Project Agreement

(Additional Financing for Household Energy and Universal Access Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

AGENCE MALIENNE POUR LE DEVELOPPEMENT DE L'ENERGIE DOMESTIQUE ET DE L'ELECTRIFICATION RURALE

Dated October 3, 2008
AGREEMENT dated October 3, 2008, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and AGENCE MALIENNE POUR LE DEVELOPPEMENT DE L’ENERGIE DOMESTIQUE ET DE L’ELECTRIFICATION RURALE ("Project Implementing Entity") ("Project Agreement") in connection with the Financing Agreement ("Financing Agreement") of same date between the REPUBLIC OF MALI ("Recipient") and the Association. The Association and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to the Financing 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 Financing Agreement or the General Conditions.

ARTICLE II — PROJECT

2.01. The Project Implementing Entity declares its commitment to the objective of the Project. To this end, the Project Implementing Entity shall carry out implementation of the Project in accordance with the provisions of Article IV of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Association and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out its implementation of the Project in accordance with the provisions of the Schedule to this Agreement.
ARTICLE III — REPRESENTATIVE; ADDRESSES

3.01. The Project Implementing Entity’s Representative is its President Director General.

3.02. The Association’s Address is:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America

Cable: Telex: Facsimile:
INDEVAS 248423 (MCI) 1-202-477-6391
Washington, D.C.

3.03. The Project Implementing Entity’s Address is:

Agence Malienne pour le Développement de l’Energie Domestique et de l’Electrification Rurale
P. O. Box E515
Bamako
Mali

Facsimile:
223-223-8239
AGREED at Bamako, Mali, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Alassane Diawara

Authorized Representative

AGENCE MALIENNE POUR LE DEVELOPPEMENT DE L'ENERGIE DOMESTIQUE ET DE L'ELECTRIFICATION RURALE

By /s/ Ismael Touré

Authorized Representative
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

Project Implementing Entity

1. The Project Implementing Entity shall be responsible for Project coordination, implementation, and monitoring and evaluation, as well as administrative, financial, and procurement management, including disbursements, under the Project.

2. Without prejudice to the provisions of paragraph 1 of this Section, the Project Implementing Entity shall collaborate closely with the National Directorate of Nature Conservation in relation to the coordination, implementation, and monitoring and evaluation of Part 3 (a) of the Project.

Water and Electricity Regulation Commission

3. Without prejudice to the provisions of paragraph 1 of this Section, the Water and Electricity Regulation Commission shall be responsible for day-to-day coordination, implementation, and monitoring and evaluation of Part 1 (a) of the Project.

National Directorate of Energy

4. Without prejudice to the provisions of paragraph 1 of this Section, the National Directorate of Energy shall be responsible for day-to-day coordination, implementation, and monitoring and evaluation of Part 1 (b) of the Project.

National Directorate of Nature Conservation

5. Without prejudice to the provisions of paragraph 1 of this Section, the National Directorate of Nature Conservation shall be responsible for day-to-day coordination, implementation, and monitoring and evaluation of Part 1 (c) of the Project.

B. Anti-Corruption

The Project Implementing Entity shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.
C. Manuals

1. The Project Implementing Entity shall: (i) ensure that the Project is carried out in accordance with the Administrative and Financial Manual, the Project Implementation Manual, and the Rural Electrification Fund Manual; and (ii) except as the Association shall otherwise agree, not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.

2. In the event of any conflict between the provisions of the Administrative and Financial Manual, the Project Implementation Manual, or the Rural Electrification Fund Manual, and those of this Agreement, the latter shall prevail.

D. Subprojects

1. General


2. Subproject Grant Eligibility and Subproject Implementation Guidelines and Procedures

No proposed Subproject shall be eligible for financing under the Project unless the Project Implementing Entity has determined, on the basis of an appraisal conducted in accordance with this Part E and the Administrative and Financial Manual, the Project Implementation Manual, and the Rural Electrification Fund Manual, that the proposed Subproject and the proposed Beneficiary satisfy the eligibility criteria specified below and in further detail in the Administrative and Financial Manual, the Project Implementation Manual, and the Rural Electrification Fund Manual, which include the following:

(a) the proposed Subproject has been prepared by a private commercial operator, a duly registered community organization, a non-governmental organization, or an economic interest group which meets the eligibility criteria specified in said Manuals;

(b) the proposed Subproject is for activities set forth in Section 2 (a) of Schedule 1 to the Financing Agreement and described in further detail in said Manuals;

(c) the proposed Subproject satisfies none of the non-eligibility criteria specified in said Manuals;
(d) the proposed Subproject complies with the Environmental and Social Management Framework and the Resettlement Policy Framework; and

(e) the proposed Subproject complies with the standards and requirements set forth in the Recipient’s applicable laws and regulations relating to the Program.

3. Terms and Conditions of Subproject Grant Agreements

(a) A Subproject shall be carried out by a Beneficiary pursuant to a Subproject Grant Agreement, to be concluded between the Project Implementing Entity and the respective Beneficiary, under terms and conditions satisfactory to the Association and described in further detail in said Manuals, which include the following:

(i) a description of the Subproject, its budget, and applicable performance indicators;

(ii) (A) the denomination of the Subproject Grant in CFA Francs; and (B) the provision of the Subproject Grant on a grant basis;

(iii) the right of the Project Implementing Entity to suspend or terminate the right of any Beneficiary to use the proceeds of the Subproject Grant, or declare to be immediately due and payable all or any part of the amount of the Subproject Grant then withdrawn, upon failure by the Beneficiary to perform any of its obligations under the Subproject Grant Agreement; and

(iv) the obligation of the Beneficiary to: (A) carry out the Subproject with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, administrative, environmental, and social practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient; (B) ensure that the resources required for the Subproject are provided promptly as needed; (C) procure the goods, works, and consultants’ services to be financed out of the Subproject Grant in accordance with procedures ensuring efficiency and economy and in accordance with the provisions of the Rural Electrification Fund Manual, and use them exclusively in the carrying out of the Subproject; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Subproject and the achievement of its objectives; (E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources, and expenditures related to the Subproject; and (2) at the Association’s or the
Project Implementing Entity’s request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Association and the Project Implementing Entity; (F) enable the Association and the Project Implementing Entity to inspect the Subproject, its operation, and any relevant records and documents; and (G) prepare and furnish to the Association and the Project Implementing Entity all such information as the Association or the Project Implementing Entity shall reasonably request relating to the foregoing.

(b) The Project Implementing Entity shall exercise its rights under the Subproject Grant Agreement in such manner as to protect its interests and the interests of the Association and to achieve the Project objective, and, except as the Association shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, any substantive provision of the aforementioned.

E. Safeguards

1. The Project Implementing Entity shall ensure that the Project is carried out in accordance with the provisions of the Environmental and Social Management Framework and the Resettlement Policy Framework, and, except as the Association shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.

2. In the event of any conflict between the provisions of the Environmental and Social Management Framework, or the Resettlement Policy Framework, and those of this Agreement, the latter shall prevail.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. (a) The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Recipient and the Association not later than forty-five (45) days after the end of the period covered by such report.
(b) The performance indicators referred to above in sub-paragraph (a) consist of the following:

<table>
<thead>
<tr>
<th>No.</th>
<th>Indicators</th>
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<tbody>
<tr>
<td>1.</td>
<td>Number of households with access to electricity services</td>
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<tr>
<td>2.</td>
<td>Number of institutions with access to electricity services</td>
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<tr>
<td>3.</td>
<td>Number of communities with installed multifunctional platforms</td>
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<tr>
<td>4.</td>
<td>Number of improved stoves purchased by households</td>
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2. The Project Implementing Entity shall provide to the Recipient not later than three (3) months before the Closing Date, for incorporation in the report referred to in Section 4.08 (c) of the General Conditions, all such information as the Recipient or the Association shall reasonably request for the purposes of such Section.

B. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to the Project.

2. Without limitation on the provisions of Part A of this Section, the Project Implementing Entity shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar semester, interim un-audited financial reports for the Project covering the semester, in form and substance satisfactory to the Association.

3. The Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association. Each audit of these financial statements shall cover the period of one (1) fiscal year of the Project Implementing Entity. The audited financial statements for each period shall be furnished to the Association not later than six (6) months after the end of the period.

Section III. Procurement

All good, works, and services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.
Section IV. Other Undertakings

A. Annual Work Plans and Budgets

The Project Implementing Entity shall furnish to the Association as soon as available, but in any case not later than December 1 of each year, the annual work plan and budget for the Project for each subsequent year of Project implementation, of such scope and detail as the Association shall have reasonably requested, except for the annual work plan and budget for the Project for the first year of Project implementation, which shall be furnished no later than one (1) month after the Effective Date.

B. Semi-Annual Reviews

The Project Implementing Entity shall review with the Recipient and the Association, no later than one (1) month after its transmittal to the Association, or such later date as the Association shall request, each of the Project Reports referred to in Section II.A.1 (a) of this Schedule, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objective thereof, based on the conclusions and recommendations of said Report and the Association’s views on the matter.

C. Midterm Review

The Project Implementing Entity shall:

(a) carry out jointly with the Recipient and the Association, no later than 24 months after the Effective Date, a midterm review to assess the status of Project implementation, as measured against the performance indicators referred to in Section II.A.1 (a) of the Schedule to this Agreement. Such review shall include an assessment of the following: (i) overall progress in Project implementation; (ii) results of monitoring and evaluation activities; (iii) annual work plans and budgets; (iv) progress on procurement and disbursement; and (v) Project implementation arrangements; and make adjustments to the Project and reallocate funds to improve performance, if needed;

(b) prepare and furnish to the Association, three (3) months before such review, a report, in scope and detail satisfactory to the Association, needed to undertake the review, integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section on the progress achieved in the carrying out of the Project during the period preceding the date of the said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective thereof during the period following such date; and
(c) review, jointly with the Recipient and the Association, the report referred to in paragraph (b) of this Section and thereafter take all measures required to ensure the efficient completion of the Project and the achievement of the objective thereof, based on the conclusions and recommendations of the said report and the Association’s views on the matter.

D. **Staffing of the Project Implementing Entity**

The Project Implementing Entity shall ensure, throughout the implementation of the Project, that sufficient and suitable human, financial and technical resources, are available for the implementation and oversight of the relevant activities to be carried out under the Project. In particular, the Project Implementing Entity shall ensure that an administrative and financial director, with qualifications, experience, and terms of reference satisfactory to the Association, has been appointed to the Project Implementing Entity.