Financing Agreement

(OMVS Felou Hydroelectric Project)

between

REPUBLIC OF MALI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 13, 2006
FINANCING AGREEMENT

AGREEMENT dated September 13, 2006, 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 the Financing Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

WHEREAS:

(A) The Recipient has requested that the Association support the execution of the Program through a series of financings over a period of approximately seven years to be utilized for the implementation of the Program;

(B) The Recipient, having satisfied itself as to the feasibility and priority of the Project described in Schedule 1 to the Project Agreement, has requested the Association to assist in the financing of the Project;

(C) the Islamic Republic of Mauritania (Mauritania), and the Republic of Senegal (Senegal) have also requested the Association to assist in the financing of the Project and by agreements of even date herewith between Mauritania, and Senegal respectively, and the Association (the Senegal Financing Agreement, and the Mauritania Financing Agreement), the Association is agreeing to provide such assistance in an amount equivalent to SDR 16,900,000, and SDR 16,900,000 respectively; and
(D) Pursuant to an agreement of even date herewith the Société de Gestion de l’Energie de Manantali (SOGEM), the High Commissioner of OMVS/HC, and the Association, the Project will be carried out by OMVS with the assistance of the Recipient, Mauritania, and Senegal and, as part of such assistance, the Recipient will make available to SOGEM and OMVS/HC the proceeds of the Financing as provided in this Agreement, and Mauritania, and Mali will make available to SOGEM and OMVS/HC the proceeds of the financings provided for in the Mauritania Financing Agreement, and in the Senegal Financing Agreement, respectively, in accordance with the terms of said agreements.

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to sixteen million and nine hundred thousand Special Drawing Rights (SDR 16,900,000) (“Credit”) to assist in financing the project described in Schedule 1 to the Project Agreement (“Project”).

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section II of Schedule I 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 April 15 and October 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 2 to this Agreement.

2.07. The Payment Currency is the EURO.

**ARTICLE III — PROJECT**

3.01. The Recipient declares its commitment to the objectives of the Project and the Program. To this end, the Recipient shall cause the Project to be carried out by the Project Implementing Entities in 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 I to this Agreement and with the provisions of Schedule 2 to the Project Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Events of Suspension consist of the following:

(a) A situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out;

(b) The Project Implementing Entities 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; and

(c) (i) subject to subparagraph (ii) of this paragraph, the right of Mauritania, or Senegal to withdraw the proceeds of the financings made available to them under the Mauritania Financing Agreement, and / or the Senegal Financing Agreement, respectively, shall have been suspended, canceled or terminated in whole or in part, pursuant to the terms of said agreements, and (ii) subparagraph (i) of this paragraph shall not apply if adequate funds for the Project are available to SOGEM and OMVS/HC from other sources on terms and conditions consistent with the obligations of the Project Agreement.

4.02. The Additional Event of Acceleration consists of the following:

The event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 30 days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

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

(a) The Subsidiary Agreements, in form and substance satisfactory to the Association, has been duly executed on behalf of the Recipient and the Project Implementing Entities.
(b) The conditions precedent to the effectiveness of the Senegal Financing Agreement, and the Mauritania Financing Agreement, other than the fulfillment of the conditions precedent to the effectiveness of this Agreement, have been satisfied;

(c) The Project Implementing Entities have hired external auditors with qualifications, experience and terms of reference acceptable to the Association.

(d) The Project Implementing Entities have submitted to the Association: (i) bidding documents, in form and substance acceptable to the Association, for the Design-Build contract to be entered into for Component 2 of the Project, and (ii) a draft contract, in form and substance acceptable to the Association, for the consulting services required under Component 2 (b) of the Project.

5.02. The Additional Legal Matter consists of the following:

The Subsidiary Agreements have been duly authorized or ratified by the Recipient and the Project Implementing Entities and are legally binding upon the Recipient and the Project Implementing Entities in accordance with their terms.

5.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is the Minister at the time responsible for finance and economy. The Director General of SOGEM, the High Commissioner of OMVS and any person whom he or she shall designate in writing, are also designated as representatives of the Recipient for purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement.

6.02. The Recipient’s Address is:

Ministry of Economy and Finance
BP 234
Bamako
Republic of Mali

Cable: Telex: Facsimile:

(223) 222 88 53

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) or 1-202-477-6391
Washington, D.C. 64145 (MCI)
AGREED at Dakar, Republic of Senegal, as of the day and year first above written.

REPUBLIC OF MALI

By: /s/ Yoro Diallo
    Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Madani M. Tall
    Authorized Representative
SCHEDULE I

Project Execution

Section I. Subsidiary Financing; Institutional and Other Arrangements

A. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Financing available to the Project Implementing Entities under subsidiary agreements between the Recipient and the Project Implementing Entities, under terms and conditions approved by the Association (“Subsidiary Agreement”), which shall include for SOGEM on-lending terms including: (a) an interest rate of 4.5 percent per year; and (b) a repayment period of twenty years, including a grace period of five years.

2. The Recipient shall exercise its rights under the Subsidiary Agreements 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, arrogate or waive the Subsidiary Agreements of any of the provisions thereof.

Section II. 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 and of this Section and such additional instructions as the Bank may specify by notice to the Recipient, 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>Credit Allocated in SDR equivalent</th>
<th>% of expenditures to be financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Eligible Expenditures for the Design-Build Contract under Component 1 of the Project</td>
<td>16,900,000</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td>16,900,000</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 June 30, 2010.

Section III. Other Undertakings

1. Not later than December 31, 2006, the Recipient shall cause EDM to establish a guarantee mechanism, acceptable to the Association, including an escrow account to backstop its payments obligations for electricity purchases from the OMVS power system.
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 April 15 and October 15:</td>
<td></td>
</tr>
<tr>
<td>commencing October 15, 2016 to and including April 15, 2026</td>
<td>1%</td>
</tr>
<tr>
<td>commencing October 15, 2026 to and including April 15, 2046</td>
<td>2%</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

Definitions

1. “Affected Persons” means persons who, on account of the execution of the Project, had or would have their: (i) standard of living adversely affected; or (ii) right, title, interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business, occupation, work or place of residence or habitat adversely affected; and “Affected Person” means any of the Affected Persons.

2. “Category” means a category set forth in the table in Section II of Schedule I to this Agreement.


4. “CTPI” means the Comité Technique Permanent de l’Inter-connection of OMVS.


6. “ESMF” or “Environmental and Social Management Framework” means the Recipient’s document dated February 24, 2006 setting forth, inter alia, guidelines, procedures, timetable and other specifications designed to offset adverse environmental and social impacts related to Project activities, or to reduce them to acceptable levels, or to enhance positive impacts.

7. “Financing Agreements” means this Agreement, the Mauritania Financing Agreement, and the Senegal Financing Agreement.


9. “OMVS” means the Organisation pour la Mise en Valeur du Fleuve Sénégal, established and operating pursuant to the OMVS Conventions.

10. “OMVS Conventions” mean the Convention relative au Statut du Fleuve Sénégal of March 11, 1972, the Convention portant Création de l’Organisation pour la


13. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated June 5, 2006 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.


15. “Project Implementing Entities” means the SOGEM and OMVS/HC.

16. “Project Implementing Entities’ Legislation” means the OMVS Conventions.

17. “RAP” means the Resettlement Action Plan dated February 24, 2006 for compensation payments to be made under the Project to Affected Persons.

18. “SOGEM” means *Societé de l’Energie de Manantali* operating pursuant to the OMVS Conventions and any entity which may be established to succeed SOGEM.

19. “Subsidiary Agreements” means the agreements referred to in Section 5.01 (a) of this Agreement pursuant to which the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity.
20. “WAPP” means the West Africa Power Pool, a cooperative mechanism for pooling the operations of the national power systems of ECOWAS member states into a unified regional electricity market, established pursuant to Decision A/Dec.8/12/01 of December 20-21, 2001.

21. “WAPP Organization” means the specialized institution of ECOWAS, established pursuant to Decision A/Dec.18/01/06 of January 12, 2006 and Decision A/Dec.20/01/06 of January 12, 2006, whose mission is to promote technical cooperation and operational coordination among power utilities in ECOWAS member states.

22. WAPP Zone B OMVS Countries” means collectively Guinea, Mali, Mauritania and Senegal.