

CONFORMED COPY

CREDIT NUMBER 1937 MLI

Development Credit Agreement

(Public Enterprise Sector Adjustment
Program)

between

REPUBLIC OF MALI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 7, 1988

CREDIT NUMBER 1937 MLI

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated September 7, 1988, between REPUBLIC OF MALI (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Association has received a letter dated April 21, 1988, from the Borrower describing the Borrower's strategy in respect of its Public Enterprise Sector (PE Sector), declaring the Borrower's commitment to the execution of a program of actions designed to achieve essential reforms of the Borrower's PE Sector (said strategy and actions hereinafter called the Program), and requesting assistance from the Association in the financing of urgently needed imports required during such execution;

(B) the Borrower has requested the Association as Administrator of Special Joint Financing from Japan (the Japanese Grant Administrator) to provide assistance in the financing of such imports under the Special Joint Financing Agreement for the African Facility and, by an agreement of even date hereto by the Borrower and the Japanese Grant Administrator (the Japanese Grant Agreement), the Japanese Grant Administrator is agreeing to provide such assistance in an amount of one thousand million Japanese Yen (Y 1,000,000,000) (the Japanese Grant);

(C) the Borrower intends to contract from the Japan Overseas Economic Cooperation Fund (OECF) under the Special Joint Financing Agreement for the African Facility a loan (the OECF Loan) in an amount of four thousand million Japanese Yen (Y 4,000,000,000) to assist in the financing

of the Program on the terms and conditions set forth in an agreement (the OECF Loan Agreement) to be entered into between the Borrower and OECF;

(D) the Borrower has contracted from the Saudi Fund for Development (SFD) a loan under the Special Joint Financing Agreement for the African Facility (the SFD Loan) in an amount of twenty-two million Saudi Riyals (SR 22,000,000) in support of the Program on the terms and conditions set forth in an agreement (the SFD Loan Agreement) dated February 12, 1987 between the Borrower and SFD;

(E) the Borrower has also requested the Association to provide assistance towards the financing of a Public Enterprise Institutional Development Project in support of the Program and by an agreement of even date herewith between the Borrower and the Association (the Companion Development Credit Agreement), the Association is agreeing to provide such assistance in an aggregate principal amount equivalent to seven million Special Drawing Rights (SDR 7,000,000) (the Companion IDA Credit); and

(F) on the basis, inter alia, of the foregoing, the Association has decided in support of the Program to provide such assistance to the Borrower by making the Credit in three tranches as hereinafter provided;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, with the modifications thereof set forth below (the General Conditions) constitute an integral part of this Agreement:

(a) Section 2.01, paragraph 9, shall be modified to read:

"'Project' means the imports and other activities that may be financed out of the proceeds of the Credit pursuant to the provisions of Schedule 1 to the Development Credit Agreement.";

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

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

(c) the last sentence of Section 3.02 is deleted.

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) "Air Mali" means Compagnie Nationale Air Mali, an EPIC;

(b) "BDM" means Banque de Developpement du Mali, a SE;

(c) "Central Bank" or "BCEAO" means Banque Centrale des Etats de l'Afrique de l'Ouest, the Borrower's Central Bank;

(d) "CFAF" means the currency of the Borrower;

(e) "CMTR" means Compagnie Malienne de Transport Routier, a SE;

(f) "COMANAV" means Compagnie Malienne de Navigation, a SE;

(g) "COMATEX" means Compagnie Malienne de Textiles, a SE;

- (h) "EDM" means Societe Energie du Mali, a SEM;
- (i) "EDIM" means Editions Imprimerie du Mali, a SE;
- (j) "EMAB" means Entreprise Malienne du Bois, a SE;
- (k) "EMAMA" means Entreprise Malienne de Maintenance, a SEM;
- (l) "EPIC" means Etablissement Public a Caractere Industriel et Commercial, a Borrower's public entity;
- (m) "Grand Hotel" means a hotel unit owned by the Borrower and entrusted with financial and operational autonomy;
- (n) "ITEMA" means Industrie Textile du Mali, a SEM;
- (o) "LPM" means Librairie Populaire du Mali, a SE;
- (p) "OCINAM" means Office Cinematographique National du Mali, a SE;
- (q) "OERHN" means Office d'Exploitation des Ressources Hydrauliques du Haut Niger, an EPIC;
- (r) "PE" means Public Enterprise, namely any enterprise in which the Borrower has directly or indirectly (through any of its subdivisions or through other public enterprises) a financial participation equivalent to 20% or more of said enterprise's equity;
- (s) "PPM" means Pharmacie Populaire du Mali, a SE;
- (t) "RCFM" means Regie des Chemins de Fer du Mali, an EPIC;
- (u) "SAT" means Societe Africaine de Transport; a SEM;
- (v) "SCAER" means Societe de Credit Agricole et d'Equipement Rural, a SE;
- (w) "SE" means Societe d'Etat, a company wholly owned by the Borrower or a company whose capital is jointly owned by the Borrower and by domestic or foreign public enterprises);
- (x) "SEBRIMA" means Societe de Briquetterie du Mali, a SE;
- (y) "SEM" means Societe d'Economie Mixte, a company whose capital is jointly owned by the Borrower and by domestic or foreign private enterprises);
- (z) "SEMA" means Societe d'Equipement du Mali, a SEM;
- (aa) "SEPAMA" means Societe d'Exploitation des Produits Arachidiens du Mali, a SEM;
- (bb) "SEPOM" means Societe des Produits Oleagineux du Mali, a SEM;
- (cc) "SHM" means Societe des Hotelleries du Mali, a SE;
- (dd) "SITC" means 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);
- (ee) "SMECMA" means Societe Malienne d'Etude et de Construction de Materiel Agricole, a SEM;
- (ff) "SOCAM" means Societe des Conservees Alimentaires du Mali, a SEM;
- (gg) "SOCIMA" means Societe des Ciments du Mali, a SE;
- (hh) "SOCOMA" means Societe de Conservees du Mali, a SE;
- (ii) "SOCORAM" means Societe de Constructions Radio-electriques du Mali, a SEM;

(jj) "SOMBEPEC" means Societe Malienne de Betails, de Peaux et de Cuirs, a SE;

(kk) "SOMIEX" means Societe Malienne d'Importation et d'Exportation, a SE;

(ll) "SONATAM" means Societe Nationale des Tabacs et Allumettes du Mali, a SE;

(mm) "SONEA" means Societe Nationale d'Exploitation des Abattoirs et Annexes, a SE;

(nn) "SONETRA" means Societe Nationale d'Entreprise et des Travaux Publics, a SE;

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

(pp) "TAMALI" means Societe des Tanneries Maliennes, a SE;

(qq) "UCEMA" means Usine Ceramique du Mali, a SE.

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-nine million four hundred thousand Special Drawing Rights (SDR 29,400,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule I to this Agreement.

(b) The Borrower shall, for the purposes of the Program, open and maintain in CFAF a special account in its Central Bank on terms and conditions satisfactory to the Association. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 4 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 1990 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 a 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 cancelled; (ii) at the rate set as of the June 30 immediately preceding the Accrual Date or at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied as of the next payment date in that year, specified in Section 2.06 of this Agreement, except that the rate set as of June 30, 1988 shall be applied as of July 1, 1988.

(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 and service charges shall be payable semiannually on May 1 and November 1 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each May 1 and November 1 commencing November 1, 1998, and ending May 1, 2028. Each installment to and including the installment payable on May 1, 2008 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever: (i) the Borrower's gross national product per capita, as determined by the Association, shall have exceeded \$790 in constant 1985 dollars for five consecutive years; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the terms of repayment of installments under paragraph (a), above by requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid. If so requested by the Borrower, the Association may revise such modification to include, in lieu of some or all of the increase in the amount 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 abovementioned repayment modification.

(c) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the Association may, if so requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments as provided in paragraph (a) above.

Section 2.08. The currency of the French Republic is hereby specified for the purposes of Section 4.02 of the General Conditions.

Section 2.09. (a) The National Manager (Directeur National) of BCEAO 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.

(b) Without limitation or restriction to the foregoing, the Borrower hereby entrusts BCEAO with responsibility for the preparation of withdrawal applications under the Credit and for the collection of the documents and other evidence to be furnished to the Association in support of such applications; such withdrawal applications shall to the extent practicable be consolidated so as to apply for withdrawal of aggregate amounts of not less than one million Dollars (\$1,000,000) equivalent.

ARTICLE III

Particular Covenants

Section 3.01. (a) The Borrower and the Association shall, from time to time, at the request of either party, exchange views on the progress achieved in carrying out the Program and the actions specified in Schedule 3 to this Agreement.

(b) Prior to each such exchange of views, the Borrower 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.

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 2 to this Agreement.

Section 3.03. (a) The Borrower shall maintain, or cause to be maintained, records and accounts adequate to reflect in accordance with

consistently maintained sound accounting practices the expenditures financed out of the proceeds of the Credit.

(b) The Borrower shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section, including those for the Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied by independent auditors acceptable to the Association;
- (ii) furnish to the Association as soon as available, but in any case not later than six months after the end of each such year, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and
- (iii) furnish to the Association such other information concerning said records and accounts and the audit thereof as the Association shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of statements of expenditure, the Borrower shall:

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Association has received the audit report for the fiscal year in which the last withdrawal from the Credit Account 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 audits 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 3.04. Except as the Association shall otherwise agree, the Borrower shall ensure that no actions shall be taken inconsistent with the Program.

ARTICLE IV

Remedies of the Association

Section 4.01. Pursuant to Section 6.02 (h) of the General Conditions, the following additional events are specified:

(a) That a situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out.

(b) The Borrower shall have failed to perform any of its obligations under the Companion Development Credit Agreement.

(c) (i) Subject to subparagraph (ii) of this paragraph:

- (A) the right of the Borrower to withdraw the proceeds of any grant, loan or credit (including the Companion Development Credit Agreement) made to the Borrower in support of the Program shall have been suspended, cancelled or terminated in whole or in

part, pursuant to the terms of the agreement providing therefor; or

- (B) any such loan or credit shall have become due and payable prior to the agreed maturity thereof.
- (ii) Subparagraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that:
 - (A) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and
 - (B) adequate funds in support of the Program are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

Section 4.02. Pursuant to Section 7.01 (d) of the General Conditions, the following additional events are specified:

(a) the event specified in paragraph (b) of Section 4.01 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; and

(b) the event specified in paragraph (c) (i) (B) of Section 4.01 of this Agreement shall occur, subject to the proviso of subparagraph (ii) of that paragraph.

ARTICLE V

Effective Date; Termination

Section 5.01. The following event is specified as an additional condition to the effectiveness of the Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions, namely, that all conditions precedent to the effectiveness of the Companion Development Credit Agreement, the Japanese Grant Agreement, the OECF Loan Agreement and the SFD Loan Agreement, except for the effectiveness of this Agreement, have been fulfilled.

Section 5.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

Section 5.03. The obligations of the Borrower under Section 3.04 of this Agreement shall cease and determine on the date on which the Development Credit Agreement shall terminate or on the date fifteen (15) years after the date of this Agreement, whichever shall be the earlier.

ARTICLE VI

Representative of the Borrower; Addresses

Section 6.01. Except as provided in Section 2.09 (a) of this Agreement, the Minister of the Borrower responsible for finance is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministere des Finances et du Commerce
Bamako
Republic of Mali

Cable address:

Telex:

MINIFINANCES
Bamako

2559 MINIFINANCE

For the Association:

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

Cable address:

Telex:

INDEVAS
Washington, D.C.

440098 (ITT)
248423 (RCA) or
64145 (WUI)

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/ Nouhoum Samassekou

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Edward V. K. Jaycox

Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

1. Subject to the provisions set forth or referred to in this Schedule, the proceeds of the Credit may be withdrawn from the Credit Account for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods required during the execution of the Program and to be financed out of such proceeds.

2. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of:

(a) expenditures for goods included in the following SITC groups or sub-groups or any successor groups or sub-groups under future revisions to the SITC, as designated by the Association by notice to the Borrower:

Group	Sub-group	Description of Items
112	-	Alcoholic beverages
121	-	Tobacco, unmanufactured tobacco refuse
122	-	Tobacco, manufactured (whether or not containing tobacco substitutes)
525	-	Radioactive and associated materials
667	-	Pearls, precious and semi-precious stones, unworked or worked

718	718.7	Nuclear reactors, and parts thereof, fuel elements (cartridges), non-irradiated for nuclear reactors
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)

(b) expenditures in the currency of the Borrower or for goods 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 are supplied, expenditures in such currency for such goods shall be eligible for financing out of the proceeds of the Credit;

(c) payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding the equivalent of SDR 6,000,000, may be made on account of payments made for expenditures before that date but after the date four months before the date of this Agreement;

(d) expenditures for goods procured under contracts costing less than \$10,000 equivalent;

(e) expenditures for goods supplied under a contract which any national or international financing institution or agency other than the Association shall have financed or agreed to finance; and

(f) expenditures for goods intended for a military or para-military purpose or for luxury consumption.

3. (a) No withdrawal shall be made and no commitment shall be entered into to pay amounts to the Borrower or others in respect of expenditures to be financed out of the proceeds of the Credit after the aggregate of the proceeds of the Credit withdrawn from the Credit Account and the total amount of such commitments shall have reached the equivalent of SDR 11,800,000, unless the Association shall be satisfied, after an exchange of views as described in Section 3.01 of this Agreement: (i) with the progress achieved by the Borrower in the carrying out of the Program; and (ii) that the actions described in Part A of Schedule 3 to this Agreement have been taken.

(b) No further such withdrawal or commitment shall be made after such aggregate shall have reached the equivalent of SDR 20,600,000, unless the Association shall be satisfied, after a further such exchange of views: (i) with the further progress achieved by the Borrower in the carrying out of the Program; and (ii) that the actions described in Part B of Schedule 3 to this Agreement have been taken.

4. If, after such exchange of views described in paragraph 3 above, the Association shall have given notice to the Borrower that the progress achieved and actions taken are not satisfactory and, within 90 days after such notice, the Borrower shall not have achieved progress and taken actions satisfactory to the Association, then the Association may, by notice to the Borrower, cancel the unwithdrawn amount of the Credit or any part thereof.

SCHEDULE 2

Procurement

1. Contracts for goods to be procured by public entities (such term to include the Borrower, any of its subdivisions and its PEs) and estimated to cost the equivalent of \$1,000,000 or more each shall be awarded through international competitive bidding in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines), subject to the following modifications:

(a) Paragraph 2.8 of the Guidelines is deleted and the following is substituted therefor:

"2.8 Notification and Advertising

The international community should be notified in a timely manner of the opportunity to bid. This will be done by advertising invitations to apply for inclusion in a bidder's invitation list, to apply for prequalification, or to bid; such advertisements should be placed in at least one newspaper of general circulation in the Borrower's country and, in addition, in at least one of the following forms:

- (i) a notice in the United Nations publication, Development Forum, Business Edition; or
- (ii) an advertisement in a newspaper, periodical or technical journal of wide international circulation; or
- (iii) a notice to local representatives of countries and territories referred to in the Guidelines, that are potential suppliers of the goods required."

(b) The following is added at the end of paragraph 2.21 of the Guidelines:

"As a further alternative,, bidding documents may require the bidder to state the bid price in a single currency widely used in international trade and specified in the bidding documents."

(c) Paragraphs 2.55 and 2.56 of the Guidelines are deleted.

2. (a) Contracts for goods to be procured by public entities estimated to cost the equivalent of less than \$1,000,000 each, contracts for goods to be procured by private entities, and contracts for agricultural commodities and petroleum products commonly traded on the international market shall be awarded on the basis of the normal procurement procedures of the purchaser of such goods; and

(b) for the purposes of subparagraph (a) "public entities" includes the Borrower, any of its subdivisions and its PEs.

3. With respect to each contract referred to in paragraph 1 of this Schedule, the Borrower shall furnish to the Association, prior to the submission to the Association of the first application for withdrawal of funds from the Credit Account in respect of such contract, two conformed copies of such contract, together with the analysis of the respective bids and recommendations for award, a description of the advertising and tendering procedures followed and such other information as the Association shall reasonably request.

4. With respect to each contract referred to in paragraph 2 of this Schedule, the Borrower shall furnish to the Association, prior to the submission to the Association of the first application for withdrawal of funds from the Credit Account in respect thereof, such documentation and information as the Association may reasonably request to support withdrawal applications in respect of such contract.

5. Notwithstanding the provisions of paragraphs 3 and 4 of this Schedule, where payments under a contract are to be made out of the proceeds of the Special Account, the copies of such contract or the documentation and the information to be furnished to the Association pursuant to the provisions of paragraph 3 or paragraph 4 of this Schedule, as the case may be, shall be furnished to the Association as part of the evidence required under paragraph 4 of Schedule 4 to this Agreement.

6. The provisions of the preceding paragraphs 3, 4 and 5 shall not apply to contracts on account of which the Association has authorized withdrawals from the Credit Account on the basis of statements of expenditure. Such contracts shall be retained in accordance with Section 3.03 (c) (ii) of this Agreement.

SCHEDULE 3

Conditions for Release of Second and Third Tranches of the Credit

The following actions shall be taken consistent with the principles outlined in the Program and in a manner satisfactory to the Association:

Part A: Actions referred to in paragraph 3 (a) (ii) of Schedule 1 to this Agreement (Conditions for Release of Second Tranche).

1. Reduction of the number of products subject to price controls.
2. Receipt by the Association of the Borrower's investment budget for 1989 meeting satisfactory criteria and receipt of indication of satisfactory allocations for the Borrower's 1989 current budget regarding electricity, water and telephone services.
3. Substantial progress in carrying out the restructuring of BDM.
4. Implementation of the necessary measures to ensure the management and operation of the Borrower's postal checking and savings services in accordance with sound financial and institutional practices and, in particular, for insuring their continued liquidity.
5. Submission of a satisfactory action plan for the reform of the Borrower's financial sector.
6. (a) Modification of the charters of, or enactment of new charters for, and necessary accompanying measures in respect of, COMANAV, OERHN, RCFM and SONATAM to reflect the principles of improved PE organization and Borrower oversight set forth in Law 87-51 and accompanying texts.

(b) Development of standard guidelines for the preparation of charters (statuts) of SEs and EPICs reflecting principles of improved organization and Borrower oversight adopted in Law 87-51 and other relevant instruments.
7. Enactment of a law modifying Law 81-10 and other necessary provisions relating to the regime and remuneration of PE personnel.
8. Substantial progress in carrying out the Borrower's action plan to:
(i) settle reciprocal debts between the Borrower and PEs and, in particular, paying out net arrears of the Borrower to PEs; and (ii) cause PEs to settle their arrears in payments due to third parties.
9. (a) Satisfactory progress in carrying out the divestiture of the Borrower's holdings in COMATEX, EDIM, EMAMA, Grand Hotel, SEPOM, ITEMA, PPM, SEMA, SEPAMA, SMECMA, SOCAM, SOCIMA, TAMALI and UCEMA in accordance with the Borrower's program for the purpose.

(b) Evaluation by the Borrower of measures previously taken under said program, including completed restructurings and divestitures, and of the financial performance of enterprises included in said program.
10. Conclusion of satisfactory performance contracts with EDM and the PEs in charge of postal services and telecommunications, with specific efficiency targets.
11. Enactment of an improved institutional framework governing the water and power sectors providing, inter alia, for: (i) involvement of EDM in the planning of the power sector in the Borrower's territory; (ii) attribution to EDM of the responsibilities for constructing and operating all power facilities in the Borrower's territory with the exclusion of regional, multi-purpose and self-production projects; (iii) integration of OERHM personnel into EDM; (iv) establishment and maintenance of adequate tariff structures; and (v) conclusion of a management contract whereby EDM would operate OERHN power facilities.
12. Enactment of an improved institutional framework governing the postal and telecommunications sectors and providing, inter alia, for: (i) establishment of a national telecommunications office incorporating the telecommunications sector of OPT with Telecommunication Internationale du

Mali; and (ii) establishment of a national post office incorporating mail and postal financial services.

13. Progress with implementing necessary measures to carry out institutional reforms in the postal and telecommunications sectors and the power and water sectors.

14. Completion of the liquidation of AIR MALI, SHM, SAT, SCAER, SEBRIMA, SOCOMA, SOCORAM, SOMBEPEC, and SONEA.

15. Initiation of a review of necessary reform measures with respect to wholly state-owned PEs, not covered by the Program.

16. Progress with implementing the Borrower's program to promote the reconversion of personnel terminated as a result of the Program's execution.

17. Adoption of a satisfactory action plan for the Borrower's textile sector.

18. Suppression of all provision granting the Borrower any right on SEMs greater than that of a shareholder.

19. Satisfactory progress in the restructuring of SOMIEX.

Part B: Actions referred to in paragraph 3 (b) (ii) of Schedule 1 to this Agreement (Conditions for Release of Third Tranche)

1. Receipt by the Association of the Borrower's investment budget for 1990 meeting satisfactory criteria and receipt of indication of satisfactory allocations for the Borrower's 1990 current budget regarding electricity, water and telephone services.

2. Substantial further progress in carrying out the restructuring of BDM and the postal checking and savings services.

3. Progress in carrying out the action plan referred to in Part A.5 above.

4. Progress in implementing the reforms referred to in Part A.7 above.

5. Completion of the implementation of the Borrower's action plan referred to in Part A.8 above.

6. Satisfactory further progress in carrying out the divestment of the Borrower's holdings in PEs, under the Borrower's program referred to in Part A.9 above.

7. Completion of the liquidation of CMTR, EMAB, OCINAM, LPM and SONETRA.

8. Implementation of the principles referred to in Part A.6 (b) above with respect to all SEs and EPICS.

9. Conclusion of satisfactory performance contracts with COMANAV, RCFM and SONATAM.

10. Further progress with implementing the measures referred to in Part A.13 above including enactment of provisions relating to the water and power sectors (power and water codes, charters of EDM and OERHN).

11. Development of an action plan with respect to the PEs referred to in Part A.15 above.

12. Evaluation of the Borrower's program referred to in Part A.16 above for the reconversion of personnel terminated as a result of the Program's execution.

SCHEDULE 4

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods required during the execution of the Program and to be financed out of the proceeds of the Credit in accordance with the provisions of Schedule 1 to this Agreement; and

(b) the term "Authorized Allocation" means an amount equivalent to one thousand five hundred million CFAF (CFAF 1,500,000,000) to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Except as the Association shall otherwise agree, payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the 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 may be made as follows:

(a) On the basis of a request or requests by the Borrower for a deposit or deposits which add up to the aggregate amount of the Authorized Allocation, 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) The Borrower shall furnish to the Association requests for replenishment of the Special Account at such intervals as the Association shall specify. On the basis of such requests, the Association shall withdraw from the Credit Account and deposit into the Special Account such amounts as shall be required to replenish the Special Account with amounts not exceeding the amount of payments made out of the Special Account for eligible expenditures. Each such deposit shall be withdrawn by the Association from the Credit Account in the respective equivalent amounts as shall have been justified by the evidence supporting the request for such deposit, furnished pursuant to paragraph 4 of this Schedule.

4. For each payment made by the Borrower out of the Special Account for which the Borrower requests replenishment pursuant to paragraph 3 (b) of this Schedule, the Borrower shall furnish to the Association, prior to or at the time of such request, such documents and other evidence as the Association shall reasonably request, showing that such payment was made for eligible expenditures.

5. (a) Notwithstanding the provisions of paragraph 3 of this Schedule, no further deposit into the Special Account shall be made by the Association when either of the following situations first arises:

(i) the Association shall have determined that all further withdrawals can be made by the Borrower directly from the Credit Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement; or

(ii) the total unwithdrawn amount of the Credit, minus the amount of any outstanding special commitment entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Program, shall be equal to the equivalent of twice the amount of the Authorized Allocation.

(b) Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit 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 any expenditure or in any 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, 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. No further deposit by the Association into the Special Account shall be made until the Borrower has made such deposit or refund.

(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 for crediting to the Credit Account.

