H. E. Fily Bouare Sissoko
Minister of Economy, Finance and Budget
Ministry of Economy, Finance and Budget
Bamako
Republic of Mali

Re: ASEI-MDTF Grant No.TF017214
Legal and Technical Advisory Support for Negotiations Project

Excellency:

In response to the request for financial assistance made on behalf of the Republic of Mali ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development and the International Development Association (collectively, the "World Bank"), acting as administrator of grant funds provided by various donors ("Donors") under the Africa Sustainable Extractive Industries Multi-donor Trust Fund, proposes to extend to the Recipient a grant in an amount not to exceed one million two hundred seventy thousand United States Dollars (U.S.$1,270,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and return it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature ("Effective Date"); provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received
the countersigned copy of this Agreement within ninety (90) days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

By: [Signature]
Paul Noumba Um
Country Director for Mali
Africa Region

AGREED:
REPUBLIC OF MALI

By: [Signature]
Authorized Representative
Name: Hély Bouare Sissoko
Title: Minister of Economy and Finances
Date: June 13th, 2014

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
(3) Guidelines: “Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers”, dated January 2011
(4) Guidelines on “Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011
Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 ("Standard Conditions") constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement, and the following additional terms shall have the following meanings:

- (a) "Project Implementing Unit" or "PIU" means the Recipient’s entity established within its ministry in charge of energy for the implementation of Part 1(b) of the Additional Financing for the Household Energy and Universal Access Project (Credit No. 4503-MLI).

- (b) "M&E" means monitoring and evaluation.

- (c) "MOU" means the memorandum of understanding dated April 30th, 2014, as approved by the Recipient’s ministry in charge of energy, between the Recipient’s ministry in charge of mines and the PIU, establishing the Project’s implementation arrangements between the Recipient’s ministry in charge of mines and the PIU.

- (d) "NGOs" means non-governmental organizations.

- (e) "Training" means the reasonable expenditures incurred by the Recipient to conduct training, including: (i) purchase of training materials and rental of training facilities and equipment; (ii) tuition fees, travel, accommodation and per diem of trainers and trainees; and (iii) any other expenses related to training to be carried out under the Project.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to strengthen the negotiation capacity of the Recipient, in particular its ministries in charge of mines and finance. The Project consists of the following parts:

Part I. Legal and Technical Advisory Support for Licensing and Negotiations

Strengthening the capacity of the Recipient’s department of mines and geology to better manage the mining sector through: (a) the provision of legal and technical support to the review of existing exploration authorizations, titles and contracts; and (b) the carrying out of a legal and fiscal assessment of selected mining operations in light of the new mining code and international best practice.
Part 2. Institutional Capacity Building for Negotiations and Enhanced Benefits

Strengthening the Recipient's institutional capacity and enhanced benefits through:

(a) the provision of training to, *inter alia*, key technical staff of the Recipient's ministries in charge of mines, finance and environment, and representatives of the civil society and the union on negotiations strategies, legal, technical and financial aspects of mining contracts, including the assessment of mining feasibility studies.

(b) the carrying out of a program of activities to develop a framework for corporate social responsibility for mining in the Recipient's territory and to strengthen the capacity of the Recipient's ministries of mines and environment to clarify and enforce environmental and social obligation of the 2012 mining code through: (i) an initial assessment of the corporate social and environmental responsibility practices at the mines, (ii) broad consultations with NGOs; (iii) the creation of a tripartite framework and an action plan; and (iv) training to staff at the Recipient's ministries of mines and environment; and

(c) the carrying out of consultations and basic assessments of critical issues to improve the management of artisanal and small scale mining through: (i) a multi-stakeholder workshop; (ii) the development of an action plan; (iii) capacity building of artisanal and small scale miners in the field; (iv) the development of an artisanal and small scale database; and (v) the dissemination of findings from assessment, action plan and data collection to artisanal and small scale miners.

Part 3. Project Management

Provision of technical assistance to support the PIU's procurement, financial management and M&E systems.

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through a PIU within its ministry in charge of energy (“Ministry of Energy”) in accordance with the provisions of:

(a) Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. Institutional and Other Arrangements. Without limitations upon the provisions of paragraph 2.02 above:

(a) The Recipient shall ensure, throughout Project implementation, that its ministry of mines oversees the implementation of the Project, specifically its technical aspect.

(b) The Recipient shall, throughout Project implementation, maintain the PIU with composition, functions and resources satisfactory to the World Bank to be responsible for the fiduciary aspect of the Project.

(c) The Recipient shall ensure that the Project is implemented in accordance with the terms and conditions of the MOU signed between the Recipient’s ministry in charge of mines and the PIU.
(d) The Recipient shall pay due attention to and ensure that all terms of reference for any training, technical assistance or studies carried out under the Project are consistent with the World Bank's environmental and social safeguards policies, as well as the Recipient’s own laws relating to the environment and social aspects.

2.04. Project Monitoring, Reporting and Evaluation. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date.

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

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

2.06. Procurement

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

(i) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and

(ii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II, III, IV and V of the Consultant Guidelines, as the case may be.
(c) Particular Methods of Procurement of Consultants’ Services

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants’ Qualifications; (E) Single-source Selection of consulting firms; (F) Selection of Individual Consultants; and (G) Single-source procedures for the Selection of Individual Consultants.

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

Article III
Withdrawal of Grant Proceeds

3.01. Eligible Expenditures. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Consultants’ services, and Training</td>
<td>1,270,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>1,270,000</td>
<td></td>
</tr>
</tbody>
</table>

3.02. Withdrawal Conditions. Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. Withdrawal Period. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 15, 2015.
Article IV
Remedies of the World Bank

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

(a) as a result of an act or omission in the management or operations of the Recipient’s mining or hydrocarbon sectors, there has been, in the opinion of the World Bank, a failure on the part of the Recipient or any of its agencies or other competent authorities located in the Recipient’s territory, to: (i) apply sound social and environmental standards and practices; or (ii) uphold appropriate standards of good governance applicable to the sector, including accountability mechanisms and anti-corruption principles and practices prevalent at the local or national levels of said sector; and

(b) the Recipient or other agency or competent authority, as the case may be, has failed, within a sixty (60) day period after notice thereof has been given to it by the World Bank, to remedy such failure or take appropriate corrective measures.

Article V
Recipient’s Representative; Addresses

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

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

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

Facsimile:
223 20 22 19 14

5.03. World Bank’s Address. The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable: INTBAFRAD
Telex: INDEVAS 248423 (MCI) or 1-202-477-6391
Washington, D.C. 64145 (MCI)