

CONFORMED COPY

CREDIT NUMBER 1998 MLI

(Second Power Project)

between

REPUBLIC OF MALI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 30, 1989

CREDIT NUMBER 1998 MLI

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated May 30, 1989, between REPUBLIC OF MALI (the "Borrower") and INTERNATIONAL DEVELOPMENT ASSOCIATION (the "Association").

WHEREAS (A) 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;

(B) the Project will be carried out by the Borrower's Ministere de l'Industrie, de l'Hydraulique et de l'Energie and by Societe Energie du Mali with the Borrower's assistance and, as part of such assistance, the Borrower will make available to Societe Energie du Mali part of the proceeds of the Credit as provided in this Agreement;

(C) by agreement dated June 14, 1988 ("the EIB Loan Agreement") European Investment Bank ("EIB") has agreed to make a loan (the "EIB Loan") in an amount equivalent to eleven million

European Currency Units (ECU 11,000,000) to assist in financing part of the Project on the terms and conditions set forth in the EIB Loan Agreement;

(D) by agreement dated May 20, 1988 (the "CIDA Grant Agreement") the Canadian International Development Agency ("CIDA") has agreed to make a grant (the "CIDA Grant") in an amount equivalent to ten million Canadian Dollars (Can\$10,000,000) to assist in the financing of part of the Project on the terms and conditions set forth in the CIDA Grant Agreement;

(E) by agreement dated July 22-29, 1988 (the "KfW Grant Agreement") Kreditanstalt fur Wiederaufbau ("KfW") has agreed to make a grant (the "KfW Grant") in an amount equivalent to twenty million German Marks (DM 20,000,000) to assist in financing part of the Project on the terms and conditions set forth in the "KfW Grant Agreement";

(F) the Borrower intends to contract from Caisse Centrale de Cooperation Economique ("CCCE") a loan (the "CCCE Loan") in an amount equivalent to thirteen million Dollars (\$13,000,000) to assist in financing part of the Project on the terms and conditions set forth in an agreement (the "CCCE Loan Agreement") to be entered into between the Borrower and CCCE;

(G) the Borrower intends to contract from African Development Fund ("ADF") a loan (the "ADF Loan") in an amount equivalent to eleven million eight hundred thousand Dollars (\$11,800,000) to assist in financing part of the Project on the terms and conditions set forth in an agreement (the "ADF Loan Agreement") to be entered into between the Borrower and ADF;

(H) the Borrower intends to contract from Fonds de l'Aide et de Cooperation ("FAC") a grant (the "FAC Grant") in an amount equivalent to three million Dollars (\$3,000,000) to assist in financing part of the Project on the terms and conditions set forth in an agreement (the "FAC Grant Agreement") to be entered into between the Borrower and FAC; and

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend the Credit to the Borrower upon the terms and conditions set forth in this Agreement and in the Project Agreement of even date herewith between the Association and Societe Energie du Mali;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985, with the last sentence of Section 3.02 deleted (the "General Conditions") constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

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

(b) "DNHE" means Direction Nationale de l'Hydraulique et de l'Energie, the Department of MIHE (as hereinafter defined);

(c) "EDM" means Societe Energie du Mali, a mixed economy company responsible for operating and maintaining most of the Borrower's power and urban water facilities, established pursuant to its statutes;

(d) "MIHE" means Ministere de l'Industrie, de l'Hydraulique et de l'Energie, the Borrower's Ministry of Industry, Water and Power;

(e) "OERHN" means Office pour l'Exploitation des Ressources Hydrauliques du Haut Niger, a public entity ("etablissement public a caractere industriel et commercial) established pursuant to its statutes to exploit the Upper Niger water resources;

(f) "PMU" means Project Management Unit, the unit established within EDM in accordance with Section 2.01 (b) of the Project Agreement;

(g) "Project Agreement" means the agreement between the Association and EDM 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;

(h) "Project Preparation Advance" means the project preparation advance granted by the Association to the Borrower pursuant to an exchange of letters dated February 9, 1988, and July 14, 1988, between the Borrower and the Association;

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

(j) "Subsidiary Loan Agreement" means the agreement to be entered into between the Borrower and EDM pursuant to Section 3.02 (a) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the Subsidiary Loan 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-four million two hundred thousand Special Drawing Rights (SDR 24,200,000).

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 expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit.

(b) The Borrower shall, for the purposes of the Project, open and maintain in CFAF a special account in a commercial 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 3 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 shall thereupon be cancelled.

Section 2.03. The Closing Date shall be December 31, 1995, 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 charges and service charges shall be payable semiannually on March 15 and September 15 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each March 15 and September 15 commencing September 15, 1999 and ending March 15, 2029. Each installment to and including the installment payable on March 15, 2009 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever: (i) the Borrower's gross national product per capita, as determined by the Association, shall have exceeded \$790 in constant 1985 dollars for five consecutive years; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the terms of repayment of installments under paragraph (a) above by requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid. If so requested by the Borrower, the Association may revise such modification to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

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

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

Section 2.09. EDM, acting through PMU, 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.

ARTICLE III

Execution of the Project

Section 3.01. The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, without any limitation or restriction upon any of its other obligations under the Development Credit Agreement, shall:

(a) cause EDM to carry out Parts A through F of the Project (with the exclusion of Parts E (e) and E (f)) and to perform, in accordance with the provisions of the Project Agreement, all the obligations of EDM therein set forth;

(b) take and cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable EDM to perform such obligations;

(c) not take or permit to be taken any action which would prevent or interfere with such performance;

(d) carry out Parts E (e), E (f) and G of the Project through DNHE with due diligence and efficiency and in conformity with appropriate administrative practices; and

(e) provide, promptly as needed, the funds, facilities, services and other resources required for Parts E (e), E (f) and G of the Project.

Section 3.02. With respect of Parts A through F of the Project (with the exclusion of Parts E (e) and E (f)), the Borrower shall: (a) relend the proceeds of the Credit under Categories 1 to 5 and 7 (b) of paragraph 1 of Schedule 1 to this Agreement to EDM under a subsidiary loan agreement to be entered into between the Borrower and EDM, under terms and conditions which shall have been approved by the Association, which shall include an interest rate equal to 7.65% and repayment of the principal after twenty-five (25) years from the date of this Agreement with a grace period of five (5) years;

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

(c) make available the proceeds of the Credit under Categories 6 and 8 of paragraph 1 of Schedule 1 to this Agreement to EDM as equity participation or as grant.

Section 3.03. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for Parts A through F of the Project (with the exclusion of Parts E (e) and E (f)) to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 1 to the Project Agreement and procurement of the goods, works and consultants' services required for Parts E (e) and G of the Project to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 4 to this Agreement.

Section 3.04. The Borrower and the Association hereby agree that the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of Parts A through F of the Project (with the exclusion of Parts E (e) and E (f)) shall be carried out by EDM pursuant to

Section 2.04 of the Project Agreement.

Section 3.05. The Borrower shall, not later than September 30 of each year, starting with September 30, 1989, submit to the Association the Borrower's revised three-year rolling power sector investment program, satisfactory to the Association, inclusive of the Borrower's pricing policies and plans in respect of the overall development of the sector.

Section 3.06. The Borrower shall:

(a) cause EDM to undertake the study under Part E (d) of the Project;

(b) not later than June 30, 1990, review with the Association the recommendations contained therein; and

(c) promptly thereafter, take all necessary action to implement such recommendations in a manner satisfactory to the Association.

Section 3.07. The Borrower shall:

(a) not later than September 30 of each year, carry out an inspection of the Selingue dam by an engineering firm acceptable to the Association;

(b) submit a report on such inspection to the Association promptly thereafter, in such detail as the Association shall reasonably request;

(c) review with the Association the recommendations contained therein; and

(d) promptly thereafter, take all necessary action to implement such recommendations in a manner satisfactory to the Association.

Section 3.08. Without any limitation upon any of its obligations under Section 3.01 of this Agreement, the Borrower shall, starting with January 1, 1990, make adequate budgetary allocations to pay for its overall estimated electricity consumption and take all necessary measures for the prompt payment of the related bills.

Section 3.09. The Borrower shall cause EDM to take, in accordance with Section 2.02 (c) of the Project Agreement, such steps as shall be necessary to reduce consumer arrears to not more than the equivalent of:

(i) by December 31, 1989, the amount billed for the previous four months;

(ii) by December 31, 1990, the amount billed for the previous three months; and

(iii) thereafter, the amounts billed for the previous three months.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of Parts E (e) and G of the Project of the departments or agencies of the Borrower responsible for carrying out such Parts of the Project.

(b) For all expenditures relating to Parts E (e) and G of the Project with respect to which withdrawals from the Credit

Account were made on the basis of statements of expenditures, the Borrower shall:

- (i) maintain or cause to be maintained in accordance with sound accounting practices, records and accounts reflecting such expenditures;
 - (ii) ensure that all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures are retained 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; and
 - (iii) enable the Association's representatives to examine such records.
- (c) The Borrower shall:
- (i) have the records and accounts referred to in paragraphs (a) and (b) (i) of this Section and 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, the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested, including 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; 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.

ARTICLE V

Remedies of the Association

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

- (a) EDM shall have failed to perform any of its obligations under the Project Agreement.
- (b) As a result of events which have occurred after the date of the Development Credit Agreement, an extraordinary situation shall have arisen which shall make it improbable that EDM will be able to perform its obligations under the Project Agreement.
- (c) The laws, statutes and contracts referred to in Section 6.01 of this Agreement shall have been amended, suspended, abrogated, repealed or waived after their finalization so as to affect materially and adversely the ability of EDM to perform any of its obligations under the Project Agreement.
- (d) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of EDM or for the suspension of its operations.
- (e) (i) Subject to subparagraph (ii) of this paragraph:
 - (A) The right of the Borrower to withdraw the

proceeds of any of the EIB Loan, the CIDA Grant, the KfW Grant, the CCCE Loan, the ADF Loan and the FAC Grant made to the Borrower for the financing of the Project shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the EIB Loan Agreement, the CIDA Grant Agreement, the KfW Grant Agreement, the CCCE Loan Agreement, the ADF Loan Agreement and the FAC Grant Agreement, or

- (B) any of the EIB Loan, the CCCE Loan and the ADF Loan 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 for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

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

(a) the event specified in paragraph (a) 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;

(b) the events specified in paragraphs (c) and (d) of Section 5.01 of this Agreement shall occur; and

(c) any event specified in paragraph (e) (i) (B) of Section 5.01 of this Agreement shall occur, subject to the proviso of paragraph (e) (ii) of that Section.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions:

(a) the Subsidiary Loan Agreement has been executed on behalf of the Borrower and EDM;

(b) an improved institutional framework satisfactory to the Association for the Borrower's power and water sectors has been adopted 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 projects and self-production; (iii) integration of part of OERHN personnel into EDM; and (iv) establishment and maintenance of adequate tariff structures;

(c) new statutes of EDM satisfactory to the Association have been enacted;

(d) separate performance contracts satisfactory to the Association have been executed on behalf of the Borrower and EDM

for EDM's power and water activities, with specific efficiency targets;

(e) a management contract satisfactory to the Association whereby EDM would operate OERHN power facilities has been executed on behalf of EDM and OERHN; and

(f) EDM has established PMU in accordance with Section 2.01 (b) of the Project Agreement.

Section 6.02. The following are specified as additional matters, within the meaning of Section 12.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association:

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

(b) that the Subsidiary Loan Agreement has been duly authorized or ratified by the Borrower and EDM and is legally binding upon the Borrower and EDM in accordance with its terms.

Section 6.03. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

Section 6.04. The obligations of the Borrower under Sections 3.05, 3.07, 3.08 and 3.09 of this Agreement shall cease and determine on the date on which the Development Credit Agreement shall terminate or on the date twenty-five (25) years after the date of this Agreement, whichever shall be the earlier.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. Except as provided 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:

Ministere des Finances et
du Commerce
Bamako
Republic of Mali

Cable address:

MINIFINANCES
Bamako

Telex:

2559 MINIFINANCE

For the Association:

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

Cable address:

INDEVAS
Washington, D.C.

Telex:

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/ Sven Sandstrom
Acting Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit, the allocation of the amounts of the Credit to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Repairs and revision of Selingue under Part A.2 of the the Project	750,000	100% of foreign expenditures
(2) Diesel power generation under Parts A.4 and A.5 of the Project except for Kayes	3,200,000	100% of foreign expenditures
(3) Power Distribution under Part C.3 of the Project except for Kayes:		100% of foreign expenditures
(a) for Segou	4,700,000	
(b) other	3,700,000	
(4) Buildings	1,100,000	60%
Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(5) Vehicles, materials, tele-	2,000,000	100% of foreign expenditures

	communication and other equip- ment including installation		
(6)	Training	1,200,000	100% of foreign expenditures
(7)	Consultants' ser- vices and studies under Parts A 2, D and E of the Project:		100%
(a)	studies under Part E (e) of the Project	450,000	
(b)	consultants' services and studies other than under Part E (e) of the Project	1,600,000	
(8)	Technical assistance under Part F of the Project	1,000,000	100%
	Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(9)	Goods, technical assistance and training under Part G of the Project	750,000	100% of foreign expenditures
(10)	Refunding of Project Pre- paration Advance	800,000	Amount due pur- suant to Sec- tion 2.02 (c) of this Agreement
(11)	Unallocated	2,950,000	
		<hr/>	
	TOTAL	24,200,000	

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; and

(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".

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

tures:

(a) incurred prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding the equivalent of SDR 750,000, may be made in respect of Category (1) of paragraph 1 above on account of payments made for expenditures before that date but after the date falling twelve months before the date of this Agreement;

(b) under Category (9) of paragraph 1 above until the recommendations of the study under Part E (f) of the Project have been reviewed with the Association; and

(c) under Category (3) (a) of paragraph 1 above until all conditions precedent to the effectiveness of the EIB Loan Agreement, the CIDA Grant Agreement and the KfW Grant Agreement have been fulfilled.

SCHEDULE 2

Description of the Project

The objectives of the Project are: (i) to streamline the relationship between the Borrower and EDM; (ii) to separate the power and water activities within EDM; (iii) to involve EDM in the planning of the power sector; (iv) to attribute to EDM the responsibilities for constructing and operating all power facilities in the Borrower's territory, with the exclusion of regional, multi-purpose projects and self-production; (v) to improve the efficiency of EDM's operations; (vi) to finance part of the power sector investment program for the years 1989 to 1995; and (vii) to assist the Borrower in developing and implementing a household energy strategy.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Association may agree upon from time to time to achieve such objectives:

Part A: Power Generation

1. Rehabilitation of the Sotuba hydro-electric plant.
2. Execution of repairs and ten year overhaul for the Selingue hydro-electric plant.
3. Increasing of the capacity of the Dar Salam diesel station in Bamako.
4. Installation of new diesel units totalling about 2.6 megawatt in Sikasso, Mopti and Koutiala.
5. Rehabilitation of the existing diesel stations in Kayes, Sikasso, Bougouni and Koutiala.

Part B: Power Transmission

Construction of a single circuit, 150 kilovolt transmission line from Bamako to Segou, with substations in Bamako, Segou, Fana and Dioila and associated voltage control equipment.

Part C: Power Distribution

1. Rehabilitation of medium and low voltage lines and substations in down-town Bamako.
2. Construction of about 200 km of new medium and low voltage lines and associated substations in Bamako.
3. Rehabilitation of the existing distribution systems in Kayes, Mopti, Sikasso, Fana, Bougouni, Koutiala, Segou and Markala, and

construction of about 275 km of medium and low voltage lines and substations including those for Dioila and Yanfolila.

Part D: Consultant Services, Supplies and Buildings

Provision for Parts A, B and C of the Project of: (a) consultants services for the engineering, bid documents preparation and construction supervision; and (b) spare parts, equipment and supplies, expansion and rehabilitation of office space.

Part E: Studies

Carrying out of the following system studies: (a) a study on the optimization of plant production in the Borrower's interconnected system; (b) a study on the coordination of the protection for the interconnected system in the 150 kilovolt, 30 kilovolt and 15 kilovolt networks; (c) a loss reduction study; (d) a power tariff study; (e) a feasibility study for the Kenie hydro-electric project; (f) a household energy study; and (g) studies for future power sector investments and other operational studies in the Borrower's territory.

Part F: Training and technical assistance

1. Local and foreign training for the Borrower's power sector personnel.
2. Provision of short and long term technical assistance for the Borrower's power sector.

Part G: Household Energy

Implementation of a household energy strategy in the Borrower's territory.

* * *

The Project is expected to be completed by June 30, 1995.

SCHEDULE 3

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) to (9) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to \$750,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Association has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) for withdrawals of the Authorized Allocation, the Borrower shall furnish to the Association a request or requests for a deposit or deposits which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount or amounts as the Borrower shall have requested; and

(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; and

(ii) prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been made 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. (a) Notwithstanding the provisions of paragraph 3 of this Schedule, the Association shall not be required to make further deposits into the Special Account:

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

(ii) once the total unwithdrawn amount of the Credit allocated to the eligible Categories less the amount of any outstanding special commitment entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

(b) 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), 6(b) and 6(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 4

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: International Competitive Bidding

Except as provided in Part B hereof, goods and works shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the "Guidelines").

Part B: Other Procurement Procedures

Contracts for goods under Part G of the Project, may be procured under contracts awarded on the basis of comparison of price quotations solicited from a list of at least three suppliers from at least three different countries eligible under the Guidelines, in accordance with procedures acceptable to the Association.

Part C: Review by the Association of Procurement Decisions

1. (a) With respect to each contract estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to said paragraph 2 (d) shall be furnished to the Association prior to the making of the first payment out of the Special Account in respect of such contract.

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

(c) The provisions of the preceding paragraphs (a) and (b) 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 4.01 (c) (ii) of this Agreement.

2. The figure of 20% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

In order to assist the Borrower in carrying out Parts E (e) and G of the Project, the Borrower shall employ consultants and experts whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Association on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981.

