



CREDIT NUMBER 5462-ML
GRANT NUMBER H954-ML

Financing Agreement

(First Recovery and Governance Reform Support Development Policy Financing)

between

REPUBLIC OF MALI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated November 25, 2014

CREDIT NUMBER 5462-ML
GRANT NUMBER H954-ML

FINANCING AGREEMENT

AGREEMENT dated November 25, 2014, 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 grant and a credit (collectively, "Financing") in the following amounts:
 - (a) an amount equivalent to seventeen million four hundred thousand Special Drawing Rights (SDR 17,400,000) ("Grant"); and
 - (b) an amount equivalent to twenty-three million three hundred thousand Special Drawing Rights (SDR 23,300,000) ("Credit").
- 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%).
- 2.05. The Payment Dates are April 1 and October 1 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 sixty (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.

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

Cable address:

Telex:

Facsimile:

INDEVAS
Washington, D.C.

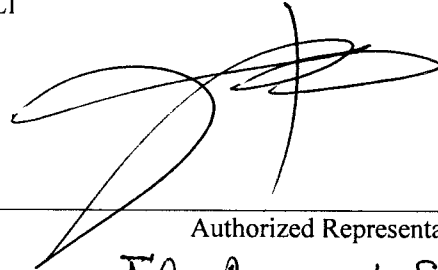
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AGREED at Bamako, Mali, as of the day
and year first above written.

REPUBLIC OF MALI

By



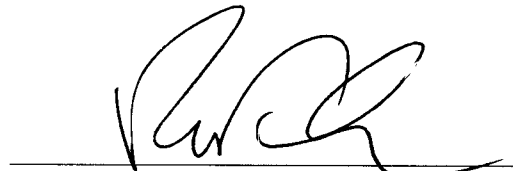
Authorized Representative

Name: Fily Bouaré Sissoko

Title: Minister of Economy & Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Paul Nounkoy Ulin

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:

Deepening Executive Accountability and Transparency

1. The Recipient, through its Council of Ministers, has adopted a draft law which sets out the fundamental principles for creating, organizing and managing public services, as outlined in the *Relevé des conclusions et recommandations du Conseil des Ministres du 12 février 2014, Secrétariat General du Gouvernement No.003/PRIM-SGG-CM* dated February 14, 2014.
2. The Recipient, through its Council of Ministers, has adopted a draft law on the modification of Law No.96-071 dated December 16, 1996 regarding organization, functioning and procedures of the Supreme Court (*projet de loi portant modification de la Loi No.96-071 du 16 décembre 1996 portant loi organique fixant l'organisation, les règles de fonctionnement de la Cour Suprême et la procédure suivie devant elle*) which law, *inter alia*, aims at strengthening the autonomy and capacity of the audit section of the Supreme Court, as outlined in the *Communiqué du Conseil des Ministres CCM No. 2014-014/SGG* dated April 22, 2014.
3. The Recipient, through its Council of Ministers, has taken regulatory action to put in place measures to implement the Recipient's Budget Transparency Code through the adoption of the draft Decree on the access and publication of information and administrative documents regarding the management of public finances (*projet de décret portant modalités d'accès et de publication des informations et documents administratifs relatifs à la gestion des finances publiques*), as outlined in the *Communiqué du Conseil des Ministres CCM No. 2014-012/SGG* dated April 16, 2014.
4. The Recipient, through its Council of Ministers, has enacted the Budget Law for 2014, through *Ordonnance No. 2013-021/P-RM* dated December 3, 2013, which features, *inter alia*, a budget line for financing activities under the Extractive Industry Transparency Initiative.

Improving Public Expenditure Efficiency

5. The Recipient, through its Council of Ministers, has adopted a draft decree determining modalities for the design, implementation, monitoring and evaluation of performance contracts with regional governments or district (*projet Décret déterminant les modalités d'élaboration, de mise en œuvre et de suivi-évaluation du contrat plan Etat-région ou District*), as outlined in the *Communiqué du Conseil des Ministres CCM No. 2014-014/SGG* dated April 22, 2014.

6. The Recipient has implemented measures to reduce delays in public procurement through: (a) the adoption by the Recipient's Prime Minister of *Décret No.2014-0256/ PM-RM dated April 10, 2014, déterminant les autorités chargés de la conclusion et de l'approbation des marchés et des délégations de service public*; and (b) the adoption by the Recipient's Ministry of Economy and Finance of *Arrêté No.2014-1323/MEF-SG dated April 25, 2014, fixant les modalités d'application du Décret 08-485/P-RM du 11 août 2008, modifié, portant procédures de passation, d'exécution et de règlement des marchés publics et des délégations de service public* whose objectives, *inter alia*, include: (i) increasing the thresholds for conclusion and approval of contracts; (ii) eliminating the dual procurement clearance requirement (by donors and the Recipient) under donor-financed projects; (iii) reducing: (A) legally mandated delays in the administration of public procurement from 106 to 80 days; (B) the number of administrative documents required for eligibility purposes; and (C) the number of required contract approvals from 7 to 4; and (iv) introducing the option to launch public procurement plans from the date of submission of the draft Budget Law to the Recipient's Parliament, and the establishment of an inter-ministerial monitoring and evaluation mechanism for public procurement and delegation of public service.
7. The Recipient, through its Council of Ministers, has enacted the Budget Law for 2014, through *Ordonnance No. 2013-021/P-RM dated December 3, 2013*, which features, *inter alia*, a budget line for financing public investment projects feasibility studies.

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 Credit Allocated (expressed in SDR)	Amount of the Grant Allocated (expressed in SDR)
Single Withdrawal Tranche	23,300,000	17,400,000
TOTAL AMOUNT	23,300,000	17,400,000

C. Withdrawal Tranche Release Conditions

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

E. Audit. If the Association so requests, the Recipient shall:

1. have the Deposit 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 six (6) months after the date of the Association's request for such audit, of such scope and in such detail as the Association shall reasonably request; and
3. furnish to the Association such other information concerning the Deposit Account and its 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 June 30, 2015.

SCHEDULE 2

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each April 1 and October 1:	
commencing October 1, 2024 to and including April 1, 2034	1%
Commencing October 1, 2034 to and including April 1, 2054	2%

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

APPENDIX

Section I. Definitions

1. "Council of Ministers" means the Recipient's council of ministers.
2. "Deposit Account" means the account referred to in Section II.D of the Schedule to this Agreement.
3. "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.
- 4. “Extractive Industry Transparency Initiative” or “EITI” means the non-profit association established according to the EITI Articles of Association as published under www.eiti.org
 - 5. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010 with the modifications set forth in Section II of this Appendix.
 - 6. “Program” means the program of actions, objectives and policies designed to promote growth and achieve sustainable reductions in poverty and set forth or referred to in the letter dated April 24, 2014 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.
 - 7. “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.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

- 1. The last sentence of paragraph (a) of Section 2.03 (relating to Applications for Withdrawal) is deleted in its entirety.
- 2. Sections 2.04 (*Designated Accounts*) and 2.05 (*Eligible Expenditures*) are deleted in their entirety, and the remaining Sections in Article II are renumbered accordingly.
- 3. Sections 4.01 (*Project Execution Generally*), and 4.09 (*Financial Management; Financial Statements; Audits*) are deleted in their entirety, and the remaining Sections in Article IV are renumbered accordingly.
- 4. Paragraph (a) of Section 4.05 (renumbered as such pursuant to paragraph 3 above and relating to *Use of Goods, Works and Services*) is deleted in its entirety.

5. Paragraph (c) of Section 4.06 (renumbered as such pursuant to paragraph 3 above) is modified to read as follows:

"Section 4.06. Plans; Documents; Records

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

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

"Section 4.07. Program Monitoring and Evaluation

... (c) The Recipient shall prepare, or cause to be prepared, and furnish to the Association not later than six months after the Closing Date, a report of such scope and in such detail as the Association shall reasonably request, on the execution of the Program, the performance by the Recipient and the Association of their respective obligations under the Legal Agreements and the accomplishment of the purposes of the Financing."

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

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

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

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

- (c) The term "Project" is modified to read "Program" and its definition is modified to read as follows:

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