H. E. Lassine Bouaré  
Minister of Economy and Finance  
Ministry of Economy and Finance  
B.P. 234  
Bamako  
MALI  

Re: Grant No. TF099253  
Republic of Mali: Africa Renewable Energy Access

Excellency:

In response to the request for financial assistance made on behalf of the Republic of Mali (“Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development and the International Development Association (collectively the “World Bank”), acting as administrator of grant funds provided by the Netherlands (the “Donor”) under the Clean Investment Framework Trust Fund, proposes to extend to the Recipient a grant in an amount not to exceed two million United States Dollars (U.S.$2,000,000) (“Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in the financing of the project described in the Annex (“Project”). This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in 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 specified by the World Bank in accordance with Section 5.02 of the Annex to this Agreement

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
AND
INTERNATIONAL DEVELOPMENT ASSOCIATION

By __________________________
//s// Ousmane Diagana
Country Director for Mali
Africa Region

AGREED:
REPUBLIC OF MALI

By __ //s// Lassine Bouaré ______
Authorized Representative
Name __Lassine Bouaré________
Title __Minister of Economy and Finance__
Date: __May 10, 2011____________________

Enclosures:

(2) Disbursement Letter of even date herewith, together with “World Bank Disbursement Guidelines for Projects”, dated May 1, 2006
(3) Guidelines: “Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised on October 1, 2006 and May 1, 2010
(4) Guidelines: “Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 and revised in October 1, 2006 and May 1, 2010
(5) 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
Article I

Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out
of Various Funds dated July 31, 2010 (“Standard Conditions”), constitute an integral part of this
Agreement.

1.02. **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 have the following meanings:

(a) “Administrative and Financial Manual” (Manuel Administratif et Financier) means the
Recipient’s document, dated August 2004, agreed with the World Bank and setting out
administrative, financial management, accounting, and auditing arrangements and procedures for
purposes of implementation of the Project, as the same may be amended from time to time with
the prior written concurrence of the World Bank, and such term includes any schedules to said
Manual.

(b) “Beneficiary” means a private commercial operator, a duly registered community
organization, a non-governmental organization, or an economic interest group which meets the
criteria specified in Section 2.03(h) of this Agreement and the Administrative and Financial
Manual, the Project Implementation Manual (as hereinafter defined), and the Rural Electrification
Fund Manual (as hereinafter defined), and to which or for whose benefit a Subproject Grant (as
hereinafter defined) is made or proposed to be made for the carrying out of a Subproject (as
hereinafter defined).

(c) “Environmental and Social Management Framework” or “ESMF” means the Recipient’s,
document, dated April 14, 2009, agreed with the World Bank and setting out mitigation,
enhancement, monitoring, and institutional measures identified by the Recipient to eliminate any
adverse environmental and social impacts of Project activities, offset them, or reduce them to
acceptable levels, or enhance positive impacts, as the same may be modified from time to time
with the prior written concurrence of the World Bank, and such term includes any schedules to said
Framework.

(d) “Nyetaa Finances” means the microfinance institution established in August 2008 to
develop short and medium term of loans for productive energy uses in rural areas of Mali for
small and medium size enterprises, cooperatives, and households with access to off-grid
electricity.

(e) “Project Implementing Entity” means the Malian Agency for Household Energy and
Rural Electrification Development (Agence Malienne pour le Développement de l’Energie
Domestique et de l’Electrification Rurale or “AMADER”).
(f) “Project Implementation Manual” (Manuel d’Execution du Projet) means the Recipient’s
document, dated April 2004, agreed with the World Bank and setting out implementation,
organizational, monitoring and evaluation, environmental and social monitoring and mitigation,
and procurement arrangements and procedures for purposes of implementation of the Project, as
the same may be amended from time to time with the prior written concurrence of the World
Bank, and such term includes any schedules to said Manual.

(g) “Project Implementing Entity’s Legislation” means the Recipient’s Decree No. 226/P-RM of May 30, 2003.

(h) “Resettlement Policy Framework” or “RPF” means the Recipient’s document, dated
April 14, 2009, agreed with the World Bank and setting out arrangements for the resettlement and
compensation of persons affected by potential changes in land use associated with activities to be
implemented under the Project, as the same may be modified from time to time with the prior
written concurrence of the World Bank, and such term includes any schedules to said Framework.

(i) “Rural Electrification Fund” (Fonds d’Electrification Rurale) means the Recipient’s
entity, established and operating pursuant to the Recipient’s Ordinance No. 019/P/RM of
March 15, 2000, charged with the provision of financing to rural electrification activities.

(j) “Rural Electrification Fund Manual” means (Manuel du Fonds d’Electrification Rurale)
means the Recipient’s document, dated September 2004, agreed with the World Bank and setting
out administrative, financial, and accounting arrangements and procedures for purposes of the
operation of the Rural Electrification Fund, including the disbursement of Rural Electrification
Fund financing, as the same may be amended from time to time with the prior written
concurrence of the World Bank, and such term includes any schedules to said Manual.

(k) “Subproject” means a specific activity carried out by a Beneficiary under the Project,
financed or proposed to be financed through a Subproject Grant (as hereinafter defined).

(l) “Subproject Grant” means a grant made or proposed to be made to finance a Subproject.

(m) “Subproject Grant Agreement” means an agreement between the Project Implementing
Entity and a Beneficiary, setting forth the terms and conditions under which proceeds of the Grant
shall be made available to the Beneficiary for the purpose of financing Subprojects.

(n) “Subsidiary Agreement” means the agreement referred to in Section 2.03(b) of this
Agreement pursuant to which the Recipient shall make the proceeds of the Grant available to the
Project Implementing Entity.

Article II
Project Execution

2.01. Project Objectives and Description. The objective of the Project is to support the
Recipient’s efforts in increasing access to modern energy services for its population through:
(i) increasing energy supply to households, small and medium enterprises, health and education
centers in rural and peri-urban areas; (ii) promoting community-based woodland management; and
(iii) strengthening energy sector reform processes toward increased private sector participation in
decentralized energy service delivery.
The Project consists of the following part:

**Energy Service Delivery**

(a) Scaling up energy service delivery projects through the development and extension of micro and mini-grids in selected villages in different regions of the Recipient’s territory.

(b) Scaling up renewable energy technologies by expanding access to renewable energy in selected villages in different regions of the Recipient’s territory.

(c) Carrying out a project pilot on productive energy uses in selected villages in the Sikasso and Koulikoro region through partnership with Nyetaa Finance.

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

2.03. **Institutional and Other Arrangements.** Without limitations upon the provisions of Section 2.02 above, the Recipient shall:

(a) maintain, until the end of the Project, the Project Implementing Entity with resources and staff having the necessary experience, qualifications and expertise satisfactory to the World Bank.

(b) enter into a Subsidiary Agreement, on terms and conditions satisfactory to the World Bank with the Project Implementing Entity, providing, *inter alia*, for: (i) the provision to the Project Implementing Entity of the funds and other resources required to enable it to carry out the Project; and (ii) the obligation of the Project Implementing Entity to carry out the Project in accordance with the terms and conditions set forth in this Agreement; and (iv) the obligation of the Project Implementing Entity to implement the Project in accordance with the Administrative and Financial Manual, the Project Implementation Manual, the Rural Electrification Fund Manual, the Environmental and Social Management Framework (“ESMF”), the Resettlement Policy Framework (“RPF”), and the Anti-corruption Guidelines.

(c) exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant, and except as the World Bank shall otherwise agree, the Recipient shall not change, assign, amend, abrogate, waive or fail to enforce the Subsidiary Agreement or any provision thereof. In the event of any inconsistency between the provisions of the Subsidiary Agreement and the provisions of this Agreement, the latter shall prevail.

(d) ensure that in the event of any conflict between the provisions of the ESMF, or the RPF, and those of this Agreement, the latter prevail.

(e) maintain, throughout Project implementation, the Rural Electrification Fund, with an institutional framework, functions, and resources satisfactory to the World Bank.
(f) without limitation upon the provisions of subparagraph (e) of this section, ensure that the Project Implementing Entity appraise, approve, and monitor and evaluate the Subprojects in accordance with the provisions of subparagraph (g) below, the Administrative and Financial Manual, the Project Implementation Manual, the Rural Electrification Fund Manual and the Anti-corruption Guidelines.

(g) ensure that no proposed Subproject is eligible for financing under the Project unless the Project Implementing Entity has determined, on the basis of an appraisal conducted in accordance with subparagraph (f) above, 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 2.01 of this 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 Project.

(h) cause the Project Implementing Entity to enter into a Subproject Grant Agreement with the respective Beneficiary under terms and conditions satisfactory to the World Bank, which shall include:

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

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

(C) 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

(D) the obligation of the Beneficiary to: (i) 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 World Bank, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of Grants proceeds other than the Recipient; (ii) ensure that the resources required for the Subproject are provided promptly as needed; (iii) 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; (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 Subproject and the achievement of its objectives; (v) (1) 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 Subproject; and (2) at the World Bank’s or the Project Implementing Entity’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 World Bank and the Project Implementing Entity; (F) enable the World Bank and the Project Implementing Entity to inspect the Subproject, its operation, and any relevant records and documents; and (G) prepare and furnish to the World Bank and the Project Implementing Entity all such information as the World Bank or the Project Implementing Entity shall reasonably request relating to the foregoing.

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

2.04. **Project Monitoring, Reporting and Evaluation.** (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

2.05. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than 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 Section 2.07 (b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each period shall be furnished to the World Bank not later than six months after the end of such period.

2.06. **Procurement**

(a) **General.** All goods, works and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised on October 1, 2006 and May 1, 2010 (“Procurement Guidelines”), in the case of goods and works;

(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 and revised in October 1, 2006 and May 1, 2010 (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines (“Procurement Plan”).

(b) **Definitions.** The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or the Consultant Guidelines, as the case may be.

(c) **Particular Methods of Procurement of Goods and Works**

(i) Except as otherwise provided in sub-paragraph (ii) below goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods and works for those contracts specified in the Procurement Plan: (A) National Competitive Bidding; (B) Shopping; (C) Direct Contracting; and (D) International Competitive Bidding, subject to the provisions of paragraph 3.13(a) of the Procurement Guidelines.

(d) **Particular Methods of Procurement of Consultants’ Services**

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
(ii) The following methods may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants’ Qualifications; (E) Single-source Selection; (F) Selection of Individual Consultants; and (G) Sole Source Procedures for the Selection of Individual Consultants.

(e) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Article III
Withdrawal of Grant Proceeds

3.01. Eligible Expenditures. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, 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 the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant 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 Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Rural electrification sub-projects</td>
<td>2,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>2,000,000</td>
<td></td>
</tr>
</tbody>
</table>

3.02. 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.

3.03. Withdrawal Period. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2012.

Article IV
Additional Remedies

4.01. Additional Events of Suspension. The Additional Events of Suspension referred to in Section 4.02 (k) of the Standard Conditions consists of the following:
(a) A situation shall have arisen which shall make it improbable that the Project or a significant part thereof will be carried out.

(b) The Project Implementing Entity’s Legislation has been amended, suspended, abrogated, repealed, or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.

**Article V**  
**Effectiveness; Termination**

5.01. 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 Project Implementing Entity.

5.02. Except as the Recipient and the World Bank shall otherwise agree, the Effective 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 5.01. 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.

5.03. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date 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 VI**  
**Recipient’s Representative; Addresses**

6.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Minister of the Recipient in charge of finance.

6.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Economy and Finance  
BP 234  
ACI 2000  
Bamako, Mali

Facsimile:  
223-20-221914 / 20-231654
6.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

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

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