

**OFFICIAL
DOCUMENTS**

CREDIT NUMBER 5748-ML

Financing Agreement

(Second Recovery and Governance Reform Support Development Policy Financing)

between

REPUBLIC OF MALI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated December 11, 2015

FINANCING AGREEMENT

AGREEMENT dated December 11, 2015, entered into between REPUBLIC OF MALI (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Association has decided to provide this financing on the basis, *inter alia*, of: (a) the actions which the Recipient has already taken under the Program and which are described in Section I.A of Schedule 1 to this Agreement; and (b) the Recipient’s maintenance of an adequate macroeconomic policy framework. The Recipient and the Association therefore hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

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

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in the amount of forty-four million six hundred thousand Euros (EUR 44,600,000) (variously, “Credit” and “Financing”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in support of the Program in accordance with Section II of Schedule 1 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are April 15 and October 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 2 to this Agreement.
- 2.07. The Payment Currency is Euro.

ARTICLE III — PROGRAM

- 3.01. The Recipient declares its commitment to the Program and its implementation. To this end:
 - (a) the Recipient and the Association shall from time to time, at the request of either party, exchange views on the Recipient’s macroeconomic policy framework and

the progress achieved in carrying out the Program and the actions specified in Section I of Schedule 1 to this Agreement;

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

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following, namely, that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.
- 4.02. The Additional Event of Acceleration consists of the following, namely, that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness consists of the following, namely, that the Association is satisfied with the progress achieved by the Recipient in carrying out the Program and with the adequacy of the Recipient's macroeconomic policy framework.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 5.03. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is its Minister of Economy and Finance.
- 6.02. The Recipient's Address is:

P.O. Box 234
Hamdallaye ACI 2000
Bamako
Mali

Facsimile:
223 20 22 19 14

6.03. The Association's Address is:

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

Telex: 248423(MCI) Facsimile: 1-202-477-6391

AGREED at Washington D.C., United States of America, as of the day and year first above written.

REPUBLIC OF MALI

By




Authorized Representative

Name: Tiéna Coulibaly

Title: Ambassador

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Paul Nounba Uu

Title: Country Director

SCHEDULE 1

Program Actions; Availability of Financing Proceeds

Section I. Actions under the Program

- A. Actions Taken Under the Program. The actions taken by the Recipient under the Program include the following:
1. The Recipient, through the Prime Minister's office, has published the two transaction audits conducted by the Auditor General's Office and by the Audit Section of the Supreme Court on the acquisition, in 2014, of equipment, including an airplane.
 2. The Recipient, through the Ministry of Civil Service, has conducted a census of public sector employees.
 3. The Audit Section of the Supreme Court has completed the audit of at least one hundred local governments' accounts from at least six regions, including Bamako district, and issued the appropriate opinions.
 4. The Recipient, through the Council of Ministries, has adopted the draft Decree No. 0606/P-RM DU, dated October 5, 2015, on the implementation of the law on the prevention and sanctioning of illicit enrichment, which includes an annex with a template for asset declaration.
 5. The Recipient, through the Ministry of Mines, has published the current mining exploitation contracts.
 6. The Council of Ministers has submitted to the National Assembly, through the General Secretariat of the Government's Note No.046/PRIM-SGG, dated October 1, 2015, a draft Annex on the policy rationale for public subsidies to the Recipient's electricity utility, as part of the Recipient's draft 2016 Budget Law.
 7. The Recipient, through the Ministry of the Decentralization and State Reform (*Ministere de la Descentralisation et de la Reforme de l'Etat*), has signed two performance contracts with the Regional Councils of Segou and Sikasso.
 8. The Recipient has adopted: (i) through the Council of Ministers, the Decree No. 2015-0604/P-RMm, dated September 25, 2015, on the procurement code (*Code des Marches Public et des Delegations de Service Public*) that, *inter alia*: (a) integrates most recent WAEMU directives; (b) reinforces the powers of the independent Procurement Regulatory Authority in terms of dispute settlement; and (c) revises the treatment of simplified contracts; and (ii) through the Minister of Finance, the Regulation (*Arrêté d'application*) No. 2015-3721, dated October 22, 2015.
 9. The Recipient, through its Secretary of Aid Harmonization, has timely published, within the budget preparation cycle, a medium term external resource framework, acceptable to the Association.

Section II. Availability of Financing Proceeds

- A. General.** The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient.
- B. Allocation of Financing Amounts.** The Financing is allocated in a single withdrawal tranche, from which the Recipient may make withdrawals of the Financing. The allocation of the amounts of the Financing to this end is set out in the table below:

Allocations	Amount of the Financing Allocated (expressed in EUR)
Single Withdrawal Tranche	44,600,000
TOTAL AMOUNT	44,600,000

- C. Withdrawal Tranche Release Conditions**
1. No withdrawal shall be made of the Single Withdrawal Tranche unless the Association is satisfied: (a) with the Program being carried out by the Recipient; and (b) with the adequacy of the Recipient's macroeconomic policy framework.
- D. Deposits of Financing Amounts.** Except as the Association may otherwise agree:
1. all withdrawals from the Financing Account shall be deposited by the Association into a Dedicated Account designated by the Recipient and acceptable to the Association.
 2. the Recipient shall ensure that upon each deposit of an amount of the Financing into this account, an equivalent amount is accounted for in the Recipient's budget management system, in a manner acceptable to the Association.
 3. within thirty (30) days of such deposit, the Recipient will provide a written report to the Association of the amount deposited in the Dedicated Account and credited to the Recipient's budget-management system.
- E. Audit.** Upon the Association's request, the Recipient shall:
1. have the Dedicated Account audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association;
 2. furnish to the Association as soon as available, but in any case not later than four (4) months after the date of the Association's request for such audit, a certified copy of the report of such audit, of such scope and in such detail as the Association shall reasonably request, and make such report publicly available in a timely fashion and in a manner acceptable to the Association; and

3. furnish to the Association such other information concerning the Deposit Account and their audit as the Association shall reasonably request.
- F. Excluded Expenditures.** The Recipient undertakes that the proceeds of the Financing shall not be used to finance Excluded Expenditures. If the Association determines at any time that an amount of the Financing was used to make a payment for an Excluded Expenditure, the Recipient shall, promptly upon notice from the Association, refund an amount equal to the amount of such payment to the Association. Amounts refunded to the Association upon such request shall be cancelled.
- G. Closing Date.** The Closing Date is December 31, 2016.

SCHEDULE 2

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each April 15 and October 15, commencing April 15, 2022 to and including October 15, 2053	1.5625%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

APPENDIX

Section I. Definitions

1. "Excluded Expenditure" means any expenditure:
 - (a) for goods or services supplied under a contract which any national or international financing institution or agency other than the Association or the Bank has financed or agreed to finance, or which the Association or the Bank has financed or agreed to finance under another credit, grant or loan;
 - (b) for goods included in the following groups or sub-groups of the Standard International Trade Classification, Revision 3 (SITC, Rev.3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev.3 (1986) (the SITC), or any successor groups or subgroups under future revisions to the SITC, as designated by the Association by notice to the Recipient:

Group	Sub-group	Description of Item
112		Alcoholic beverages
121		Tobacco, un-manufactured, tobacco refuse
122		Tobacco, manufactured (whether or not containing tobacco substitutes)
525		Radioactive and associated materials
667		Pearls, precious and semiprecious stones, unworked or worked
718	718.7	Nuclear reactors, and parts thereof; fuel elements (cartridges), non-irradiated, for nuclear reactors
728	728.43	Tobacco processing machinery
897	897.3	Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems)
971		Gold, non-monetary (excluding gold ores and concentrates)

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

- (d) for environmentally hazardous goods, the manufacture, use or import of which is prohibited under the laws of the Recipient or international agreements to which the Recipient is a party);
 - (e) on account of any payment prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and
 - (f) with respect to which the Association determines that corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Recipient or other recipient of the Financing proceeds, without the Recipient (or other such recipient) having taken timely and appropriate action satisfactory to the Association to address such practices when they occur.
2. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 31, 2010.
 3. "Procurement Regulatory Authority" means the Recipient's procurement regulatory authority.
 4. "Program" means the program of actions, objectives and policies designed to promote growth and achieve sustainable reductions in poverty and set forth or referred to in the letter dated November 2, 2015, from the Recipient to the Association, declaring the Recipient's commitment to the execution of the Program, and requesting assistance from the Association in support of the Program during its execution.
 5. "Single Withdrawal Tranche" means the amount of the Financing allocated to the category entitled "Single Withdrawal Tranche" in the table set forth in Part B of Section II of Schedule 1 to this Agreement.
 6. "WAEMU" means West African Economic and Monetary Union.