation, (ii) monitoring, evaluation, and impact assessment, and (iii) management of supply side wood-fuel management;

(b) establishment of a local area network with 12 workstations in DNCN, through the acquisition of equipment and software;

(c) rehabilitation of the DNCN documentation center, and information and cataloging system, through the provision of equipment and the carrying out of work; and

(d) acquisition of vehicles and motorcycles for the carrying out of operational activities.

Part C: Strengthening of AMADER

1. Strengthening the managerial, administrative and financial capacities of AMADER, through the provision of technical advisory services and training to selected staff in the areas of, *inter alia*: (i) promotion of the expansion of the coverage, capacity, and reliability of rural distribution grids; (ii) promotion and support of the financial performance of private rural electricity operators; (iii) improving the delivery of energy services to basic social services and productive activities; (iv) facilitation of the development of small energy projects, provided and

operated by the private sector, NGOs, GIEs or by community-based organizations; and (v) promotion of wood-fuel based energy resources and wood-fuel demand-side management.

2. Carrying out studies to evaluate the cross-sectoral impact of rural electrification investment, through the provision of technical advisory services.

3. Acquisition of equipment, materials, software and vehicles for the carrying out of operational activities.

Part D: Strengthening of Energy Service Delivery

1. Promotion of Investments to Support Energy Services Delivery

(a) Provision of financing to RUF for the benefit of private operators; and

(b) carrying out a study to update the Borrower's master plan for rural and peri-urban electrification, through the provision of technical advisory services.

2. Promoting Multi-functional Energy Service Platform Investments

Promoting the utilization of multi-functional energy platforms in peri-urban and rural areas, through the carrying out of a study to assess the sustainability of existing multifunctional platforms focusing on, *inter alia*:

(a) their ownership, management, operation, maintenance, and equipment renewal aspects;

(b) their viability under competition of other private energy service delivery companies; and

(c) the potential for scaling up, taking into account environmental concerns.

3. IEC and Marketing

Provision of IEC to peri-urban and rural communities to:

(a) promote energy service delivery schemes, through the provision of technical advisory services to the authorities of selected *Communes Rurales*,

representatives of selected NGOs, and civil society organizations, the carrying out of workshops and seminars; and

(b) updating of information on performance of impact assessments through canvassing of user focus groups, selected users, rural community leaders and private economic operators.

Part E: Improving Household Energy Management

1. Improving Community-Based Woodland Management

Supporting the creation and extension of community based rural wood-fuel markets and village woodland management schemes and the promotion of standard contracts for the management and exploitation of wood-fuel resources to be concluded between local communities and private entrepreneurs, through, *inter alia*:

(a) promotion of modern wood-fuel production methods;

(b) establishment of suitably qualified and efficiently managed charcoal production associations; and

(c) supporting the creation of suitably qualified and efficiently managed associations of wood-fuel transporters and traders in wood-fuel supplying urban centers;

all through the provision of technical advisory services and training.

2. Improving the Economic Efficiency and Adequacy of Wood-fuel Tax Collection and Disposition

Transfer of wood-fuel tax collection and monitoring of wood-fuel production and transport quota to regional, municipal and local community levels, through the provision of technical advisory services and training to selected public officials in the decentralized administrations and the Borrower's forestry services.

3. Promotion of Interfuel Substitution and Household Energy Efficiency

(a) Promotion of efficient use of wood-fuel, and energy producing or saving resources, such as adapted charcoal stoves, use of kerosene, LPG and alternative biomass fuels (briquettes), through the provision of technical advisory services and training to selected representatives of local communities, NGOs, GIEs, private households and entrepreneurs, as the case may be.

(b) Establishment of a certification system for best quality and most environmentally friendly wood-fuel energy products, through the provision of technical advisory services.

(c) Strengthening of power demand-side management through the promotion of low-energy consumption lamps and energy efficient evaporative air-coolers, through the provision of technical advisory services and training to selected entrepreneurs, representatives of NGOs and civil society.

Part F: Promoting Solar Energy Use

Promotion of community photovoltaic and solar home systems in peri-urban and rural areas, through:

1. provision of training to private economic operators;
2. provision of technical advisory services to selected private economic operators and Beneficiaries; and
3. provision of funding to Beneficiaries through RUF.

Part G: Project Management and Supervision

1. Administration, coordination, monitoring, supervision and evaluation of implementation of Part B of the Project through the provision of technical advisory services and training programs for selected staff in DNE, and the acquisition of equipment.
2. Administration, coordination, monitoring, supervision and evaluation of implementation of Parts A, C, D, and E of the Project through the provision of technical advisory services and training programs for selected staff in AMADER, and the acquisition of equipment.

* * *

The Project is expected to be completed by December 31, 2008.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Works and Goods

Part A: General

Works and goods shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 and revised in January and August 1996, September 1997 and January 1999 (the Guidelines) and the provisions of the following Parts of this Section I.

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, works and goods shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.

2. The following provisions shall apply to goods to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

Preference for domestically manufactured goods

The provisions of paragraph 2.55 and 2.56 of the guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower.

Grouping of contracts

To the extent practicable, contracts for goods shall be grouped into bid packages estimated to cost \$200,000 equivalent or more each.

Part C: Other Procurement Procedures

1. National Competitive Bidding

Goods, estimated to cost between \$100,000 and \$200,000 equivalent per contract, and works estimated to cost \$100,000 or more per contract, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. National Shopping

(a) Goods, estimated to cost less than \$50,000 equivalent per contract, and (b) works under contracts estimated to cost less than \$100,000 per contract, may be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. Procurement through International Agencies

Office equipment estimated to cost less than US\$50,000 equivalent or less per contract and vehicles may be procured from IAPSO.

4. Community Participation

Goods and works required for Part A of the Project shall be procured in accordance with procedures acceptable to the Association.

5. Procurement of Small Works

Works estimated to cost less than \$50,000 equivalent per contract, to be financed out of the Project Account, may be procured under lump-sum, fixed-price contracts awarded on the basis of quotations obtained from three (3) qualified domestic contractors in response to a written invitation. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Association, and relevant drawings, where applicable. The award shall be made to the contractor who offers the lowest price quotation for the required work, and who has the experience and resources to complete the contract successfully.

Part D: Review by the Association of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and shall be undertaken in accordance with such procurement plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

With respect to:

(a) each contract for goods estimated to cost the equivalent of \$200,000 or more; (b) the first three contracts for goods procured under Section I Part C.1 of this Schedule; (c) the first three contracts for goods procured under Section I Part C.2 of this Schedule; (d) the first three contracts for works procured under Section I Part C.5 of this Schedule; and (e) any amendment to a contract raising the value of said contract above the equivalent of \$200,000; the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II. Employment of Consultants

Part A: General

Consultants' services shall be procured in accordance with the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in January 1997 and revised in September 1997, January 1999 and May 2002 (the Consultant Guidelines), and the provisions of the following Parts of this Section II.

Part B: Quality- and Cost-based Selection

1. Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

2. The following provisions shall apply to consultants' services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph. The short list of consultants for services estimated to cost less than \$100,000 equivalent per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Selection Based on Consultants' Qualifications

Services for:

(a) research activities and activities requiring specialized expertise, estimated to cost less than \$100,000 equivalent per contract, and

(b) training under Part B of the Project, estimated to cost less than \$100,000 equivalent per contract, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

2. Single Source Selection

Services for the provision of training which are estimated to cost less than \$10,000 equivalent per contract for individual consultants, and estimated to cost less than \$50,000

equivalent per contract for consultant firms, may, with the Association's prior agreement, be procured in accordance with the provisions of paragraphs 3.8 through 3.11 of the Consultant Guidelines.

3. Least-cost Selection

Services for audits may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

4. Individual Consultants

Services for individual consultants: (a) meeting the requirements set forth in paragraph 5.1 of the Consultant Guidelines, and (b) employed under contracts concluded with AMADER, shall be procured under contracts awarded in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

Part D: Review by the Association of the Selection of Consultants

1. Selection Planning

Prior to the issuance to consultants of any requests for proposals, the proposed plan for the selection of consultants under the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Consultant Guidelines. Selection of all consultants' services shall be undertaken in accordance with such selection plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

(a) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 2, 3 and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more, the report on the comparison of the qualifications and experience of candidates, terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after the said approval shall have been given. The provisions of paragraph 3 of Appendix 1 to the Consultant Guidelines shall also apply to such contracts.

(c) With respect to any contract awarded pursuant to Part C.2 of this Section, the qualifications, experience, terms of reference and terms of employment of the consultant, the consultants or the consultant firm, as the case may be, shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after the said approval shall have been given.

(d) With respect to each contract for training, workshops, conference attendance and study tours, the Bank's non-objection to the annual activity and procurement program shall be deemed approval of said activity.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.

Section III. Subprojects and RUF financing

All contracts for the financing of Subprojects exceeding the total amount of \$500,000 to be financed out of Categories (5) or (6) of the table of paragraph 1 of Schedule 1 to this Agreement require prior approval of the Association. All amendments to contracts for the financing of Subprojects which raise the overall value of the costs of said Subproject over the threshold of \$500,000 also require prior approval of the Association.

SCHEDULE 4

Implementation Program

1. The Borrower shall implement Parts B and G.1 of the Project through DNE, and cause AMADER to carry out the Project with the exception of Parts B and G.1 of the Project, in accordance with the procedures, guidelines, timetables and criteria set forth in the Project Implementation Manual, the Administration Manual and the CPS and CGES, and, except as the Association shall otherwise agree, the Borrower shall not, and shall not cause AMADER to, amend, or waive any provision of said Manuals and CPS and CGES, if, in the opinion of the Association, such amendment or waiver may materially and adversely affect the implementation of the Project.

Coordination, Management and Supervision

2. The Borrower shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate, on an ongoing basis, in accordance with the indicators set forth in the Project Implementation Manual and summarized in Schedule 6 to this Agreement, the carrying out of Parts B and G.1 of the Project and the achievement of the objective thereof;

(b) prepare, and cause AMADER to prepare, under terms of reference satisfactory to the Association, and furnish to the Association through AMADER, until the Closing Date, for the first time by June 30, 2004, or such other date as the Association shall agree, for its review and comments, a joint report integrating the results of the monitoring and evaluation activities performed pursuant to subparagraph (a) of this paragraph 2 on the progress achieved in the carrying out of the respective Parts of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective thereof during the period following such date. In particular the report shall detail: (i) approved Subprojects under Part A of the Project, and (ii) the proposed procurement plan for the following twelve months; and

(c) review with the Association, and cause AMADER to review jointly, within four weeks following the submission of the report referred to in subparagraph (b) of this paragraph said report (Annual Review), and thereafter take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of said report, the Association's views on the matter and in accordance with the PIM.

Midterm Review

3. The Borrower shall:

(a) By June 30, 2006, or such other date as the Association shall agree upon, carry out jointly with the Association, a midterm review (Midterm Review). The Borrower shall cause AMADER to participate, and invite the representatives of ministerial departments involved in the rural and peri-urban energy sector to participate, and take all actions it considers necessary to ensure the participation of representatives of, *inter alia*, the national parliament, Beneficiaries, *Assemblée Permanente des Chambres d'Agriculture du Mali*, private sector operators, Beneficiaries, community based organizations, donors interested in the Project, in such Midterm Review. Such Midterm Review shall cover the progress achieved in the implementation of the Project under an agenda encompassing the agenda of the Annual Reviews, and, more specifically, the achievements under Part A of the Project.

(b) No later than one month prior to the Midterm Review, the Borrower shall furnish to the Association, for its review and comments, a report, in such detail, as the Association shall reasonably request, on the implementation of the Project.

(c) Following such Midterm Review, the Borrower shall act promptly and diligently in order to take any corrective action deemed necessary by the Association to remedy any shortcoming noted in the implementation of the Project, or to implement such other measures as may have been agreed upon between the Borrower and the Association in furtherance of the objectives of the Project and in accordance with the PIM.

Individual Covenants

4. The Borrower shall cause AMADER to recruit the following management team with qualifications and experience, satisfactory to the Association, with qualified support staff in sufficient numbers, and maintain said management team until the Closing Date: (i) the Project director, in charge of administration, finances and coordination, (ii) a procurement specialist; (iii) an accountant; (iv) a director for economic development; and (v) a director for rural electrification. AMADER shall be responsible for the overall implementation, day-to-day operation and supervision of Project activities pursuant to the provisions set forth in the Borrower's Decree No 226/P-RM dated May 30, 2003.

5. The Borrower shall deposit at a date one month from Effective Date the initial deposit referred to in Section 3.04 (b) of this Agreement into the Project Account.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term “eligible Categories” means for the purpose of Special Account Categories (1), (2), (3), (4), (5) and (6) set forth in the table in 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 for the purposes of the Special Account, an amount equivalent to FCFA 1,300,000,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to FCFA 650,000,000 until the aggregate amount of withdrawals from the Credit Account plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of SDR 5,000,000 (five million Special Drawing Rights).

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 deposit into the Special Account of an amount or amounts, 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 be 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;

(b) if the Borrower shall have failed to furnish to the Association, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Association pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Association shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Credit Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Credit allocated to the eligible Categories, minus the total amount of all outstanding special commitments 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.

SCHEDULE 6

Implementation and Evaluation Indicators

1. Approximately 40,000 new subscribers receive electricity services within five years from Effective Date;
2. approximately 1,080 public institutions receive electricity services within five years from Effective Date;
3. approximately 125 schools in rural and peri-urban areas receive electricity services within five years from Effective Date;
4. approximately 107 health clinics in rural and peri-urban areas receive electricity services within five years from Effective Date;
5. approximately 500 community solar PV systems are installed within five years from Effective Date;
6. approximately 9,650 solar home systems are installed within five years from Effective Date;
7. increase in the forest area under community management from 350,000 hectares to 1.4 million hectares within five years from Effective Date; and
8. increase in households' adoption of LPG from 4,000 tons in 2002 to approximately 20,000 in 2008.