Financing Agreement

(Reconstruction and Economic Recovery Project)

between

REPUBLIC OF MALI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated December 23, 2013
FINANCING AGREEMENT

AGREEMENT dated December 23, 2013, entered into between REPUBLIC OF MALI ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association 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 in an amount equivalent to sixty five million two hundred thousand Special Drawing Rights (SDR 65,200,000) ("Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 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 Payment Dates are April 1 and October 1 in each year.

2.05. The Payment Currency is Euro.
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through MEFin accordance with the provisions of Article IV of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension consists of the following, namely that any of the Delegated Contract Management Agencies have breached any of their obligations under the Delegated Contract Management Agreements to which they are a party, in a manner which, in the opinion of the Association, has or may have an adverse impact on the compliance by the Recipient with its obligations under this Agreement, the implementation of the Project or the achievement of its objective.

4.02. The Additional Event of Acceleration consists of the event specified in Section 4.01 of this Agreement occurring and continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — TERMINATION

5.01. For purposes of Section 8.04 of the General Conditions, the Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

5.02. 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 20 (twenty) years after the date of this Agreement.
ARTICLE VI—REPRESENTATIVE; ADDRESSES

6.01. Except as provided in Section 2.02 of this Agreement, the Recipient's Representative is Minister of Economy and Finance.

6.02. The Recipient's Address is:

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

Facsimile:

223-20-221914/20-221654

6.03. The Association's Address is:

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

Cable: Telex: Facsimile:

INDEVAS 248423 (MCI) 1-202-477-6391
Washington, D.C.
AGREED at Bamako, Mali, as of the day, month and year first above written.

REPUBLIC OF MALI

By

Authorized Representative
Name: Bouare Fily Sissoko
Title: Minister of Economy and Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative
Name: Ousmane Diagana
Title: Country Director
SCHEDULE 1

Project Description

The objective of the Project is to rehabilitate basic infrastructure and restore productive activities of communities impacted by the crisis in the Recipient’s territory.

The Project consists of the following parts:

Part 1: Rehabilitation of Local Public Infrastructure

Rehabilitation of local public infrastructure to facilitate the resumption of services and economic activity in the Target Areas, including:

(i) support to a fast-tracked priority investment program aimed at, \textit{inter alia}, rehabilitation and equipping of classrooms, rehabilitation and equipping of health centers, rehabilitation of water supply systems, and rehabilitation and cleaning of drainage structures; and

(ii) rehabilitation of local infrastructure as further determined by PLGs on the basis of the Social, Economic and Cultural Development Plans for each PLG.

Part 2: Support to Productive Investments

Restoration of economic activities of selected conflict-impacted households and community-based organizations in the Target Areas, including:

(i) strengthening the productive assets of selected conflict-impacted households through, \textit{inter alia}, (a) increasing access to improved seed and animal feed, and (b) recapitalizing livestock through the provision of kits, each consisting of fattening sheep and goats per household; and

(ii) provision of support to selected community-based organizations through, \textit{inter alia}, (a) construction or rehabilitation of said organizations’ infrastructure for agricultural production activities, such as small irrigation perimeters, storage facilities, and small processing units; (b) re-launching of said organizations’ livestock and fishery activities, including restocking, animal feed provision, animal vaccination and marketing facilities; and (c) provision of identified support to said organizations’ income-generating artisanal activities, including small shops and facilities for manufacturing handicrafts.
Part 3: **Community Engagement and Local Governance**

Providing support to the Recipient to carry out, through the Delegated Contract Management Agencies, a program aimed at strengthening the institutional capacity of the PLGs and community engagement in the planning, prioritization and oversight of local development activities, through *inter alia*:

(i) revision and validation of Social, Economic and Cultural Development Plans for PLGs;
(ii) provision of support to said PLGs in conflict-sensitive consultation process at the village level for the prioritization of public infrastructure rehabilitations and identification of community-based organizations and individual vulnerable households to be supported for productive investments;
(iii) planning and implementation of local development activities;
(iv) regular dissemination of information related to Project progress and achievements to all stakeholders, especially communities;
(v) provision of support for setting up a functional and accessible feedback and grievance mechanism contributing to the integrity of the process and principles of accountability and governance;
(vi) provision of support to PLGs and local community to enable monitoring and oversight of infrastructure rehabilitation and productive investments; and
(vii) outreach and awareness-raising campaigns for the purpose of promoting the Project objectives.

Part 4: **Project Management, Monitoring and Evaluation**

Project coordination, management and monitoring, preparation of financial audits and periodic evaluations, including:

(i) preparation of Safeguard Instruments and implementation of Safeguard Instruments-derived mitigation measures associated with the Project; and
(ii) support for the establishment and capacity building of the PCU technical and fiduciary capacity to manage and implement the Project, including, *inter alia*, recruitment of requisite staff, purchase of equipment, and provision of Training, audits, and monitoring and evaluation activities.

Part 5: **Contingent Emergency Response**

Immediate response to an Eligible Crisis or Emergency, as needed. Finance emergency response expenditures and meet crisis and emergency needs.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. Project Steering Committee

(a) The Recipient shall establish and maintain, at all times during the implementation of the Project, a Project steering committee with a mandate, composition and resources satisfactory to the Association (“Project Steering Committee”).

(b) Without limitation upon the provisions of paragraph (a) of Section I.A.1 of this Schedule 2, the Project Steering Committee shall be chaired by the Minister of Economy and Finance with the Minister of Local Governments as the vice-chair and shall be comprised of, inter alia representatives of Ministry of National Education, Ministry of Health, Ministry of Environment and Sanitation, Ministry of Rural Development, Ministry of National Reconciliation and Development of the Northern Regions, local governments, and civil society. The PCU shall serve as the secretary to the Project Steering Committee.

(c) The Project Steering Committee shall meet at least semi-annually and shall be responsible for Project oversight, including inter alia: (i) reviewing the proposed Annual Work Plans and Budgets for the Project, (ii) providing overall Project guidance, (iii) ensuring coherence between the Project activities and similar Recipient and donor-funded activities; and (iv) identifying necessary Project adjustments based on monitoring and evaluation reports.

2. Project Coordination Unit

(a) The Recipient shall establish, no later than three (3) months after Effective Date, and thereafter maintain at all times during Project implementation, a Project coordination unit within MEF, with composition, terms of reference and resources satisfactory to the Association (“Project Coordination Unit”).

(b) Without limitation upon the provisions of Paragraph (a) of Section I.A.2 of this Schedule 2, the Project Coordination Unit shall at all times be comprised of qualified and experienced personnel in adequate numbers, and to this end, the Recipient shall recruit in accordance with the provisions of Section III of this Schedule 2, inter alia: (i) no later than three (3) months after Effective Date, a Project coordinator, a procurement specialist, a financial management specialist and an accountant; and (ii) no later than four (4) months after Effective Date, an infrastructure specialist, a monitoring and evaluation (M&E) specialist, a community mobilization and conflict prevention specialist, and a safeguards
specialist, all with qualifications, experience, and terms of reference acceptable to the Association.

(c) The PCU shall be responsible for day-to-day Project coordination and implementation, including: (i) preparing proposed annual work plans of activities for inclusion in the Project, and updating the procurement plan and related budgets and consolidating Project Reports for the Project Steering Committee’s review; (ii) carrying out Project financial management and procurement activities; (iii) monitoring and evaluating the Project; and (iv) coordinating the RPIUs.

3. Regional Project Implementation Units

(a) The Recipient shall establish, no later than six (6) months from Effective Date or at a later date as agreed between the Recipient and the Association, and thereafter maintain at all times during Project implementation, up to three (3) regional Project implementation units (“RPIU”) as needed, in selected regions, and with composition, terms of reference and resources satisfactory to the Association.

(b) Without limitation upon the provisions of Paragraph (a) of Section I.A.3 of this Schedule 2, each RPIU shall at all times be comprised of qualified and experienced personnel in adequate numbers, including inter alia, an accountant, an infrastructure or local development specialist, and a local governance and capacity building specialist, all with qualifications, experience, and terms of reference acceptable to the Association.

(c) Each RPIU shall be responsible for regional level Project coordination, including preparation of regional level work plans, related budgets, and Progress Reports for submission to the PCU.

B. Delegated Contract Management Agreement

1. To facilitate the carrying out of Parts 1, 2 and 3 of the Project, the Recipient, represented by the PCU, shall enter into agreements with contract management agencies (“Delegated Contract Management Agency”), under terms and conditions satisfactory to the Association (“Delegated Contract Management Agreement”).

2. The Recipient shall obtain rights adequate to protect its interests and those of the Association, which shall include the following:

A. The Recipient shall have the right to suspend or terminate the right of the Delegated Contract Management Agency to use the proceeds of the Financing, or obtain a refund of all or any part of the amount of the
Financing, then withdrawn, upon the Delegated Contract Management Agency's failure to perform any of its obligations under the Delegated Contract Management Agreement; and

B. Each Delegated Contract Management Agency shall be required to:

(1) carry out or cause its Part of the Project to be carried out, with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with: (a) the provisions of the Anti-Corruption Guidelines applicable to recipients of Financing proceeds other than the Recipient; and (b) the Safeguard Instruments, including, if a Resettlement Action Plan for any Project activities is required, all measures required to be taken pursuant to such plan prior to the commencement of works are taken as required; (2) provide, promptly as needed, the resources required for the purpose; (3) procure the goods, works and services to be financed out of the Financing in accordance with the provisions of this Agreement; (4) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of its Part of the Project and the achievement of the Project objective; (5) (a) 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 its Part of the Project; and (b) at the Recipient's or the Association'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 Recipient and the Association; (6) enable the Recipient and the Association to inspect its Part of the Project, its operation and any relevant records and documents; and (7) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

3. The Recipient shall exercise its rights under the Delegated Contract Management Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing, and, except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.

C. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.
D. Project Implementation Manual

1. The Recipient shall adopt, in accordance with terms of reference acceptable to the Association and no later than two (2) months after Effective date, a Project Implementation Manual ("PIM"), containing detailed arrangements and procedures for: (a) institutional coordination and day-to-day execution of the Project; (b) Project budgeting, disbursement and financial management; (c) procurement; (d) monitoring, evaluation, reporting and communication; and (e) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.

2. The Recipient shall carry out the Project in accordance with the PIM and shall, not amend, abrogate, waive, or permit to be amended, abrogated, or waived, the aforementioned, or any provision of either one thereof, without the prior written consent of the Association.

3. In the event of any conflict between the provisions of the PIM and those of this Agreement, the provisions of this Agreement shall prevail.

E. Annual Work Plans and Budgets

1. Not later than December 31 in each calendar year, the Recipient shall for the purpose of forwarding to the Association an annual work plan and budget for the Project (including Training and Operating Costs) for the subsequent calendar year of Project implementation, of such scope and detail as the Association shall have reasonably requested.

2. The Recipient shall afford the Association a reasonable opportunity to review such draft annual work plan and budget, and thereafter shall carry out such annual work plan and budget during such subsequent calendar year as shall have been approved by the Association ("Annual Work Plan and Budget"). Only those activities that are included in an Annual Work Plan and Budget shall be eligible for financing out of the proceeds of the Financing.

3. Any Training proposed to be included in an Annual Work Plan and Budget, shall include, inter alia: (a) particulars of the Training envisaged; (b) the criteria for selection of the personnel to be trained, and such personnel if known; (c) the selection method of the institution or individuals conducting such Training; (d) the institution conducting such Training if identified; (e) the purpose and justification for such Training; (f) the location and duration of the proposed training; and (g) the estimate of the cost of such Training.

4. Annual Work Plans and Budgets may be revised as needed during Project implementation subject to the Association's prior written approval.
F. Safeguards

1. The Recipient shall, prior to commencing any activities under Parts 1 and 2 of the Project:

   (a) prepare, or cause to be prepared, the relevant Safeguards Instruments under terms of reference satisfactory to the Association;

   (b) furnish to the Association the Safeguards Instruments mentioned in paragraph (a) above and afford the Association a reasonable opportunity to review such Safeguard Instruments; and

   (c) thereafter, publicly disclose and adopt such Safeguards Instruments.

2. The Recipient shall: (a) take such measures, or cause such measures to be taken, as shall be necessary or appropriate to ensure full compliance with the requirements of such Safeguards Instruments; and (b) if any activity under the Project would involve Affected Persons, ensure that no displacement (including restriction of access to legally designated parks and protected areas) shall occur before resettlement measures under the RAP, including, in the case of displacement, full payment to Affected Persons of compensation and of other assistance required for relocation, have been taken.

3. Without limitation upon its other reporting obligations under this Agreement, the Recipient shall, for each Safeguard Instrument, regularly collect, compile and furnish to the Association reports in form and substance satisfactory to the Association, on the status of compliance with each Safeguard Instrument, as part of the Project Reports, giving details of:

   (a) measures taken in furtherance of such Safeguard Instrument;

   (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Safeguard Instrument; and

   (c) remedial measures taken or required to be taken to address such conditions.

4. The Recipient shall not amend, waive or otherwise modify any provision of the Safeguard Instruments without the prior written consent of the Association.

4. In the event that any provision of the Safeguards Instruments shall conflict with any provision under this Agreement, the provisions of this Agreement shall prevail.
5. The Recipient shall ensure that all terms of reference for any technical assistance and studies to be carried out under the Project are consistent with the Association's environmental and social safeguard policies.

6. The Recipient shall ensure that:

(a) all terms of reference for any technical assistance and studies to be carried out under the Project are consistent with the Association's environmental and social safeguard policies; and

(b) in any Project activity that may support the drafting of regulatory or other instruments for the purpose of local development planning, due attention will be given to said policies.

G. Immediate Response Mechanism.

In order to ensure the proper implementation of Part 5 of the Project, the Recipient shall:

1. (a) prepare and furnish to the Association for its review and approval, an operations manual which shall set forth detailed implementation arrangements for Part 5 of the Project, including: (i) designation of, terms of reference for and resources to be allocated to, the entity to be responsible for coordinating and implementing said Part of the Project ("Coordinating Authority"); (ii) specific activities which may be included in said Part of the Project, Eligible Expenditures required therefor ("Emergency Expenditures"), and any procedures for such inclusion; (iii) financial management arrangements for said Part of the Project; (iv) procurement methods and procedures for Emergency Expenditures to be financed under said Part of the Project; (v) documentation required for withdrawals of Emergency Expenditures; (vi) environmental and social safeguard management frameworks for said Part of the Project, consistent with the Association's policies on the matter; and (vi) any other arrangements necessary to ensure proper coordination and implementation of said Part of the Project;

(b) afford the Association a reasonable opportunity to review said proposed operations manual;

(c) promptly adopt such operations manual for said Part 5 of the Project acceptable to the Association ("IRM Operations Manual");

(d) ensure that said Part 5 of the Project is carried out in accordance with the IRM Operations Manual; provided, however, that in the event of any inconsistency between the provisions of the IRM Operations Manual and this Agreement, the provisions of this Agreement shall prevail; and
(e) not amend, suspend, abrogate, repeal or waive any provision of the IRM Operations Manual without prior approval by the Association.

2. Maintain, throughout the implementation of Part 5 of the Project, the Coordinating Authority, with adequate staff and resources satisfactory to the Association.

3. The Recipient shall undertake no activities under Part 5 of the Project (and no activities shall be included in the said Part 5) unless and until the following conditions have been met in respect of said activities:

(a) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in the Part 5 in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and

(b) the Recipient has prepared and disclosed all Safeguards Instruments required for said activities, in accordance with the IRM Operations Manual, acceptable to the Association, and the Recipient has implemented any actions which are required to be taken under said Safeguard Instruments.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient 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 acceptable to the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than one month after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish (or cause to be prepared and furnished) to the Association no later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall submit Annual Financial Statements satisfactory to the Association and in accordance with the provisions of PIM. The Annual Financial Statements shall contain, *inter alia*: (i) a statement of sources and uses of funds which includes all cash receipts, cash payments and cash balances; (ii) a statement of commitments; (iii) accounting policies adopted and explanatory notes; and (iv) a management assertion that Project funds have been expended for the intended purposes.

4. In furtherance of the provisions of this Section II.B of Schedule 2 to this Agreement, no later than four (4) months after the Effective Date, the Recipient shall install, within the PCU, a customized multi-sites accounting software in a manner satisfactory to the Association.

5. In order to conduct quarterly ex post internal control reviews and physical verifications, no later than four (4) months after the Effective Date, the Recipient shall recruit an internal auditor in accordance with the provisions of Section III of this Schedule, with qualifications, experience and terms of reference acceptable to the Association.

6. In order to ensure the timely carrying out of the audits referred to in Section II.B.3 of this Schedule, no later than four (4) months after the Effective Date, the Recipient shall recruit an external auditor in accordance with the provisions of Section III of this Schedule, with qualifications, experience and terms of reference acceptable to the Association.

Section III. **Procurement**

A. **General**

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. **Consultants’ Services.** All consultants’ services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.
B. **Particular Methods of Procurement of Goods, Works and Non-consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, Goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding:

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan:

<table>
<thead>
<tr>
<th>Procurement Method</th>
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</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding, subject to the additional procedures set forth in paragraph 3 below</td>
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<tr>
<td>(b) Shopping</td>
</tr>
<tr>
<td>(c) Direct Contracting</td>
</tr>
<tr>
<td>(d) Force Account</td>
</tr>
<tr>
<td>(e) Community Participation in Procurement</td>
</tr>
</tbody>
</table>

3. **Requirements for the National Competitive Bidding.** The procedures to be followed for National Competitive Bidding shall be those set forth in the Recipient’s Procurement Code of August 11, 2008, as revised from time to time in a manner deemed acceptable to the Association, subject, however, to the modifications described in the following paragraphs required for compliance with the Procurement Guidelines.

(i) Even though the Procurement Code does not apply to some small contracts, the procedures will require that for such contracts, a competitive method be used;

(ii) The General Procurement Notice would be advertised in the United Nations Development Business (UNDB) online and on the Bank’s external website, specific invitation to bids would be advertised in at least one national widely circulated newspapers or on a widely used website or electronic portal of the Recipient with free national and international access;

(iii) Only standard bidding documents acceptable to the Association shall be used for any procurement process under National Competitive Bidding;

(iv) Eligible bidders, including foreign bidders, shall be allowed to participate and the Recipient-owned entities shall be eligible only upon
proof of legal and financial autonomy and operating under commercial law;

(v) The bidders shall be given at least thirty (30) days from the date of the invitation to bid or the date of availability of a bidding document, whichever is later, to prepare and submit their bids, except in cases of emergency declared by the Recipient, and provided that such emergency is recognized by the Association and the Association has given its approval for less time for the bids submission;

(vi) The evaluation and contract award process of alternative bids shall be revised in accordance with the Procurement Guidelines and bid evaluation, qualification of bidders and contract award criteria shall be clearly indicated in the bidding documents;

(vii) No domestic preference shall be given to domestic or regional contractors and to domestically or regionally manufactured goods or to bidders in: (1) a joint venture with a national firm, (2) proposing national sub-contractors, or (3) carrying out economic activities in the Recipient's territory.

(viii) Each bidding document and contract financed from the proceeds of the Financing shall include provisions on matters pertaining to fraud and corruption as defined in paragraph 1.16(a) of the Procurement Guidelines; and

(ix) In accordance with paragraph 1.16(e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that: (a) the bidders, suppliers, contractors and their subcontractors, agents, personnel, consultants, service providers, or suppliers shall permit the Association, at its request, to inspect all accounts, records and other documents relating to the submission of bids and contract performance, and to have said accounts and records audited by auditors appointed by the Association; and (b) the deliberate and material violation of such provision may amount to an obstructive practice as defined in paragraph 1.16(a)(v) of the Procurement Guidelines;

(x) The cases of suspension/debarment under the Recipient system shall result from fraud and corruption as set forth in paragraph 1.16(a) of the Procurement Guidelines and approved by the Association provided that the particular suspension/debarment procedure afforded due process and that the suspension/debarment decision is final.
C. **Particular Methods of Procurement of Consultants’ Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. **Other Methods of Procurement of Consultants’ Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants’ services for those contracts which are specified in the Procurement Plan:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality-Based Selection</td>
</tr>
<tr>
<td>(b) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(c) Least Cost Selection</td>
</tr>
<tr>
<td>(d) Selection Based on the Consultants’ Qualifications</td>
</tr>
<tr>
<td>(e) Single-Source Selection</td>
</tr>
<tr>
<td>(f) Individual Consultants</td>
</tr>
</tbody>
</table>

D. **Review by the Association of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to Post Review by the Association.

E. **Procurement of Emergency Expenditures under Part 5 of the Project**

Notwithstanding any provision to the contrary in this Section III, Emergency Expenditures required for Part 5 of the Project shall be procured in accordance with the procurement methods and procedures set forth in the IRM Operations Manual.

Section IV. **Withdrawal of the Proceeds of the Financing**

A. **General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall 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 Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Financing 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 Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, and consultants’ services for Part I of the Project</td>
<td>32,600,000</td>
<td>100%</td>
</tr>
<tr>
<td>2) Goods, works, non-consulting services, consultants’ services for Part II of the Project</td>
<td>22,820,000</td>
<td>100%</td>
</tr>
<tr>
<td>3) Goods, consultants’ services, Training and Operating Costs for Part III of the Project</td>
<td>6,520,000</td>
<td>100%</td>
</tr>
<tr>
<td>4) Goods, non-consulting services, consultants’ services, Training and Operating Costs for Part IV of the Project</td>
<td>3,260,000</td>
<td>100%</td>
</tr>
<tr>
<td>5) Emergency Expenditures under Part V of the Project</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>65,200,000</strong></td>
<td></td>
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</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

   (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed three million Special Drawing Rights (SDR 3,000,000) equivalent may be made for payments made prior to this date but on or after April 1, 2013, for Eligible Expenditures under Categories (1), (2), (3) and (4);
(b) under Category (1) and (2) unless the Recipient has prepared and disclosed all Safeguard Instruments required under the Project in accordance with the provisions of Section I.F of this Schedule 2.

(c) under Category (1), (2) and (3) until:

(i) for the initial payment, the Delegated Contract Management Agency has: (A) set up adequate staff team comprising, inter alia, a financial management specialist, a procurement specialist, an infrastructure specialist and an environmental and social specialist; and (B) opened a dedicated account, all in accordance with the Delegated Contract Management Agreement;

(ii) for all subsequent payments, the PCU has provided a report to the Association stating that: (A) the staff team described at subparagraph (i) of this paragraph (c) has been maintained by the Delegated Contract Management Agency; and (B) the activities have been executed in accordance with the Delegated Contract Management Agreement.

(d) under Category (5), unless and until the Association is satisfied and so indicates by written notification to the Recipient, that all of the following conditions have been met with respect to activities under Part 5 of the Project:

(i) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities under Part 5 of the Project in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof;

(ii) the Recipient has prepared and disclosed all Safeguards Instruments required for said activities, and the Recipient has implemented any actions which are required to be taken under said safeguard Instruments, all in accordance with the provisions of Section I.G.3(b) of this Schedule 2;

(iii) the Recipient’s Coordinating Authority has adequate staff and resources, in accordance with the provisions of Section I.G.2 of this Schedule 2, for the purposes of said activities; and

(iv) the Recipient has adopted an IRM Operations Manual in form, substance and manner acceptable to the Association and the provisions of the IRM Operations Manual remain or have been
updated in accordance with the provisions of Section I.G.1 of this Schedule 2 so as to be appropriate for the inclusion and implementation of said activities under Part 5 of the Project.

2. The Closing Date is December 1, 2018.

Section V. Other Undertakings

1. No later than three (3) months after the Effective Date, the Recipient shall establish, within the PCU, a project record keeping system satisfactory to the Association and successfully train relevant staff in the use thereof.

2. The Recipient shall ensure that the Financing shall be used exclusively for the financing of activities detailed in Schedule 1 of this Agreement and no portion of the Financing shall be used for any applicable expenditure under the Project if such expenditure was reimbursed under similar Recipient or donor-financed programs.
APPENDIX

Section I. Definitions

1. "Affected Person" means a person who as a result of: (i) the involuntary taking of land under the Project is affected in any of the following ways: (A) relocation or loss of shelter; (B) loss of assets or access to assets; or (C) loss of income sources or means of livelihood, whether or not the affected person must move to another location; or (ii) the involuntary restriction of access to legally designated parks and protected areas suffers adverse impacts on his or her livelihood; and "Affected Person" means any of the Affected Persons.

2. "Annual Work Plan and Budget" means the annual work plan and budget as prepared by the Recipient for and approved by the Association in accordance with the provisions of Section I.E of Schedule 2 to this Agreement.

3. "AGEROUTE" means the Agency for the Execution of Road Maintenance Works (Agence d’Exécution des Travaux d’Entretien Routier) established pursuant to the Recipient’s Article 5 of Ordinance No. 04-018/P-RM dated September 16, 2004, in charge with the infrastructure activities under Part I of the Project and with terms and conditions as established under the Delegated Contract Management Agreement.

4. "AGETIPE" means the Agency for Execution of Public Works for Employment Generation (Agence d’Exécution des Travaux d’Intérêt Public pour l’Emploi) established pursuant to the Recipient’s Recipisse No.0299/MAT-DNAT dated April 10, 1992 in charge with the infrastructure activities under Part 1 of the Project and with terms and conditions as established under the Delegated Contract Management Agreement.


6. "CARE Mali" means the international non-governmental organization in charge with part of the activities under Parts 2 and 3 of the Project under terms and conditions as established under the Delegated Contract Management Agreement.

7. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

9. "Coordinating Authority" means the entity or entities designated by the Recipient in the IRM Operations Manual acceptable to the Association pursuant to Section I.G of Schedule 2 to this Agreement, to be responsible for coordinating the Part 5 of the Project.

10. "Delegated Contract Management Agency" means the agency to carry out contract management, specifically procurement, quality control, and implementation of applicable safeguards instruments under the Project, namely: (i) for the purposes of Part 1 of the Project, excluding all roads-related activities, AGETIPE and/or any other entity as to be selected by the Recipient based on eligibility and performance criteria described in the PIM; (ii) for the purposes of all roads-related activities under Part 1 of the Project, AGEROUTE and/or any other entity as to be selected by the Recipient based on eligibility and performance criteria described in the PIM; and (iii) for the purposes of Part 2 and 3 of the Project, as applicable, CARE Mali and SOS Sahel and/or any other entity as to be selected by the Recipient based on eligibility and performance criteria described in the PIM.

11. "Delegated Contract Management Agreement" means the agreement to be entered into between the Recipient and each Delegated Management Agency for the purpose of implementing the Project as referred to in Section I.B of Schedule 2 to this Agreement.

12. "Eligible Crisis or Emergency" means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster.

13. "Emergency Expenditures" means any of the Eligible Expenditures set forth in the IRM Operations Manual in accordance with the provisions of Section I.G of Schedule 2 to this Agreement and required for the activities included in Part 5 of the Project.

14. "Environmental and Social Management Plan" or "ESMP" mean a plan, satisfactory to the Association for the Project, to be prepared by the Recipient, proposing appropriate mitigation, monitoring and institutional measures designed to mitigate: (i) potential adverse environmental and resettlement impacts; (ii) impacts on natural habitat, fauna, flora or biodiversity; and (iii) direct or indirect significant impacts on forest conservation, offset them, reduce them to acceptable levels or enhance positive impacts, as the same may be amended from time to time with the agreement of the Association.

15. "Environmental and Social Impact Assessment" or "ESIA" means an assessment, satisfactory to the Association for the project, to be carried out by the Recipient to evaluate the Project's potential environmental and social risks and impacts in its area of influence, examine alternatives and identify ways of mitigating and
managing adverse environmental and social impact throughout Project implementation, as the same may be amended from time to time with the agreement of the Association.

16. "Environmental and Social Screening and Assessment Framework" or "ESSAF" mean the framework prepared for the project to guide the identification and mitigation of the environmental and social impacts and risks at the early stage of the Project implementation to be disclosed in country and at the Association’s InfoShop after Board approval of the Project.


18. "IRM" means Immediate Response Mechanism.

19. "Immediate Response Mechanism Operations Manual" and "IRM Operations Manual" each mean the operations manual referred to in Section I.G.1 of this Agreement, to be adopted by the Recipient for Part 5 of the Project in accordance with the provisions of said Section.

20. "MEF" means the Recipient’s ministry in charge of economy and finance and any successor thereto.

21. "Operating Costs" means incremental recurrent expenditures incurred on account of Project implementation, including: local contractual support staff salaries; travel expenditures and other travel-related allowances; equipment rental and maintenance; vehicle operation (including fuel), maintenance and repair; office rental and maintenance, materials and supplies; and utilities, media information campaigns and communications’ expenses, but excluding the salaries of officials and public servants of the Recipient’s civil service.

22. "Pest Management Plan" or "PMP" means a plan, satisfactory to the Association prepared by the Recipient to minimize and manage the environmental and health risks associated with pesticide use and promote and support safe, effective and environmental sound pest management, as the same may be amended from time to time with the agreement of the Association, disclosed in country and the Association’s InfoShop on October 30, 2013.

23. "PLG" means the participating local governments with in the Target Area as listed in the Project Implementation Manual.


26. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated October 31, 2013 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

27. “Project Coordination Unit” means the implementation unit of the Project to be established within the MEF (hereinafter defined) and maintained by the Recipient in accordance with the provisions of Section I.A.2 of Schedule 2 to this Agreement, in charge with the day-to-day management and implementation of the Project, including the coordination of the RPIUs (herein defined).

28. “Project Implementation Manual” means the manual referred to in Section I.D.1 of Schedule 2 to this Agreement as the same may be revised from time to time with the prior written consent of the Association.

29. “Project Steering Committee” means the steering committee of the Project to be established and maintained in accordance with the provisions of Section I.A.1 of Schedule 2 to this Agreement.

30. “Resettlement Action Plan” and “RAP” mean a plan prepared by the Recipient satisfactory to the Association for the Project, to outline the mitigation measures for addressing resettlement risks associated with the Project, as the said document may be amended and/or supplemented from time to time with the prior written concurrence of the Association and subject to the initial consultation and disclosure requirements carried out on the RAP.

31. “Resettlement Policy Framework” and “RPF” mean the framework of the Recipient to be prepared in form and substance satisfactory to the Association, outlining the policies and procedures to be implemented in the event that specific activities implemented under the Project have potentially negative impacts on the livelihoods, assets and land of the affected population to be prepared, consulted, finalized and disclosed within four (4) months after the Effective Date.

32. “RPIU” means the regional project implementing units or regional antennas to be established and maintained in accordance with the provisions of Section I.A.3 of Schedule 2 to this Agreement.

33. “Safeguards Instruments” means, collectively, the ESSAF, ESIA, ESMP, RPF, RAP, PMP and any other instruments that may be required as triggered by the activities of Part 5 of the Project.
34. "SOS Sahel International" means the international non-governmental organization in charge with part of the activities under Parts 2 and 3 of the Project under terms and conditions as established under the Delegated Contract Management Agreement.

35. "Target Areas" means areas identified in the Project Implementation Manual located in both the northern and southern regions of the Recipient's territory.

36. "Training" means the training of persons under the Project, including through seminars, workshops, knowledge sharing activities and study tours, and covers the following costs associated with such activity: travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to training preparation and implementation.