March 5, 2019

His Excellency Boubou Cisse Minister of Economy and Finance
Ministry of Economy and Finance
Bamako
Republic of Mali

Subject: Republic of Mali: Advance Agreement for the Preparation of the
Proposed Electricity Sector Improvement Project
Project Preparation Advance No. IDA V259

Excellency:

In response to the request for financial assistance made on behalf of Republic of Mali ("Recipient"), I am pleased to inform you that the International Development Association ("World Bank") proposes to extend to the Recipient an advance out of the World Bank's Project Preparation Facility in an amount not to exceed two million three hundred fifty thousand Dollars ($2,350,000) ("Advance") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in financing the activities described in the Annex ("Activities"). The objective of the Activities is to facilitate the preparation of a proposed project designed to provide reliable and affordable electricity services to the Malian population by improving the performance of the national power utility ("Project") for the carrying out of which the Recipient has requested the World Bank's financial assistance.

The Recipient represents, by confirming its agreement below, that: (a) it understands that the provision of the Advance does not constitute or imply any commitment on the part of IBRD or IDA to assist in financing the Project; and (b) it is authorized to enter into this Agreement and to carry out the Activities, repay the Advance and perform its other obligations under this Agreement, all in accordance with the provisions of this Agreement.

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of notice of effectiveness from the World Bank to the Recipient, confirming in accordance with the provisions of Section 6.02 of the annex to this Agreement that the World Bank has accepted the supporting document provided by the Recipient to the World Bank to establish that the condition of effectiveness listed in Section 6.01 of the Agreement has been satisfied.

1818 H Street NW • Washington, DC 20433 USA
Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Sotkeyna Kane
Country Director for Mali
Africa Region

AGREED:
REPUBLIC OF MALI

By

Authorized Representative

Name: S.E. Dr. Boubaou Cisse
Title: Minister of Economy and Finance
Date: March 05, 2019

Enclosures:

(1) "Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility", dated July 31, 2010
(2) Disbursement Letter for the Advance of the same date as this Agreement, together with "Disbursement Guidelines for Investment Project Financing", dated February 2017
(3) "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 and as of July 1, 2016
Article I
Standard Conditions; Definitions

1.1. **Standard Conditions.** The "Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility", dated July 31, 2010 ("Standard Conditions"), constitute an integral part of this Agreement.

1.2. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement, and the following additional terms shall have the following meanings:

(a) "EHS Guidelines" means the World Bank Group Environmental, Health and Safety Guidelines published on [www.ifc.org/ehsguidelines](http://www.ifc.org/ehsguidelines), as said guidelines are updated from time to time.

(b) "Implementing Entity" and "AMADER", each means the Recipient's Rural Electrification and Household Energy Service Agency (Agence Malienne pour le Developpement de l'Energie Domestique et de /'Electrification Rurale).

(c) "Implementing Entity's Legislation" means the Recipient's decree No. 03-006/P-RM of May 21, 2003 and decree No. 03-226/P-RM of May 30, 2003, pursuant to which the Project Implementing Entity has been established and operating.

(d) "Operating Costs" means the incremental operating expenses incurred on account of the implementation of the Activities, management and monitoring including on account of operation and maintenance costs of office and office equipment, office supplies, additional staff costs, travel and supervision costs, *per diem*, but excluding the salaries and indemnities of officials and public servants of the Recipient's civil service.

(e) "Safeguards Policies" means the Operational Policies (Ops) and Bank Procedures (BPs) of the Bank, namely OP/BP 4.01 (Environmental Assessment), OP/BP 4.04 (Natural Habitats), OP/BP 4.09 (Pest Management), OP/BP 4.10 (Indigenous Peoples), OP/BP 4.11 (Physical Cultural Resources), OP/BP 4.12 (Involuntary Resettlement), OP/BP 4.36 (Forests), and OP/BP 4.37 (Safety of Dams); they can be found at [https://policies.worldbank.org](https://policies.worldbank.org).

(f) "Subsidiary Agreement" means the agreement referred to in Section 2.03(a) of the Annex to this Agreement pursuant to which the Recipient shall make the proceeds of the amount of the Advance available to the Implementing Entity.

Article II
Execution of the Activities

2.1. **Description of the Activities.** The Activities for which the Advance is provided consist of the following parts:
(a) Carrying out of: (i) technical/feasibility study, including for the development of a least cost generation plan; and (ii) an environmental and social impact assessment study related to the proposed Project.

(b) Preparation of the Project’s: (i) safeguards documents, including a resettlement policy framework and resettlement action plans, if needed; and (ii) operations manual.

(c) Technical assistance to support: (i) the debt restructuring plan; and (ii) the operation of the Project management software.

(d) Provision of operating cost for the purpose of Project preparation.

2.2. **Execution of the Activities Generally.** The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall cause the Activities to be carried out by the Implementing Entity in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article II; (c) the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 and as of July 1, 2016; and (d) the Implementation Agreement.

2.3. **Institutional and Other Arrangements.** Without limitation upon the provisions of Section 2.2 above:

(a) The Recipient shall make the proceeds of the Advance available to the Implementing Entity on a grant basis under a subsidiary agreement between the Recipient and the Implementing Entity, in accordance with terms and conditions approved by the World Bank ("Subsidiary Agreement"), including terms whereby the Implementing-Entity shall be required to: (i) carry out the Activities with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the World Bank, including in accordance with the provisions of the Anti-Corruption Guidelines; (ii) provide, promptly as needed, the resources required for the purpose; (iii) procure the goods and services to be financed out of the Advance in accordance with the provisions of this Agreement; (iv) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the World Bank, the progress of the Activities and the achievement of their objectives; (v) (A) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Activities; and (B) at the World Bank's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank, and promptly furnish the statements as so audited to the Recipient and the World Bank; (vi) enable the Recipient and the World Bank to inspect the Activities, their operation and any relevant records and documents; and (vii) prepare and furnish to the Recipient and the World Bank all such information as the Recipient or the World Bank shall reasonably request relating to the foregoing.

(b) The Recipient shall obtain rights adequate to protect its interests and those of the World Bank and shall perform its obligations and exercise said rights under the Subsidiary Agreement in such a manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Advance. Except as the World Bank shall otherwise agree, the
Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

2.4. **Safeguards.** The Recipient shall cause the Implementing Entity to make sure that: (a) all consultancies related to technical assistance, design and capacity building under the Project, the application of whose results could have environmental, social and health and safety implication, shall only be undertaken pursuant to terms of reference reviewed and found satisfactory by the World Bank; and (b) such terms of reference shall require the technical assistance, design and capacity building activities to take into a count the requirements of the applicable World Bank Safeguards Policies and EHS Guidelines.

2.5. **Monitoring, Reporting and Evaluation of the Activities.** The Recipient shall cause the Implementing Entity to monitor and evaluate the progress of the Activities in accordance with the provisions of Section 2.08 of the Standard Conditions.

2.6. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.09 of the Standard Conditions.

(b) The Recipient shall ensure that interim un-audited financial reports for the Activities are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Sections 2.09 (b) of the Standard Conditions.

(i) If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, the Recipient shall have the Financial Statements included in the first audit of financial statements required under the Refinancing Agreement.

(ii) If, by the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, such audit of the Financial Statements shall cover the period of the Advance, commencing with the fiscal year in which the first withdrawal under the Advance was made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six (6) months after the end of the Recipient's fiscal year in which the Refinancing Date occurs.

(iii) Notwithstanding the provisions of paragraphs (i) and (ii) of this Section, the World Bank may request an audit of the Financial Statements prior to the Refinancing Date, covering such period as is indicated in its request. The audited Financial Statements for such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

2.7. **Procurement**

All goods, non-consulting services and consulting services required for the Activities and to be financed out of the proceeds of the Advance shall be procured in accordance with the requirements set forth or referred to in the "World Bank Procurement Regulations for IPF Borrowers" dated July 2016, revised November 2017 and August 2018 ("Procurement Regulations") and the provisions of the Recipient's procurement plan for the Activities dated
November 28, 2018 "Procurement Plan") provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.

Article III
Withdrawal of the Advance

3.1. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Advance in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the "Disbursement Guidelines for Investment Project Financing" dated February 2017, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies each category of Eligible Expenditures that may be financed out of the proceeds of the Advance ("Category"), the amount of the Advance allocated to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Advance Allocated (expressed in Dollars)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services, consulting services and Operating Costs under the Activities</td>
<td>2,350,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td>2,350,000</td>
<td></td>
</tr>
</tbody>
</table>

3.2. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.3. **Refinancing Date.** The Refinancing Date is December 31, 2019.

Article IV
Terms of the Advance

4.1. **Service Charge.** The Recipient shall pay a service charge on the Withdrawn Advance Balance at the rate of three-fourths of one percent (3/4 of 1%) per annum. The service charges shall accrue from the respective dates on which amounts of the Advance are withdrawn and shall be paid in arrears in accordance with the provisions of Section 4.02 of this Agreement. Service charges shall be computed on the basis of a 360-day year of twelve 30-day months.

4.2. **Repayment.** The Withdrawn Advance Balance shall be repaid by the Recipient to the World Bank (together with any service charges accrued thereon) in accordance with the provisions of Article IV of the Standard Conditions and the following provisions:

(a) **Refinancing under the Refinancing Agreement:** If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, then the full amount of the
Withdrawn Advance Balance shall be repaid to the World Bank (together with any service charges accrued on the Advance to the date of repayment) as soon as the Refinancing Agreement becomes effective, by means of a withdrawal by the World Bank of an amount of the Refinancing Proceeds equivalent to the Withdrawn Advance Balance plus such service charges, in accordance with the provisions of the Refinancing Agreement.

(b) **Repayment in the absence of a Refinancing Agreement:** If, on or before the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, or if, by such date, it has been so executed but terminates without becoming effective, then:

(i) if the amount of the Withdrawn Advance Balance does not exceed $50,000, it shall be repaid by the Recipient to the World Bank (together with service charges accrued on the Withdrawn Advance Balance to the date of repayment) on such date as the World Bank shall specify in a notice to the Recipient, which shall in no event be earlier than 60 days following the date of dispatch of such notice; and

(ii) if the amount of the Withdrawn Advance Balance exceeds $50,000, it (together with service charges accrued on the Withdrawn Advance Balance to the Notice Date) (the "Aggregate Balance") shall be paid by the Recipient to the World Bank in ten approximately equal semiannual installments, in the amounts and on the dates ("Payment Dates") which the World Bank shall specify in a notice to the Recipient. In no event shall the first Payment Date be set earlier than 60 days following the date ("Notice Date") of dispatch of such notice. The Recipient shall pay a service charge on the Aggregate Balance at the rate of three-fourths of one percent (3/4 of 1%) per annum, payable in arrears on each Payment Date. The service charge shall be computed on the basis of a 360-day year of twelve 30-day months.

**Article V**

**Additional Remedies**

5.01. **Additional Events of Suspension.** The Additional Event of Suspension consists of the following, namely, the Implementation Entity's Legislation pursuant to which the Implementing Entity has been established and is operating has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of Implementing Entity to perform any of its obligations under this Agreement.

**Article VI**

**Effectiveness; Termination**

6.1. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the Subsidiary Agreement has been executed on behalf of the Recipient and the Implementing Entity.

6.2. Except as the Recipient and the World Bank shall otherwise agree, the date on which this Agreement shall enter into effect shall be the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 6.01 of this Annex ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account
if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

6.3. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article VII
Recipient's Representative; Addresses

7.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 9.02 of the Standard Conditions is its minister responsible for finance.

6.2. **Recipient's Address.** The Recipient's Address referred to in Section 9.01 of the Standard Conditions is:

Ministry of Economy and Finance  
B.P. 234  
Bamako  
Republic of Mali

6.3. **World Bank's Address.** The World Bank's Address referred to in Section 9.01 of the Standard Conditions is:

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

Telex: 248423 (MCI) or 64145 (MCI)  
Facsimile: (1)-202-477-6391