

**FINANCING AGREEMENT N° ...../AMADER/DG/DAF FOR THE  
ELECTRIFICATION OF.....**

**(Household Energy and Universal Rural Access Project)**

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**Between:**

**The Malian Agency for the Development of Household Energy and Rural Electrification, BPE 715, Tel. 223 85 67, e-mail: amader@amadermali.net, on the one hand, whose registered office is in Bamako, Mali, represented by Mr. Amadou Tandia, President and Director General, hereinafter referred to as “AMADER,”**

**And**

**The Company..... , BP ....., TEL ....., e-mail :....., on the other hand, whose registered office is in ....., Mali, represented by. ...., authorized representative, and hereinafter referred to as “the Permit Holder/Declarant”**

**Date:.....**

This Financing Agreement is concluded on ...../...../..... between the Malian Agency for the Development of Household Energy and Rural Electrification, on the one hand, whose registered office is in Bamako, Mali, represented by ..... President and Director General, hereinafter referred to as “AMADER,” and the Company ....., represented by ....., authorized representative, and hereinafter referred to as “the Permit Holder/Declarant,” on the other hand.

**THIS AGREEMENT IS MADE WITH REFERENCE TO THE FOLLOWING FACTS:**

Whereas the Republic of Mali has obtained a credit from the International Development Association (IDA) to finance the cost of the “Household Energy and Universal Rural Access Project” (HEURA), aimed at providing energy services to rural and peri-urban populations throughout the country,

Whereas the Republic of Mali has established AMADER for the development of rural electrification and household energy,

Whereas ..... has submitted a project for the financing of the electrification of ..... localities ....., and that after an appraisal of the relevant business plan, it has been demonstrated that this subproject on rural electrification is feasible under the conditions stipulated in the framework of the Household Energy and Universal Rural Access Project (HEURA),

**IT IS HEREBY AGREED AS FOLLOWS:**

**Article 1: Definitions**

Unless the context otherwise requires, the following definitions apply:

- a. “Specifications” means the annex to the concession contract setting out the obligations and technical specifications for the supply of electricity by the Permit Holder/Declarant.
- b. “Permit Holder” means any concession holder whose installed power capacity is higher than 50kW and less than or equal to 250kW.
- c. “Concession” means an administrative act by which the Minister of Energy authorizes a Permit Holder/Declarant to operate within an electrification perimeter.

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d. “Declarant” means any concession holder whose installed power capacity is less than or equal to 50kW.

e. “Perimeter” means the electrification perimeter which is the subject of this project.

f. “Parties” means AMADER and the Permit Holder/Declarant.

g. “Concession holder” means, unless otherwise indicated, the company (operator) that is party and signatory to this contract.

h. “Concession contract” means the contract to be concluded between AMADER and the Permit Holder establishing for the former the conditions for subsidizing the initial investments in the latter, according to the provisions set forth in Order N° 00-019-PRM of March 15, 2000, published in special edition No. 7 of the Official Gazette of the Borrower, dated August 5, 2000.

i. “Administrative Handbook” means the handbook of administrative, financial, accounting, and auditing procedures that will apply during the execution of the Project and that may be amended from time to time with the agreement of IDA. This definition is also valid for the annexes to the handbook.

j. “Decentralized bodies” means the autonomous local administrative entities established under the following laws of the Borrower: No. 96-059 of February 21, 1996, of the Official Gazette No. 6 of March 31, 1996, pp. 204-209; No. 96-059 of November 4, 1996, of the special edition of the Official Gazette No. 3 of November 26, 1996; and No. 99-035 of August 10, 1999, Official Gazette No. 21 of August 1999, pp. 806 –810.

k. “Rural commune” means an autonomous local administrative entity, a territorial collectivity as defined in the Borrower’s Law No. 93-008 AN-R M of February 11, 1993 (Gazette republished in 2000, p. 480).

l. “Eligible expenditures” means expenditures relating to the reasonable costs of goods and services necessary for the execution of the Project, contained in the initial investments and to be financed from rural electrification funds.

m. “Environmental and Social Management Plan” (ESMP) means the environmental and social management framework of AMADER (document dated May 2, 2003) for the implementation of mitigation, reinforcement, control, and institutional measures identified by the Borrower as being feasible in order to curb the negative social and environmental impacts of the Project’s activities, reduce them to acceptable levels, and encourage the positive effects thereof.

n. “Rural Electrification Fund Handbook” means the handbook that sets forth the administrative, financial, and accounting procedures governing Rural Electrification Fund (REF) disbursements through a commercial bank.

o. “Project” means a specific rural electrification project financed by REF.

p. “Project financing agreement” means the agreement between AMADER and the Permit Holder/Declarant for the financing of its project.

q. “REF” means the Rural Electrification Fund.

## Article 2: Financing

### (i) Amount of project financing

The total amount of financing necessary for the electrification of the localities listed in annex 1 is the “CFAF amount written out in full” (CFAF figures).

### (ii) AMADER financing

According to the terms and conditions set forth in the Financing Agreement, AMADER shall make available to [“Name of promoter”], who shall receive a maximum amount equal to the sum of CFAF ..... “amount written out in full” (CFAF..... amount in figures) for the partial financing of the rural electrification project in the localities listed in annex 1. This amount represents “% of total investment” of the total financing. The amount of partial financing is chargeable to REF, in accordance with the initial investments in the business plan contained in annex 2 to this financing agreement, for the payment of the necessary equipment, works, goods, and services for all the elements of the Project to be financed by REF.

### (iii) Operator’s contribution

The Permit Holder/Declarant shall participate in the financing of the project by providing a counterpart contribution in the amount of CFAF ..... “amount written out in full” (CFAF..... amount in figures), which represents “% of total investment” of the total financing. This contribution may be (i) in kind (equipment, works, goods, and services delivered or already in use on site) valued at ..... according to a counter-evaluation by AMADER and/or (ii) in cash in the amount of .....

**(iv) Bidding for works, supplies, and services**

The Permit Holder/Declarant shall tender bids for equipment, works, goods, and services in keeping with (i) private-sector business practices acceptable to AMADER, providing proof thereof to AMADER for purposes of a posteriori verification; (ii) security requirements for payments, control of their appropriate destination and proper use; (iii) accounting requirements; and (iv) monitoring and reporting requirements.

The transactions, accounts, and financial statements of the operator shall be subject to technical and financial verification and audit by AMADER, by independent consultants representing AMADER, and by authorized State agencies.

**Article 3: Administrative and financial conditions**

**(i) Administrative conditions**

The Concession Contract, the Specifications and this Financing Agreement shall constitute annexes of the Concession Order issued by the Minister of Energy and shall form an integral part thereof.

**(ii) Financial conditions and means of payment of financing**

**(ii)-1 Justification for the contribution provided by the Permit Holder/Declarant**

The Permit Holder/Declarant shall show proof of the existence of its in-kind or cash contribution to the project no later than sixty (60) days from the date of signature of the Financing Agreement.

**a- In-kind contribution**

The in-kind contribution (equipment, works, goods, and services received at the project site or already in operation) valued at ..... shall be counter-evaluated by AMADER.

AMADER shall have forty-five (45) days from the date of signature of the Agreement to evaluate the operator's investments and to send notice thereof to the operator. The operator agrees to maintain the equipment at the site and submit a periodic report on its use.

AMADER reserves the right to monitor from time to time the existence of this equipment at the site and its use for the purposes of the project.

**b- Cash contribution**

The cash contribution in the amount of CFAF ..... shall be certified in a document from the Central Operating Account of the project, opened in the depository bank of REF by the Permit Holder/Declarant. Transactions for this account must be signed by both the Permit Holder and AMADER.

The amount of this cash counterpart contribution shall be fully invested by the Permit Holder/Declarant in the purchase of equipment and services before any disbursement from AMADER is made.

**(ii)-2 Disbursement of AMADER financing**

AMADER financing shall be disbursed on the basis of the state of progress of the work of the Permit Holder/Declarant in adherence to the following principle:

- A maximum payment of 25 percent for the first stage based on the certification of payment of the counterpart contribution by the Permit Holder/Declarant under the conditions indicated in point (ii)-1;
- AMADER financing shall be disbursed on the basis of the state of progress of the work of the Permit Holder/Declarant in accordance with the annexed schedule agreed between the Operator and AMADER and in adherence to the following principles:
  - ③ Acceptance by AMADER of the stages of work as completed;
  - ③ Issue of the performance bond guaranteeing satisfactory completion of the work corresponding to 5 percent of the value of the investments upon provisional acceptance of the work.

**Article 4: Obligations of the Permit Holder/Declarant**

The Permit Holder/Declarant must fulfill the following obligations:

- Minimum electric services defined in the Specifications annexed to the Concession Contract;
- Obligation concerning electrification of the concession perimeter;
- Minimum technical rules governing the building of the power plant, grids, service connections, interior installations and installation of photovoltaic (PV) solar power kits, and any other future legislative or regulatory requirement;
- Environmental measures: AMADER framework of social benefits and environmental management (document dated May 2, 2003), implemented for the mitigation, reinforcement, control, and institutional measures identified by AMADER as being

feasible in order to curb the negative social and environmental impacts of the Project's activities, reduce them to acceptable levels, and encourage the positive effects thereof.

- Payment of the insurance premium, the type and coverage of which are indicated in article 11 of the Specifications annexed to the Concession Contract on rural electrification;
- Technical, accounting, and financial audits; inspections and assessments by AMADER, its partners, and authorized State agencies.

#### **Article 5: Obligations of AMADER**

AMADER shall respect the schedule of disbursements subject to the fulfillment of the relevant administrative and financial conditions and the obligations of the Permit Holder/Declarant.

#### **Article 6: Disputes**

Any dispute arising out the implementation of this Agreement shall be first settled by amicable agreement or, in the absence thereof, by the competent Malian courts.

#### **Article 7: Termination of the Financing Agreement**

This Financing Agreement shall be terminated if:

- The counterpart contribution of the Permit Holder/Declarant has not been made within (60) days from the signing of this Agreement in accordance with the conditions set forth in article 2;
- Either Party does not remedy a serious breach of its obligations within forty-five (45) days from the receipt of an injunction to remedy the breach;
- The Permit Holder/Declarant does not communicate to AMADER the certificates of insurance required by the regulations within 90 days from the signing of the Financing Agreement;

#### **Article 8: Duration of the Agreement**

This Financing Agreement shall remain in effect for 24 months from the date of its entry into force.

**Article 9: Date of entry into force of the Agreement**

**This Financing Agreement shall enter into force on the date on which the operator makes its counterpart contribution and following the issue of the Concession Order by the Minister of Energy.**

**Done at Bamako, on.....  
in three originals**

**For the Permit Holder/Declarant**

**For AMADER**

**Director General**

**President and Director General**

**Annex 1: List of localities in the rural commune of .....**

**Annex 2: Lists of eligible investments**