Financing Agreement

(Sustainable Energy And Improved Service Delivery For Increased Stability Development Policy Financing)

between

REPUBLIC OF MALI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF MALI ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Association has decided to provide this financing on the basis, inter alia, of: (i) the actions which the Recipient has already taken under the Program and which are described in Section I of Schedule 1 to this Agreement; and (ii) the Recipient's maintenance of an adequate macroeconomic policy framework. The Recipient and the Association therefore hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form 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 a grant and a credit, which are deemed as Concessional Financing for purposes of the General Conditions (collectively, "Financing") in the following amounts:

   (a) an amount equivalent to twenty-nine million Special Drawing Rights (SDR 29,000,000) ("Grant"); and

   (b) the amount of one hundred eighty-eight million and three hundred thousand Euros (€188,300,000) ("Credit").

2.02. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.

2.03. The Service Charge is the greater of: (a) the sum of three-fourths of one percent (3/4 of 1%) per annum plus the Basis Adjustment to the Service Charge; and (b) three-fourths of one percent (3/4 of 1%) per annum; on the Withdrawn Credit Balance.

2.04. The Payment Dates are May 15 and November 15 in each year.
2.05. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 2 to this Agreement.

2.06. The Payment Currency is Euro.

2.07. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Recipient shall promptly furnish to the Association such information relating to the provisions of this Article II as the Association may, from time to time, reasonably request.

 ARTICLE III — PROGRAM

3.01. The Recipient declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:

(a) the Recipient and the Association shall from time to time, at the request of either party, exchange views on the Recipient's macroeconomic policy framework and the progress achieved in carrying out the Program;

(b) prior to each such exchange of views, the Recipient shall furnish to the Association for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Association shall reasonably request; and

(c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Recipient shall promptly inform the Association of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program.

 ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension consists of the following, namely, that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

4.02. The Additional Event of Acceleration consists of the following, namely, that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Association to the Recipient.

 ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following, namely, that the Association is satisfied with the progress achieved by the Recipient in carrying
out the Program and with the adequacy of the Recipient’s macroeconomic policy framework.

5.02. The Effectiveness Deadline is the date ninety days (90) days after the Signature Date.

5.03. For purposes of Section 10.05 (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 twenty (20) years after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is its Minister in charge of finance.

6.02. For purposes of Section 11.01 of the General Conditions:

(a) the Recipient’s address is:

Ministry of Economy and Finance
P. O. Box 234
Hamdallaye ACI, 2000
Bamako, Republic of Mali; and

(b) the Recipient’s Electronic Address is:

Telephone: Facsimile:
(223) 20 22 58 58/20 22 58 06 (223) 20 22 19 14/20 22 16 54

6.03. For purposes of Section 11.01 of the General Conditions:

(a) the Association’s address is:

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

(b) the Association’s Electronic Address is:

Telex: Facsimile:
248423 (MCI) (1) 202-477-6391
AGREED as of the Signature Date.

REPUBLIC OF MALI

By

Authorized Representative

Name: SE Dr. Boukary Cisse
Title: Prime Minister, Minister of Economy and Finance
Date: December 16, 2019

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Souleymane Kane
Title: Country Director
Date: December 16, 2019
SCHEDULE 1

Program Actions; Availability of Financing Proceeds

Section I. Actions under the Program

Pillar I. Reducing Electricity Sector Demands on Central Budget

1. The Recipient, through its Ministry of Economy and Finance, has entered into a payment protocol with EDM-SA dated August 26, 2019, establishing a pre-payment mechanism for central government and public institutions to ensure public service timely payment of electricity bills and improve EDM-SA’s cashflow.

2. The Recipient, through: (i) its Commission for Regulating Water and Electricity has issued Directive No. 19-001-C-CREE dated July 23, 2019, increasing EDM-SA’s medium voltage and public lighting tariffs to align them with the consumer price index; and (ii) its Ministry of Energy and Water has issued Arrêté No. 2019-2581/MEE-SG dated August 27, 2019, approving the new Règlement de Service Concédé de l’Électricité removing connection cost subsidies for medium voltage users to reduce costs to the budget.

3. The Recipient, through its Ministry of Economy and Finance has approved a sector recovery plan that includes re-financing of EDM-SA commercial debts and increasing of import of low-cost electricity with financial security mechanisms.

Pillar II. Improving Efficiency of Agricultural Subsidies and Land Tenure Security

4. The Recipient, through its Ministry of Agriculture, has expanded and improved the e-voucher scheme for the distribution of agricultural subsidies in 6 districts.

5. The Recipient, through its Ministry of Agriculture, has issued: (i) Arrêté No. 2018-1811/MA-SG dated May 29, 2018 regulating fertilizers’ labeling, inspection, sampling and analysis; (ii) Arrêté No. 2018-1812/MA-SG dated May 29, 2018, clarifying the composition, organization and functioning of the National Committee of Fertilizers; and (iii) Decree No. 2019-0756/P-RM dated September 30, 2019, establishing the national catalog of vegetables species and varieties to ensure sustainable supply of high-quality input in accordance with ECOWAS regulations for quality control of agricultural inputs.

6. The Recipient, through its Council of Ministers, has adopted and submitted to Parliament for approval the 2020 proposed budget law incorporating a budgetary line for land commissions.
Pillar III. Improving Deployment and Oversight of Resources for Better Local Service Delivery and Stability

7. The Recipient, through: (i) its Council of Ministers, has adopted and submitted to Parliament for approval the 2020 proposed budget law incorporating direct budgetary lines to each Local Governments ("Collectivités Territoriales"); and (ii) its Ministry of Economy and Finance has demonstrated that the disbursement rate of FNACT for 2019 is at least equal to that of the full national budget.

8. The Recipient, through its Ministry of Economy and Finance, Ministry in charge of education, Ministry in charge of health and Ministry in charge of decentralization, has issued: (i) Arrêté No. 2019-3323/MEN-MATD-MEF-SG dated October 1, 2019; and (ii) Arrêté No. 2019-3342/MSAS-MEF-MATD-SG dated October 2, 2019, establishing effective financial resources transfer mechanisms to school management committees and health community associations to improve the equity of the decentralization process.

9. The Recipient, through: (i) the Office of the Auditor General has published all audit reports on its website; and (ii) its Ministry of Justice has published follow-up actions on all claims resulting from the Office of the Auditor General’s audit report on its website.

Section II. Availability of Financing Proceeds

A. General. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient.

B. Allocation of Financing Amounts. The Financing is allocated in a single withdrawal tranche, from which the Recipient may make withdrawals of the Financing proceeds. The allocation of the amounts of the Financing to this end is set out in the table below:
<table>
<thead>
<tr>
<th>Allocations</th>
<th>Amount of the Credit Allocated (expressed in Euros)</th>
<th>Amount of the Grant Allocated (expressed in SDR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Single Withdrawal Tranche</td>
<td>188,300,000</td>
<td>29,000,000</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>188,300,000</td>
<td>29,000,000</td>
</tr>
</tbody>
</table>

C. Withdrawal Tranche Release Conditions.

No withdrawal shall be made of the Single Withdrawal Tranche unless the Association is satisfied: (a) with the Program being carried out by the Recipient; and (b) with the adequacy of the Recipient's macroeconomic policy framework.

D. Deposit of Financing Amounts.

The Recipient, within thirty (30) days after the withdrawal of the Financing from the Financing Account, shall report to the Association: (a) the exact sum received into the account referred to in Section 2.03(a) of the General Conditions; (b) the details of the account to which the CFA Francs equivalent of the Financing proceeds will be credited; (c) the record that an equivalent amount has been accounted for in the Recipient's budget management systems; and (d) the statement of receipts and disbursement of the account referred to in Section 2.03(a) of the General Conditions.

E. Audit. Upon the Association's request, the Recipient shall:

1. have the account referred to in Section 2.03(a) of the General Conditions audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association;

2. furnish to the Association as soon as available, but in any case not later than four (4) months after the date of the Association's request for such audit, a certified copy of the report of such audit, of such scope and in such detail as the Association shall reasonably request, and make such report publicly available in a timely fashion and in a manner acceptable to the Association; and

3. furnish to the Association such other information concerning the account referred to in Section 2.03(a) of the General Conditions and their audit as the Association shall reasonably request.

F. Closing Date. The Closing Date is December 31, 2020.
SCHEDULE 2
Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each May 15 and November 15, commencing May 15, 2026, to and including November 15, 2057.</td>
<td>1.5625%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.05(b) of the General Conditions.
APPENDIX

Definitions

1. “Basis Adjustment to the Service Charge” means the Association’s standard basis adjustment to the Service Charge for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association, and expressed either as a positive or negative percentage per annum.

2. “CFA Francs” means the Recipient’s local currency.

3. “Commission for Regulating Water and Electricity” means the commission established by the Recipient’s Order (Ordonnance) 00-021/PRM dated March 15, 2000 (as the same may be amended from time to time), responsible for regulating the water and electricity sectors.

4. “ECOWAS” means the Economic Community of West African States, a regional political and economic union of fifteen countries located in West Africa.

5. “Énergie du Mali SA” or “EDM-SA” means the Recipient-owned limited liability company established pursuant to the Recipient’s Order (Ordonnance) no. 1960-26/PGP dated October 14, 1960 (as the same may be amended from time to time), and which is responsible for the public service of the electricity production, transmission, and distribution in the Recipient’s territory.

6. “FNACT” (Fonds national d’appui aux collectivités territoriales) means the Recipient’s national support fund for local authorities created pursuant to Law No. 07-072 dated December 27, 2007, as the same may be amended from time to time.


8. “Ministry of Agriculture” means the Recipient’s ministry responsible for the agriculture sector, or any successor thereto.

9. “Ministry of Economy and Finance” means the Recipient’s ministry responsible for economy and finance, or any successor thereto.

10. “Ministry of Energy and Water” means the Recipient’s ministry responsible for the energy and water sectors, or any successor thereto.

11. “Ministry of Justice” means the Recipient’s ministry responsible for justice, or any successor thereto.
12. "National Committee of Fertilizers" means the committee established by the Recipient's Decree 08177/PRM dated March 27, 2008 (as the same may be amended from time to time), and responsible for advising on regulations of fertilizers in the Recipient's territory.


14. "Program" means the program of objectives, policies, and actions set forth or referred to in the letter dated November 8, 2019, from the Recipient to the Association declaring the Recipient's commitment to the execution of the Program, and requesting assistance from the Association in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule I to this Agreement, and actions to be taken consistent with the program's objectives.

15. "Signature Date" means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to "the date of the Financing Agreement" in the General Conditions.

16. "Single Withdrawal Tranche" means the amount of the Financing allocated to the category entitled "Single Withdrawal Tranche" in the table set forth in Part B of Section II of Schedule I to this Agreement.