Financing Agreement

(Additional Financing For Urban Water Supply Project)

between

REPUBLIC OF MALI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 15, 2016
FINANCING AGREEMENT

AGREEMENT dated September 15, 2016, entered into between REPUBLIC OF MALI ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement). 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 and a credit (collectively, "Financing") in the following amounts to assist in financing the project described in Schedule 1 to this Agreement ("Project"):

(a) an amount equivalent to fourteen million two hundred thousand Special Drawing Rights (SDR 14,200,000) ("Grant"); and

(b) an amount equivalent to twenty-one million two hundred thousand Special Drawing Rights (SDR 21,200,000) ("Credit").

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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Payment Dates are November 15 and May 15 in each year.
2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is Euro.

ARTICLE III — PROJECT

3.01. 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 Article IV of the General Conditions and the Project Agreement.

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 Events of Suspension consist of the following:

(a) 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.

(b) The Lease Contract has been amended, suspended, abrogated, repealed or waived so as to adversely affect the implementation of the Project.

(c) The Concession Contract has been amended, suspended, abrogated, repealed or waived so as to adversely affect the implementation of the Project.

(d) The Performance Contract and the Framework Agreement have been amended, suspended, abrogated, repealed or waived or, after its expiration, a new performance contract has been entered into, but the form or substance of said new performance contract is not acceptable to the Association.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Conditions of Effectiveness consists of the following:

(a) The Project Steering Committee has been updated in accordance with Section I.A.2 of Schedule 2 to this Agreement.
(b) The Subsidiary Agreement under the Original Project has been revised in accordance with Section I.B of Schedule 2 to this Agreement.

5.02. The Additional Legal Matters consist of the following:

(a) The Subsidiary Agreement has been duly authorized or ratified by the Recipient and the Project Implementing Entity and is legally binding upon the Recipient and the Project Implementing Entity in accordance with its terms.

(b) The Project Agreement has been duly authorized or ratified by the Project Implementing Entity, and is legally binding upon the Project Implementing Entity in accordance with its terms.

5.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

5.04. 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 twenty (20) years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is the Recipient’s ministry responsible for finance.

6.02. The Recipient's Address is:

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

Tel: 223 20 22 58 58 / 20 22 58 06
Fax: 223 20 22 19 14 / 20 22 16 54

6.03. The Association's Address is:

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

Telex: 248423 (MCI) Facsimile: 1-202-477-6391
AGREED at Bamako, Republic of Mali, as of the day and year first above written.

REPUBLIC OF MALI

By

[Signature]

Authorized Representative

Name: Dr. Bouba Cissé
Title: Minister of Economy and Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: Paul Numanbata Ume
Title: Country Director
SCHEDULE 1

Project Description

The objective of the Project is to increase access to sustainable water services in selected urban areas within the Recipient's territory.

The Project consists of the following additional Part 4 to the Original Project:


1. Rehabilitating and expanding production, storage and transmission facilities to increase water availability and quality, in selected urban centers through, inter alia: (a) rehabilitating existing raw water intakes and ancillary facilities, water treatment plants, boreholes, water storage tanks and transmission pipes; (b) increasing water production capacity by constructing raw water intakes and pumping stations, expanding and constructing water treatment plants, and drilling and equipping new boreholes with connection pipes to collect ground water; (c) increasing water storage capacity by constructing elevated water storage tanks; and (d) provision of goods related for the purpose.

2. Increasing access to safe water in selected urban centers through the provision and installation of primary, secondary and tertiary water distribution pipes and provision and installation of household water service connections and standposts.

3. Support to the Recipient in the areas of: (a) supervision; and (b) assistance to the implementation of the Safeguards Documents, including through the provision of technical assistance, goods and services for the required purpose.
SCHEDULE 2

Project Execution

Section I.  Implementation Arrangements

A.  Institutional Arrangements and Other Implementation Arrangements

1. The Recipient shall vest responsibility for implementation of the Project in the Société Maliene de Patrimoine de l'Eau Potable (SOMAPEP).

2. **Steering Committees.** The Recipient shall update and thereafter maintain, at all times during the implementation of the Project, the Project Steering Committee with a mandate, composition and resources satisfactory to the Association.

B.  Subsidiary Agreement

1. To facilitate the carrying out of the Project by the Project Implementing Entity, the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity under a revised Subsidiary Agreement executed between the Recipient and the Project Implementing Entity, under terms and conditions approved by the Association ("Subsidiary Agreement").

2. The Recipient shall exercise its rights under the revised Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the revised Subsidiary Agreement or any of its provisions.

3. The principal amount of the Financing made available under the Subsidiary Agreement ("Subsidiary Financing") shall be provided under the same terms and conditions as for the Financing under this Agreement.

C.  Project Implementation Manual and Annual Work Plan

1. **Project Implementation Manual (PIM).** The Recipient shall cause the Project Implementation Entity to carry out the Project in accordance with the PIM.

2. **Annual Work Plan.** The Recipient shall cause the Project Implementing Entity to prepare and furnish to it, no later than October 30 of each year: (i) a draft annual work plan and budget for the Project for each subsequent year of Project implementation, of such scope and detail as the Association shall have reasonably requested; and (ii) the Safeguard Documents which may be required for the implementation of the activities included in the draft annual work plans and budgets.
3. The Recipient shall cause the Project Implementing Entity to carry out the Project in accordance with the Annual Work Plans and Budgets and in compliance with the Safeguards Documents.

D. Anti-Corruption

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

E. Safeguards

1. The Recipient shall implement (or cause the Project Implementing Entity to implement) the Project in accordance with the relevant Safeguards Documents, and shall, to that end:

   (a) if any activity under the Project would require the adoption of a supplemental ESMP or supplemental RAP:

      (i) prepare: (A) such Supplemental ESMP or Supplemental RAP in accordance with the applicable ESMF or RPF; (B) furnish such supplemental ESMP or supplemental RAP to the Association for review and approval; and (C) thereafter adopt such supplemental ESMP or supplemental RAP prior to implementation of the activity; and

      (ii) thereafter take such measures as shall be necessary or appropriate to ensure full compliance with the requirements of such supplemental ESMP or supplemental RAP; 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.

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

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

   (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Safeguard Document; and
remedial measures taken or required to be taken to address such conditions.

3. In the event that any provision of the Safeguards Document shall conflict with any provision under this Agreement, the provisions of this Agreement shall prevail.

4. The Recipient shall ensure that Chance Find Procedure are followed in cases where physical cultural resources are found during the course of Project implementation. The Recipient shall further ensure that Chance Find Procedure clauses are included in civil works contracts and that such clauses are enforced during the course of Project implementation.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall cause the Project Implementing Entity to 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 indicators acceptable to the Association. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Association not later than one (1) month after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall cause the Project Implementing Entity to maintain 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 cause the Project Implementing Entity to prepare and furnish to the Association as part of the Project Report not 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 cause the Project Implementing Entity to have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal was made. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.
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 the Procurement Guidelines, or 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 table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding, subject to the use of the additional provisions provided in paragraph 3 below</td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
<tr>
<td>(c) Direct Contracting</td>
</tr>
<tr>
<td>(d) Procurement from UN Agencies</td>
</tr>
</tbody>
</table>
3. **The Additional Provisions for National Competitive Bidding** are as follows:

(a) **Advertising**: 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;

(b) **Standard Bidding Documents**: All standard bidding documents to be used for the Project shall be found acceptable to the Association before their use during the implementation of the Project;

(c) **Eligibility**: No restriction based on nationality of bidder and/or origin of goods shall apply. Foreign bidders shall be allowed to participate in NCB without restriction and shall not be subject to any unjustified requirement, which will affect their ability to participate in the bidding process. Recipient's government-owned enterprises or institutions shall be eligible to participate in the bidding process only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not dependent agencies of the Recipient;

(d) **Bid preparation**: For cases of emergency declared by the Recipient, this one must transmit to the Association the evidence of such emergency. This must be recognized by the Association and the Association have to grant its approval for less time for the bids submission;

(e) **Preferences**: No preference shall be given to domestic and/or the West African Economic and Monetary Union (WAEMU) countries bidders; to domestically/WAEMU area manufactured goods; and to bidders forming a joint venture with a national firm or proposing national sub-contractors or carrying out economic activities in the territory of the Recipient;

(f) **Fraud and Corruption**: In accordance with the Procurement Guidelines, each bidding document and contract shall include provisions stating the World Bank's policy to sanction firms or individuals found to have engaged in fraud and corruption as set forth in the paragraph 1.16 (a) of the Procurement Guidelines;

(g) **Right to Inspect and Audit**: In accordance with paragraph 1.16(e) of the Procurement Guidelines, each bidding document and contract financed from the proceeds of the financing shall provide that: (i) the bidders, suppliers, and contractor and their subcontractors, agents personnel, consultants, service providers or suppliers, shall permit the Association, at its request, to inspect their accounts, records and other documents relating
to the submission of bids and contract performance, and to have them audited by auditors appointed by the Association; and (ii) the deliberate and material violation by the bidder, supplier, contractor or subcontractor of such provision may amount to obstructive practice as defined in paragraph 1.16(a)(v) of the Procurement Guidelines; and

(h) **Suspension and debarment**: 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 table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<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 Consultants’ Qualifications</td>
</tr>
<tr>
<td>(e) Single-source Selection of consulting firms</td>
</tr>
<tr>
<td>(f) Single-source procedures for the Selection of 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.
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 Credit Allocated (expressed in SDR)</th>
<th>Amount of the Grant 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 4 of the Project</td>
<td>21,200,000</td>
<td>14,200,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>21,200,000</td>
<td>14,200,000</td>
<td></td>
</tr>
</tbody>
</table>

B.  Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.

2. The Closing Date is December 31, 2021.

Section V.  Other Undertakings

1. The Recipient shall ensure that, no later than five (5) months after the Effective Date, SOMAPEP shall have appointed an external financial auditor for the Project under terms of reference and qualifications, and with experience satisfactory to the Association.
## SCHEDULE 3

**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 November 15 and May 15, commencing November 15, 2022 to and including May 15, 2054</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 3.03(b) of the General Conditions.
APPENDIX

Section I. Definitions

1. "Affected Person" means a person who as a result of: (a) the involuntary taking of land under the Project is affected in any of the following ways: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not the affected person must move to another location; or (b) 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.


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

4. "Chance Find Procedures" means the procedures to be followed in cases where Physical Cultural Resources are found during the course of Project implementation which require that the Project Implementing Entity take the appropriate safeguarding measures, including temporary suspension of activity in the site and reporting to the public entity in charge of cultural property.

5. "Concession Contract" means the Contrat de concession du service public de l'eau potable entered into between the Recipient and the Project Implementing Entity to hold develop and manage urban water supply assets in the Recipient's territory dated September 27, 2013.


7. "Environmental and Social Management Framework" and "ESMF" means the Recipient's framework entitled "Environmental and Social Management Framework," disclosed in the Recipient's territory on May 13, 2016, and at the Association's Infoshop on May 13, 2016, detailing: (a) the measures to be taken during the implementation and operation of the Project to eliminate or offset adverse environmental and social impacts, or to reduce them to acceptable levels; and (b) the actions needed to implement these measures, including monitoring and institution strengthening.

8. "Environmental and Social Management Plan" and "ESMP" means the plan prepared and adopted by the PIE as provided for in the ESMF providing
appropriate mitigation, monitoring and institutional measures designed to mitigate potential adverse environmental and social impacts under the Project, 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.


11. “Lease Contract” means the Contrat d’affermage du service public de l’eau potable au Mali, a contract entered into between the Recipient, the Project Implementing Entity and SOMAGEP for the delivery of urban water services dated September 27, 2013.

12. “Original Financing Agreement” means the financing agreement for a Bamako Water Supply Project between the Recipient and the Association, dated December 23, 2013, as amended to the date of this Agreement and renamed as ‘Urban Water Supply Project’ pursuant to said amendment (Credit No. 5317-ML).

13. “Original Project” means the Project described in Schedule I to the Original Financing Agreement.

14. “Performance Contract” means the Contrat de performances entered into between the Recipient, the Project Implementing Entity and SOMAGEP dated September 27, 2013.

15. “Physical Cultural Resources” means movable or immovable objects, sites, structures, groups of structures, and natural features and landscapes that have archaeological, paleontological, historical, architectural, religious, aesthetic, or other cultural significance.


17. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated May 20, 2016, 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.

18. “Project Agreement” means the agreement referred to in Sections 3.01, 4.01(a) and 5.02(a) of this Agreement, between the Association and Project Implementing Entity, as may be amended from time to time, including all schedules and agreements supplemental to the Project Agreement.
19. "Project Implementation Manual" or "PIM" means the manual approved by the Association and adopted by SOMAPEP on May 28, 2013 in accordance with the provisions of Section 1.C.1 of Schedule 2 to the Original Financing Agreement, as the same may be amended from time to time with the prior written agreement of the Association, and such term includes any schedules to the PIM.

20. "Project Implementing Entity" means SOMAPEP.

21. "Project Implementing Entity’s Legislation" means the Recipient’s Ordonnance no. 10-039 dated August 5, 2010 for the establishment and operation of Société Malienne de Patrimoine de l’Eau Potable and Recipient’s Ordonnance no. 10-038 of the same date modifying the organization of water services in Mali.

22. "Project Steering Committee" means the steering committee established by the Recipient pursuant to the Recipient’s Arrêté Interministériel n° 2014-1957/EEA-MAELACI-MEF-SG du 22 juillet 2014 to be revised in accordance with the provisions of Article 5.01(a) of this Agreement.

23. "Resettlement Action Plan" or “RAP” means the plan approved by the Association for the Project, prepared by the PIE on the basis of the RPF, as said document may be amended or supplemented from time to time with the prior written agreement of the Association and subject to the initial consultation and disclosure requirements carried out on the RAP.

24. “Resettlement Policy Framework” or “RPF” means the Resettlement Policy Framework approved under the Original Project, as revised and disclosed in country on May 13, 2016 and on the Bank InfoShop on May 13, 2016, which includes the policies and procedures to be implemented in the event that specific activities implemented under the Project have a potentially negative impact on the livelihoods, assets and land of the affected population, as said framework may be amended and/or supplemented from time to time with the prior written agreement of the Association.

25. "Safeguard Documents" means collectively, all documents required in order to meet the safeguards requirements of the Project, including ESMF, ESMP, RPF, RAP and Chance Find Procedures.

26. "Subsidiary Agreement" means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make the Subsidiary Financing available to the Project Implementing Entity and which shall be revised in accordance with the provisions of Article 5.01(b) of the Agreement.

27. “Subsidiary Financing” means the financing referred to in Section I.B.3 of Schedule 2 to this Agreement.

29. "SOMAPEP" means Société Malienne de Patrimoine de l'Eau Potable S.A, a public company incorporated under the laws of the Recipient, responsible for the development and management of water supply.