

MILLENNIUM CHALLENGE CORPORATION

[MCC FR 06–20]

Notice of Entering Into a Compact With the Government of the Republic of Mali

AGENCY: Millennium Challenge Corporation.

ACTION: Notice.

SUMMARY: In accordance with Section 610(b)(2) of the Millennium Challenge Act of 2003 (Pub. L. 108–199, Division D), the Millennium Challenge Corporation (MCC) is publishing a summary and the complete text of the Millennium Challenge Compact between the United States of America, acting through the Millennium Challenge Corporation, and the Government of the Republic of Mali. Representatives of the United States Government and the Government of the Republic of Mali executed the Compact documents on November 13, 2006.

Dated: November 16, 2006.

William G. Anderson, Jr.,

*Vice President & General Counsel (Acting),
Millennium Challenge Corporation.*

Summary of Millennium Challenge Compact With the Government of the Republic of Mali

I. Introduction

The five-year, approximately \$460 million Millennium Challenge Compact aims to support policy reform and the development of key infrastructure for productive sectors, by addressing Mali's constraints to growth and capitalizing on two of the country's major assets, the Bamako-Sénou International Airport (the "Airport"), a gateway for regional and international trade and the Niger River Delta for irrigated agriculture. These investments will create a platform for increased production and productivity of agriculture and small- and medium-sized enterprises, as well as expand Mali's access to markets and trade.

The MCC investments will be strengthened by policy reforms and institutional support, such as formal land titles for the rural poor, demand-driven rural advisory services, an improved business environment, and increased access to markets and trade. These institutional and infrastructure investments will impact the poor in Mali, particularly Malian farmers and small- and medium-sized entrepreneurs, not only in project intervention zones but, over time, on a regional and national scale.

II. Program

The projects under the Compact are as follows:

1. *Airport Improvement Project:* Establish an independent and secure link to the regional and global economy, addressing the specific need of a landlocked developing country.
2. *Industrial Park Project:* Provide properly managed and serviced land for close to 200 businesses and leverage reforms that will decrease the cost of doing business.
3. *Alatona Irrigation Project:* Provide a catalyst for the transformation and commercialization of family farms, supporting Mali's national development strategy objectives to increase the contribution of the rural sector to economic growth and help achieve national food security.

Airport Improvement Project

The Airport Improvement Project is intended to remove constraints to air traffic growth and increase the Airport's efficiency in both passenger and freight handling through airside and landside infrastructure improvements, as well as the establishment of appropriate institutional mechanisms to ensure effective management, security, operation, and maintenance of the Airport facilities over the long term.

The Airport Improvement Project includes the following activities:

- *Airside Infrastructure:* Improvements will include reinforcement overlay to, and expansion of, the runway, taxiway, and apron areas; replacement of deteriorating navigational equipment; and upgrades of Airport security systems.
- *Landside Infrastructure:* Improvements will be made to the existing passenger terminal and a new passenger terminal will be constructed, as well as support facilities, Airport roads, and parking lots. Certain utilities, including water supply, solid waste disposal facilities, wastewater treatment, and power generation, are also planned to be constructed and designed as joint systems to support both the proposed investments at the Airport and the adjacent Industrial Park.
- *Institutional Strengthening:* Infrastructure improvements will be accompanied by the establishment of appropriate institutional mechanisms to ensure effective management, operation and maintenance of the Airport facilities over the long term. These measures will involve both the management of the Airport, as well as the wider regulatory framework governing the civil aviation sector in Mali.

Industrial Park Project

The Industrial Park Project, located within the Airport domain, will develop a platform for industrial activity (initially 100 hectares (ha)) to meet the high and growing demand for well managed and serviced industrial land. The 100 ha industrial park (the "Industrial Park") is intended to be an anchor for a growing industrial sector in Mali, thereby alleviating a key constraint to value added production and economic growth. Reliable provision of utility services, including electricity, water, and wastewater, will increase business productivity.

The Industrial Park Project includes the following activities:

- *Primary and Secondary Infrastructure:* The Industrial Park Project will fund primary and secondary infrastructure systems for the 100 ha Industrial Park, designed for potential expansion to a larger 200 ha industrial zone. The primary infrastructure will include major road systems and utilities such as water supply mains and pump stations. Secondary infrastructure will include roads leading into Industrial Park sub-zones as well as lateral water/drainage piping, etc. to service the smaller parcels. The tertiary (on-lot) infrastructure, to be financed and built by the industries locating in the Industrial Park, includes interior roads and parking, water supply taps/connections and fire protection, electrical and telecommunications, and wastewater collection (and possibly pretreatment).
- *Resettlement:* Resettlement activities, which must be consistent with World Bank Operational Policy 4.12 on Involuntary Resettlement, require compensation for loss of livelihoods as a result of both physical and economic displacement. The scope of this displacement is larger than the 200 ha acquisition of land and compensation of users for the Industrial Park. Common infrastructure facilities¹ require acquisition and clearing of land and rights of way outside the Industrial Park, both inside and outside the Airport domain. To compensate peri-urban cultivators who practice rain-fed agriculture in the Airport domain and whose lands are required for the Industrial Park Project and the Airport Improvement Project, the Industrial Park Project will develop serviced garden plots offered on a long-term (e.g., 40-year) lease on land elsewhere in the

¹ This infrastructure includes wastewater treatment, power generation, water supply, conveyance and storage, and solid and hazardous waste disposal to serve both the Industrial Park and the Airport.

Airport domain. Acquisition of other land for infrastructure and rights of way located outside the Airport domain will also require compensation, the nature of which will be determined during the development of the RAP, which will cover the resettlement and compensation issues related to both the Industrial Park Project and the Airport Improvement Project.

- **Institutional Strengthening:** Infrastructure improvements will be accompanied by the establishment of appropriate mechanisms that will ensure effective management, operation and maintenance of the facilities over the long term. These mechanisms will involve the management of the Industrial Park itself, as well as administrative and regulatory reforms to alleviate current constraints to business development in Mali. To encourage the development of small- and medium-sized enterprises ("SMEs"), the Industrial Park Project will provide business services such as access to financial and market information and export facilitation services. The Industrial Park Project will also focus on how to ensure coordination in operations and maintenance of shared utilities between the Airport and Industrial Park operators.

Alatona Irrigation Project

The Alatona Irrigation Project is focused on increasing production and productivity, increasing farmer incomes, improving land tenure security, modernizing irrigated production systems and mitigating the uncertainty from subsistence rain-fed agriculture.

This project seeks to develop 16,000 ha of newly irrigated lands in the Alatona production zone of the Office du Niger (the "ON"), representing an almost 20 percent increase of "drought-proof" cropland. The Alatona Irrigation Project will introduce innovative agricultural, land tenure, and water management practices, as well as policy and organizational reforms aimed at realizing the ON's potential to serve as an engine of rural growth for Mali.

The Alatona Irrigation Project includes the following activities:

- **Niono-Goma Coura Road:** This activity will involve upgrading an 81 kilometer north-south road within the national highway network from its current earth/gravel condition to a paved standard. The investment will also include an additional access spur to the Alatona perimeter at the village of Dogofry.

- **Irrigation Planning and Infrastructure:** This activity will involve main conveyance system expansion, Alatona irrigation system development, and support to the ON agency on water management.

- **Land Allocation:** The Alatona Irrigation Project will improve rural land tenure security in Mali by allocating newly developed, irrigated land to family farmers, women market gardeners, and farming companies in private ownership. These land recipients will purchase the land by making annual payments over a 15–20 year period. This activity consists of land parcel creation, land rights education, registration system upgrade, land parcel allocation and titling, and management of land revenues.

- **Resettlement, Social Infrastructure, and Social Services:** This activity will compensate families residing in the perimeter or with rights to land therein, consistent with World Bank Operational Policy 4.12 on Involuntary Resettlement, by offering land in the irrigation perimeter or, if the land option is not chosen, other compensation alternatives. This activity will provide social infrastructure to serve these project affected persons as well as incoming settlers and other migrant families and will also support social services (primarily education and health staff) during the last three years of the Compact.

- **Agricultural Services:** This activity will support a range of agricultural, institutional and related services to strengthen capacity and improve agricultural practice through applied agricultural research, extension and farmer training, support to farmer organizations, and support to water users associations.

- **Financial Services:** This activity will encourage agricultural lending by reducing the risks of extending credit in this newly developed zone, improving transparency within the existing financial system, and strengthening the capabilities of local financial institutions through a credit risk sharing program, microfinance credit bureau strengthening, financial institution capacity building, and direct support to farmers.

The table below outlines the estimated MCC contribution to the program by year and category over the term of the Compact.

MULTI-YEAR FINANCIAL PLAN SUMMARY						
Project	Totals Including Contingencies (USD)					
	Year 1	Year 2	Year 3	Year 4	Year 5	Total
1. Airport Improvement Project	6,264,292	24,433,578	39,291,383	19,211,924	430,000	89,631,177
2. Industrial Park Project	7,161,000	27,633,932	49,561,416	9,124,171	786,000	94,266,519
3. Alatona Irrigation Project	21,971,279	65,417,249	66,815,632	54,197,204	26,207,104	234,608,468
4. Monitoring and Evaluation	1,500,000	520,000	655,000	705,000	1,525,000	4,905,000
5. Program Management and Oversight	8,200,000	7,300,000	7,400,000	7,200,000	7,300,000	37,400,000
TOTAL ESTIMATED MCC CONTRIBUTION	45,096,571	125,304,759	163,723,431	90,438,299	36,248,104	460,811,164

III. Impacts

The Airport Improvement Project will expand Mali's access to markets and trade through improvements in the transportation infrastructure at the Airport, as well as better management of the national air transport system. Evidence suggests that economic growth and poverty reduction depend on enhanced access to markets and trade. However, Mali's access is severely

constrained. Mali is landlocked and heavily dependent on inadequate rail and road networks. Mali depends on freight transport through ports in unstable countries, such as Conakry, Guinea (Bamako's closest port, which is 1000 km away) and Abidjan, Cote d'Ivoire. In the last few years, the instability in Cote d'Ivoire has dramatically limited Mali's market access. Before the outbreak of the

Ivorian crisis, 70 percent of Malian exports were leaving via the port of Abidjan. In 2003, this amount dwindled to less than 18 percent. Mali cannot control overland routes to international and regional markets. Therefore, air traffic has become Mali's lifeline for transportation of both passengers and export products.

Malian exports are predominantly agriculture based and depend on rural

small-scale producers, who would benefit from increased exports in high-value products such as mangoes, green beans, and gum arabic. Additionally, international tourists arriving at the Airport spend the majority of their time in rural areas, benefiting businesses in far-away places such as Timbuktu, Mopti, and Djenné. Finally, the improved management of the national airport system will facilitate links to primary destinations through regional air travel.

The Industrial Park Project will leverage national reforms in the business sector, reducing the cost and time to register a business, and enhance management and planning of the industrial sector. The existing, heavily congested, poorly managed, and degraded “industrial zone” is inappropriately located, lacks basic utilities and services, and has no room for expansion. The proposed Industrial Park would become the anchor for a growing industrial sector in Mali and alleviate a key constraint to value-added production and economic growth. Businesses in the agro-processing sector, where Mali has a comparative advantage, are likely to install in the Industrial Park. Growth generated by the Industrial Park will generally be poverty reducing due to the link to small-scale agricultural production.

The Alatona Irrigation Project focuses on a high-potential geographical zone in one of the poorest areas of central Mali. The Alatona Irrigation Project will develop 16,000 ha of irrigable agricultural land in the Alatona zone of the ON resulting in increased productivity and production, as well as diversification of high-value crops. MCC’s investments will include construction of a road, irrigation infrastructure, and social infrastructure, such as schools, clinics, and water and sanitation facilities. This project will provide social services, access to credit, and agricultural extension and will help establish and empower rural producer organizations by giving them access to information and productive assets. The Alatona Irrigation Project will leverage policy reforms expected to have a broad impact on the agricultural landscape throughout Mali.

Together, the three projects will result in increased industrial growth in the urban area, increased agricultural production and productivity in the ON and improved access to national, regional, and international markets.

IV. Program Management

The accountable entity (the “MCA-Mali”) will be organized under the laws of Mali as a *service rattaché* attached to

the Prime Minister’s office. MCA-Mali will have a mixed public-private board of directors responsible for program oversight. The board will consist of eleven voting members and two non-voting members. A management team will have overall management responsibility for the day-to-day implementation of the program. MCA-Mali will remain accountable for the successful execution of the program while working through implementing entities, contractors and consultants, whose interaction will be facilitated by a fiscal agent and a procurement agent. The Government of Mali (“GOM”) will also create two advisory councils to represent beneficiaries for each of the project sites—the Airport domain and the Alatona zone. In addition to the fiscal agent and the procurement agent, financial auditors and possibly a data quality agent will provide external controls.

V. Other Highlights

A. Consultative Process

The program strongly supports the third pillar of Mali’s Poverty Reduction Strategy Paper (“PRSP”)—development of infrastructure and key support for productive sectors. The participatory process of the PRSP is characterized as having “breadth” and being “systematic.” The PRSP identifies the following as top constraints to economic growth in its consultative process:

- Climatic risks affecting the rural sector with consequences on the national economy.
- High cost of factors of production.
- Fluctuations in prices of principal import and export products.
- Isolation/landlocked nature of the country.

The Compact was designed to address these constraints. Priorities were defined by the national PRSP structure and refinement occurred in consultation with civil society and the private sector. This consultative process enriched and helped form the GOM proposal and its development. The insistence on rural land ownership and titling derived from dialogue with civil society and private sector actors. The need for inclusion of a strong component of social services for the Alatona zone was also reinforced through the consultative process.

Members of the GOM, private sector, and civil society (Malian and U.S. non-governmental organizations (“NGOs”)) played an active role in developing the Compact proposal. Local NGOs, including village-level women’s associations, were directly involved in the process through numerous on-site workshops and meetings in the ON

region. Consultations also took place with private sector and civil society actors around Bamako, as well as communities surrounding the Airport domain, who emphasized the need for improved infrastructure and increased economic activity to reduce poverty. In addition, the consultative process involved participation of the U.S. NGO community, which has a strong presence in Mali, working on health, education, agriculture, governance, and economic development programs throughout the country.

B. GOM Commitment and Effectiveness

MCC and GOM have been in discussions over the following policy and institutional reforms that will reinforce the implementation and sustainability of the program. Relevant reforms will serve as conditions precedent in the disbursement agreement. Below is a list of policy and institutional reforms that have been adopted or are pending:

Airport Improvement Project

- GOM is in the process of restructuring several aspects of the civil aviation sector to reflect the recommendations of international organizations such as the International Civil Aviation Organization (“ICAO”) and the U.S. Federal Aviation Administration (“FAA”). Among these reforms:

- GOM recently (December 2005) created an independent and financially autonomous civil aviation agency, the Agence Nationale de l’Aéronautique Civile (ANAC). Implementation of the new agency is considered by GOM to be a high priority and a proposal has been made to include approximately \$5 million in the national budget of Mali over the next three years for this purpose.

- A new law is expected to be approved before the end of 2006 that will modernize the operations and management of Aéroports du Mali (“AdM”), the operator of the landside facilities. The text of the new law will grant AdM more flexibility, better define its mandate, and lay the groundwork for the eventual possibility of opening its capital to participation by third parties and creation of a *société d’économie mixte*.

Industrial Park Project

- Law 05–019 was ratified by Parliament in September 2005 establishing API-Mali, a new investment promotion agency. This agency will encourage and sustain foreign direct and national investment, improve the business climate, and

develop and regulate industrial zones and other economic activities. Implementation of this law will determine the agency's exact role vis-à-vis the Industrial Park Project.

- In response to the Doing Business Indicators and the Multilateral Investment Guarantee Agency benchmarking study, GOM has developed a short-term action plan to improve Mali's performance. Recently, the Ministry of Investment Promotion has engaged the International Finance Corporation to develop a legal regulatory framework, in addition to frameworks relating to land allocation and taxation for industrial zone activities in the country.

- Among the various efforts that GOM is undertaking to address weaknesses in the Malian business climate, an important and innovative measure includes the establishment of the Presidential Investors' Council ("PIC") in September 2004. The purpose of the PIC is to introduce a global business perspective into policy formulation and implementation. In response to one of its recommendations, GOM is targeting early 2007 to put in place a one-stop shop for business registration housed in the newly established API-Mali.

Alatona Irrigation Project

- GOM has expressed its high-level commitment to increase land-tenure security, to secure property rights and to increase issuance of land titles in the Alatona zone. This represents a major policy departure for GOM. Although Alatona will not be the first experiment with land titles in the rural area, the Alatona Irrigation Project is on an unprecedented scale.

- GOM reforms have included (a) the restructuring of the National Directorate of Public Works to create the National Directorate of Roads, including the establishment of a unit for emergency road works and (b) the establishment of a Road Authority (as a successor to the old Road Fund) with sole responsibility for managing the financing of road maintenance activities. The initial steps to create a specialized autonomous contracting agency for road maintenance, the AGEROUTE, have also been made. These steps provide assurance to MCC of GOM's commitment to a sustainable road maintenance program.

C. Sustainability

The Mali program is embedded in the institutional framework of Mali with the limited creation of parallel structures. It reinforces GOM's approach and commitment to democracy, decentralization, and empowerment of

local communities. MCC-supported interventions will complement and reinforce national strategies for poverty reduction and economic growth. The program objectives draw from the following national development strategies: PRSP, National Food Security Strategy, ON Master Plan, and Agriculture Orientation Law.

Airport Improvement Project. Under the present division of jurisdictions, a number of entities have responsibility for the civil aviation sector in Mali in general and the regulation, oversight, management, operation, and development of the Airport in particular. In response to ICAO safety and security audits and FAA assessments, GOM is in the process of restructuring and consolidating this institutional framework. One major result has been the establishment of ANAC in December 2005, which now has financial and administrative independence.

The Airport Improvement Project will reinforce the new civil aviation regulatory and oversight agency (ANAC) by providing technical assistance to establish a new organizational structure, administrative and financial procedures, staffing and training, and provision of equipment and facilities. Additionally, the project will rationalize and reinforce the Airport's management and operations agency (AdM) by providing technical assistance to establish a model for the management of the Airport and the long-term future status and organizational structure of AdM.

Industrial Park Project. In 1999, GOM passed Decree 99-252 declaring the 7,194 ha of land encompassing the Airport and the proposed Industrial Park as public domain land. Based on this decree, the Ministry of Public Works and Transportation and Ministry of Territorial Administration were named the responsible parties for the management of the Airport domain. Although AdM is viewed as the asset holding agency, GOM intends to enter into a management contract with a private operator for the Industrial Park. Under the World Bank Mali Growth Support Project, API-Mali will serve as the public-sector regulator for the Industrial Park, while day-to-day management will be assigned to a private entity (the "Operator") through an international, competitive procurement process. MCC will support the recruitment and start-up of the Operator, and will finance limited business support services to tenants.

To ensure the creation of new SMEs, the Industrial Park Project will help these SMEs access financial and market information, as well as export

facilitation services. In addition, the project will focus on how to ensure coordination in operations and maintenance of shared utilities between the Airport and Industrial Park operators.

Alatona Irrigation Project. The Alatona perimeter is located at the "tail end" of the ON gravity-fed irrigation system. Long term success hinges on effective and efficient management of the entire system. The project addresses this issue by financing additional capacity on the main conveyance structures, as well as supporting the ON to achieve sustainable management of its entire stock of assets. In addition, the Alatona Irrigation Project will address the need to update the existing ON Master Plan, which is based on scenarios and assumptions developed in 2001, and upon which current expansion plans are based. Maintenance of the main system and structures is the financial responsibility of GOM, which delegates this to the ON. Through a two-tiered system of joint ON-farmer committees, the ON also maintains the distributors and secondary canals within the five regional zones, while farmer organizations manage the tertiary canals. The water fees collected would seem adequate to cover the operations and maintenance cost of the major distribution systems within the zones.

The Niono-Goma Coura road is part of GOM's annual routine maintenance program. Current allocations should ensure routine maintenance on this road. Periodic maintenance funding (about every 10 years) is considered a major challenge, although it is anticipated that EU and World Bank efforts to increase user fees will over time ensure such funding.

The financial services activity will provide microfinance institutions and banks with training in agricultural credit and other aspects of managing the delivery of financial services to the inhabitants of Alatona. The project will create a new legal entity—the Revenue Authority—to collect and manage the revenues generated through land payments. MCC funding will support the costs of structuring this entity and facilitate some initial capacity building. Following this, the Revenue Authority will support itself through the land revenues collected. This structure has the potential to encourage local institutions to organize themselves around project design and implementation, thereby building local capacity for community planning and service delivery and helping to strengthen nascent decentralized government.

Research and extension are considered public goods and are funded by GOM. Over the life of the Compact, demand-driven and fee-based research and extension techniques will be tested. It is expected that the financially self-sufficient Alatona producers' organization as well as farmers' groups and village associations will play a key role in demanding and paying for these services.

D. Environment and Social Assessment

Airport Improvement Project. A Category A environmental impact assessment ("EIA"), following MCC Environmental Guidelines and Malian law, will be required. The recommended wastewater treatment, expanded water supply and distribution, solid and hazardous waste disposal, power supplies, drainage and other infrastructure are currently conceived and sized to serve both the Airport and the Industrial Park. Therefore, the Airport and the Industrial Park will be treated together for purposes of the EIA and the resettlement action plan ("RAP"), because of their common infrastructure, joint road access, shared space within the Airport domain and the cumulative effects of both projects. The joint RAP (covering physical and economic displacement, both temporary and permanent in areas inside and outside the Airport domain) will be prepared based on the World Bank's Operational Policy 4.12 on Involuntary Resettlement. Some of the infrastructure poses implementation risks, because they are municipal facilities not yet funded or built and located outside the Airport domain.

Industrial Park Project. The Industrial Park will be assessed in the joint Airport/Industrial Park EIA. In this context, the RAP will address compensation for those cultivating and using land in the Industrial Park and in other locations, both on and off the Airport domain. The approach and issues discussed above for the Airport Improvement Project with respect to common infrastructure construction impacts, the EIA, and the RAP remain the same.

Alatona Irrigation Project. Irrigation-related activities of the Alatona Irrigation Project, including activities external to the Alatona zone (such as presettlement activities and expansion and enhancement of the overall conveyance capacity of the ON's main canal system) will require a full Category A EIA, under MCC Environmental Guidelines and Malian law. The Niono-Goma Coura road's Category B environmental and social

assessment will be prepared in advance of the irrigation EIA to expedite implementation of road improvements. The Environmental Assessment (2003) and updated Environmental Management Plan (2005), which already exist for road rehabilitation of a much longer stretch of the national route, will be supplemented and updated for the 80-kilometer section to be funded under the Compact. Cumulative impacts of the road as well as the irrigation activities will be addressed in the Alatona EIA. Both documents will include HIV/AIDS mitigation plans. Two RAPs consistent with World Bank Operational Policy 4.12 on Involuntary Resettlement will also be needed, one for the road activity and another for the irrigation activities. A prerequisite to preparing the Alatona EIA is preparation of an overall land use and natural resources management plan to address the sustainability of the Alatona large-scale land development and population increase of about 60,000.

E. Donor Coordination

All three projects complement and leverage other donors' efforts in Mali. The World Bank is also investing in activities to improve the Airport, Industrial Park, and business climate. Due to the World Bank's funding gap, GOM requested additional funds from the MCC to support the larger and more costly infrastructure improvements. For the Alatona Irrigation Project, the Dutch Development Agency, French Development Agency ("AFD"), the World Bank, and the U.S. Agency for International Development ("USAID"), in particular, have been working in the ON over the past several decades, resulting in a more efficient, decentralized management structure, while increasing production and productivity of the zone. Relevant donor activities are described in more detail below.

USAID: The Mali program builds on USAID's Accelerated Economic Growth and Trade Development Project (2003–2012), which includes the Program in Development of Agricultural Production, Mali Finance, and Trade Mali.

World Bank: The Mali program complements and reinforces several ongoing or recently launched World Bank programs such as the Mali Growth Support Project, the National Project for Rural Infrastructure, the Agricultural Competitiveness and Diversification Project, and the Rural Community Development Project. The World Bank is also assisting in the funding of a regional program in West and Central Africa aimed at improving civil aviation

safety and security as a key element of improving the performance and affordability of air transportation and optimizing its role as an engine of economic and social development.

Regional Civil Aviation Cooperation: ANAC has recently received a draft Common Civil Aviation Code and Regulatory Texts from the West African Economic and Monetary Union. These documents were prepared as a model to be used by states belonging to regional groupings, as part of an effort sponsored by ICAO to reduce the financial burden for inspections on the part of countries with small aviation markets, by establishing common civil aviation regulations and the creation of regional entities to assist countries.

U.S. Department of Transportation (USDOT) Safe Skies for Africa (SSFA): The SSFA program is intended to promote sustainable improvements in aviation safety and security, air navigation, and to support Africa's integration into the global economy. The SSFA program coordinates activities of other agencies, such as the FAA, the Transportation Security Administration and the National Transportation Safety Board, to improve the capacities of African aviation organizations. MCC has signed a Memorandum of Understanding with USDOT to collaborate on projects such as the present effort in Mali and discussions regarding the coordination of our respective projects have already taken place.

AFD: The AFD has supported various initiatives in the ON for many years and is a lead donor in the donors group for the ON. The proposed expansion of the main canal system will complement a planned AFD project to strengthen certain sections of a primary canal.

Other Donors: The Mali program complements other donors' programs, such as the Dutch Development Agency's activities in agricultural diversification and marketing, agricultural processing, improved water management, and institutional strengthening in the ON. The Dutch have recently approved financing for a cold-storage facility in Bamako that will be located in the Airport domain. This facility will be used for mangoes and other high value horticulture products, such as green beans.

Millennium Challenge Compact Between the United States of America Acting Through the Millennium Challenge Corporation and the Government of the Republic of Mali

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Millennium Challenge Compact

This Millennium Challenge Compact (the "Compact") is made between the United States of America, acting through the Millennium Challenge Corporation, a United States

Government corporation ("MCC") and the Government of the Republic of Mali (the "Government") (referred to herein individually as a "Party" and collectively, the "Parties"). A compendium of capitalized terms defined herein is included in Exhibit A attached hereto.

Recitals

Whereas, MCC, acting through its Board of Directors, has selected the Republic of Mali ("Mali") as eligible to present to MCC a proposal for the use of Millennium Challenge Account ("MCA") assistance to help facilitate poverty reduction through economic growth in Mali;

Whereas, the Government has carried out a consultative process with the country's private sector and civil society to outline the country's priorities for the use of MCA assistance and developed a proposal, which final proposal was submitted to MCC on October 28, 2005 (the "*Proposal*");

Whereas, the Proposal focused on, among others, increasing farmer incomes through modernizing Mali's agricultural sector, together with investments in developing transportation infrastructure and rural institutions, all designed to dismantle obstacles to realizing Mali's agricultural potential as an engine of economic growth;

Whereas, MCC has evaluated the Proposal and related documents to determine whether the Proposal is consistent with core MCA principles and includes projects and related activities that will advance the progress of Mali towards achieving poverty reduction through economic growth; and

Whereas, based on MCC's evaluation of the Proposal and related documents and subsequent discussions and negotiations between the Parties, the Government and MCC determined to enter into this Compact to implement a program using MCC Funding to advance Mali's progress towards poverty reduction through economic growth (the "*Program*");

Now, Therefore, in consideration of the foregoing and the mutual covenants and agreements set forth herein, the Parties hereby agree as follows:

Article I. Purpose and Term

Section 1.1 Compact Goal; Objectives

The goal of this Compact is to reduce poverty through economic growth in Mali by increasing production and productivity of agriculture and small and medium-sized enterprises, as well as expanding Mali's access to markets

and trade (the "Compact Goal"). The key to advancing the Compact Goal is through the development of critical infrastructure and policy reform for productive sectors and addressing Mali's constraints to growth by capitalizing on two of its major assets, the Bamako-Sénou International Airport (the "Airport"), the gateway for regional and international trade, and the agricultural potential of the Niger River (collectively, the "Program Objective"). The Parties have identified the following project-level objectives (each, a "Project Objective") of this Compact to advance the Program Objective, and thus the Compact Goal, each of which is described in more detail in the Annexes attached hereto:

(a) Establish an independent and secure link to the regional and global economy through infrastructure investments at the Airport and policy reform of the national air transport system (the "Bamako-Sénou Airport Improvement Project Objective");

(b) Develop a platform for industrial activity to be located within the Airport domain in response to the growing demand for well managed and serviced industrial land (the "Industrial Park Project Objective"); and

(c) Increase the agricultural production and productivity in the Alatona zone of the Office du Niger ("ON") through the construction of a road, irrigation infrastructure, social infrastructure, agricultural services, land allocation and increased access to credit (the "Alatona Irrigation Project Objective").

The Government expects to achieve, and shall use its best efforts to ensure the achievement of, the Compact Goal, Program Objective and Project Objectives during the Compact Term. The Program Objective and the individual Project Objectives are collectively referred to herein as "Objectives" and each individually as an "Objective."

Section 1.2 Projects

The Annexes attached hereto describe the specific projects, the policy reforms and other activities related thereto (each, a "Project") that the Government will carry out, or cause to be carried out, in furtherance of this Compact to achieve the Objectives and the Compact Goal.

Section 1.3 Entry into Force; Compact Term

This Compact shall enter into force on the date of the last letter in an exchange of letters between the Principal Representatives of each Party confirming that each Party has

completed its domestic requirements for entry into force of this Compact (including as set forth in Section 3.10) and that all conditions set forth in Section 4.1 have been satisfied by the Government and MCC (the "Entry into Force"). This Compact shall remain in force for five (5) years from the Entry into Force, unless earlier terminated in accordance with Section 5.4 (the "Compact Term").

Article II. Funding and Resources

Section 2.1 MCC Funding

(a) MCC's Contribution. MCC hereby grants to the Government, subject to the terms and conditions of this Compact, an amount not to exceed Four Hundred Sixty Million and Eight Hundred Eleven Thousand One Hundred Sixty Four United States Dollars (US\$ 460,811,164) ("MCC Funding") during the Compact Term to enable the Government to implement the Program and achieve the Objectives.

(i) Subject to Sections 2.1(a)(ii), 2.2(b) and 5.4(b), the allocation of MCC Funding within the Program and among and within the Projects shall be as generally described in Annex II or as otherwise agreed upon by the Parties from time to time.

(ii) If at any time MCC determines that a condition precedent to an MCC Disbursement has not been satisfied, MCC may, upon written notice to the Government, reduce the total amount of MCC Funding by an amount equal to the amount estimated in the applicable Detailed Budget for the Program, Project, Project Activity or sub-activity for which such condition precedent has not been met. Upon the expiration or termination of this Compact, (A) any amounts of MCC Funding not disbursed by MCC to the Government shall be automatically released from any obligation in connection with this Compact and (B) any amounts of MCC Funding disbursed by MCC to the Government as provided in Section 2.1(b)(i), but not re-disbursed as provided in Section 2.1(b)(ii) or otherwise incurred as permitted pursuant to Section 5.4(e) prior to the expiration or termination of this Compact, shall be returned to MCC in accordance with Section 2.5(a)(ii).

(iii) Notwithstanding any other provision of this Compact and pursuant to the authority of Section 609(g) of the Millennium Challenge Act of 2003, as amended (the "Act"), upon the conclusion of this Compact (and without regard to the satisfaction of all of the conditions for Entry into Force required under Section 1.3), MCC shall make available up to Nine Million Two

Hundred Thousand United States Dollars (US\$ 9,200,000) ("Compact Implementation Funding") to facilitate certain aspects of Compact implementation as described in Schedule 2.1(a)(iii) attached hereto; *provided*, such Compact Implementation Funding shall be subject to (A) the limitations on the use or treatment of MCC Funding set forth in Section 2.3, as if such provision were in full force and effect, and (B) any other requirements for, and limitations on the use of, such Compact Implementation Funding as may be required by MCC in writing; *provided further*, that any Compact Implementation Funding granted in accordance with this Section 2.1(a)(iii) shall be included in, and not additional to, the total amount of MCC Funding; and *provided further*, any obligation to provide such Compact Implementation Funding shall expire upon the expiration or termination of this Compact or five (5) years from the conclusion of this Compact, whichever occurs sooner, and in accordance with Section 5.4(e). Notwithstanding anything to the contrary in this Compact, this Section 2.1(a)(iii) shall provisionally apply, prior to Entry into Force, upon execution of this Compact by the Parties.

(b) Disbursements.

(i) Disbursements of MCC Funding. MCC shall from time to time make disbursements of MCC Funding (each such disbursement, an "MCC Disbursement") to a Permitted Account or through such other mechanism agreed by the Parties under and in accordance with the procedures and requirements set forth in Annex I, the Disbursement Agreement or as otherwise provided in any other Supplemental Agreement.

(ii) Re-Disbursements of MCC Funding. The release of MCC Funding from a Permitted Account (each such release, a "Re-Disbursement") shall be made in accordance with the procedures and requirements set forth in Annex I, the Disbursement Agreement or as otherwise provided in any other Supplemental Agreement.

(c) Interest. Unless the Parties agree otherwise in writing, any interest or other earnings on MCC Funding that accrue (collectively, "Accrued Interest") shall be held in a Permitted Account and accrue in accordance with the requirements for the accrual and treatment of Accrued Interest as specified in Annex I or any Supplemental Agreement. On a quarterly basis and upon the termination or expiration of this Compact, the Government shall return, or ensure the return of, all Accrued

Interest to any United States Government account designated by MCC.

(d) Currency; Conversion. The Government shall ensure that all MCC Funding that is held in any Permitted Account shall be denominated in the currency of the United States of America ("United States Dollars," "US\$" or "\$") prior to Re-Disbursement. To the extent that any amount of MCC Funding held in United States Dollars must be converted into the currency of Mali for any purpose, including for any Re-Disbursement or any transfer of MCC Funding into a Local Account, the Government shall ensure that such amount is converted consistent with the requirements of the Bank Agreement or any other Supplemental Agreement between the Parties.

(e) Guidance. From time to time, MCC may provide guidance to the Government through Implementation Letters on the frequency, form and content of requests for MCC Disbursements and Re-Disbursements or any other matter relating to MCC Funding. The Government shall apply such guidance in implementing this Compact.

Section 2.2 Government Resources

(a) The Government shall provide or cause to be provided such Government funds and other resources, and shall take or cause to be taken such actions, including obtaining all necessary approvals and consents, as are specified in this Compact or in any Supplemental Agreement to which the Government is a party or as are otherwise necessary and appropriate effectively to carry out the Government Responsibilities or other responsibilities or obligations of the Government under or in furtherance of this Compact during the Compact Term and through the completion of any post-Compact Term activities, audits or other responsibilities.

(b) If at any time during the Compact Term, the Government materially reallocates or reduces the allocation in its national budget or any other governmental authority of Mali at a departmental, municipal, regional or other jurisdictional level materially reallocates or reduces the allocation in its respective budget of the normal and expected resources that the Government or such other governmental authority, as applicable, would have otherwise received or budgeted, from external or domestic sources, for the activities contemplated herein, the Government shall notify MCC in writing within fifteen (15) days of such reallocation or reduction, such notification to contain information regarding the amount of the

reallocation or reduction, the affected activities, and an explanation for the reallocation or reduction. In the event that MCC independently determines, upon review of the executed national annual budget that such a material reallocation or reduction of resources has occurred, MCC shall notify the Government and, following such notification, the Government shall provide a written explanation for such reallocation or reduction and MCC may (i) reduce, in its sole discretion, the total amount of MCC Funding or any MCC Disbursement by an amount equal to the amount estimated in the applicable Detailed Budget for the activity for which funds were reduced or reallocated or (ii) otherwise suspend or terminate MCC Funding in accordance with Section 5.4(b).

(c) The Government shall use its best efforts to ensure that all MCC Funding is fully reflected and accounted for in the annual budget of Mali on a multi-year basis.

Section 2.3 Limitations on the Use or Treatment of MCC Funding

(a) Abortions and Involuntary Sterilizations. The Government shall ensure that MCC Funding shall not be used to undertake, fund or otherwise support any activity that is subject to prohibitions on use of funds contained in (i) paragraphs (1) through (3) of section 104(f) of the Foreign Assistance Act of 1961 (22 U.S.C. 2151b(f)(1)–(3)), a United States statute, which prohibitions shall apply to the same extent and in the same manner as such prohibitions apply to funds made available to carry out Part I of such Act; or (ii) any provision of law comparable to the eleventh and fourteenth provisos under the heading “Child Survival and Health Programs Fund” of division E of Public Law 108–7 (117 Stat. 162), a United States statute.

(b) United States Job Loss or Displacement of Production. The Government shall ensure that MCC Funding shall not be used to undertake, fund or otherwise support any activity that is likely to cause a substantial loss of United States jobs or a substantial displacement of United States production, including:

(i) Providing financial incentives to relocate a substantial number of United States jobs or cause a substantial displacement of production outside the United States;

(ii) Supporting investment promotion missions or other travel to the United States with the intention of inducing United States firms to relocate a substantial number of United States jobs

or a substantial amount of production outside the United States;

(iii) Conducting feasibility studies, research services, studies, travel to or from the United States, or providing insurance or technical and management assistance, with the intention of inducing United States firms to relocate a substantial number of United States jobs or cause a substantial displacement of production outside the United States;

(iv) Advertising in the United States to encourage United States firms to relocate a substantial number of United States jobs or cause a substantial displacement of production outside the United States;

(v) Training workers for firms that intend to relocate a substantial number of United States jobs or cause a substantial displacement of production outside the United States;

(vi) Supporting a United States office of an organization that offers incentives for United States firms to relocate a substantial number of United States jobs or cause a substantial displacement of production outside the United States; or

(vii) Providing general budget support for an organization that engages in any activity prohibited above.

(c) Military Assistance and Training. The Government shall ensure that MCC Funding shall not be used to undertake, fund or otherwise support the purchase or use of goods or services for military purposes, including military training, or to provide any assistance to the military, police, militia, national guard or other quasi-military organization or unit.

(d) Prohibition of Assistance Relating to Environmental, Health or Safety Hazards. The Government shall ensure that MCC Funding shall not be used to undertake, fund or otherwise support any activity that is likely to cause a significant environmental, health, or safety hazard. Unless MCC and the Government agree otherwise in writing, the Government shall ensure that activities undertaken, funded or otherwise supported in whole or in part (directly or indirectly) by MCC Funding comply with environmental guidelines delivered by MCC to the Government or posted by MCC on its Web site or otherwise publicly made available, as such guidelines may be amended from time to time (the “Environmental Guidelines”), including any definition of “likely to cause a significant environmental, health, or safety hazard” as may be set forth in such Environmental Guidelines.

(e) Taxation.

(i) Taxes. The Government shall ensure that the Program, MCC Funding and Accrued Interest, and any other Program Asset, shall be free from any

taxes imposed under the laws currently or hereafter in effect in Mali during the Compact Term. This exemption shall apply to any use of MCC Funding and Accrued Interest, and any other Program Asset, including any Exempt Uses, and to any work performed under or activities undertaken in furtherance of this Compact by any person or entity (including contractors and grantees) funded by MCC Funding, and shall apply to all taxes, tariffs, duties, and other levies (each a “Tax” and collectively, “Taxes”), including:

(1) To the extent attributable to MCC Funding, income taxes and other taxes on profit or businesses imposed on organizations or entities, other than nationals of Mali, receiving MCC Funding, including taxes on the acquisition, ownership, rental, disposition or other use of real or personal property, taxes on investment or deposit requirements and currency controls in Mali, or any other tax, duty, charge or fee of whatever nature, except fees for specific services rendered; for purposes of this Section 2.3(e), the term “national” refers to organizations established under the laws currently or hereafter in effect in Mali, other than MCA–Mali or any other entity established solely for purposes of managing or overseeing the implementation of the Program or any wholly-owned subsidiaries, divisions, or Affiliates of entities not registered or established under the laws currently or hereafter in effect in Mali;

(2) Customs duties, tariffs, import and export taxes, or other levies on the importation, use and re-exportation of goods, services, or the personal belongings and effects, including personally-owned automobiles, for Program use or the personal use of individuals who are neither citizens nor permanent residents of Mali and who are present in Mali for purposes of carrying out the Program or their family members, including all charges based on the value of such imported goods;

(3) Taxes on the income or personal property of all individuals who are neither citizens nor permanent residents of Mali, including income and social security taxes of all types and all taxes on the personal property owned by such individuals, to the extent such income or property are attributable to MCC Funding; and

(4) Taxes or duties levied on the last transaction for the purchase of goods or services funded by MCC Funding, including sales taxes, tourism taxes, value-added taxes or other similar charges. For purposes of this Section 2.3(e)(i)(4), the term “last transaction” refers to the last transaction by which

the goods or services were purchased for use in the activities funded by MCC Funding.

(ii) This Section 2.3(e) shall apply, but is not limited, to (A) any transaction, service, activity, contract, grant or other implementing agreement funded in whole or in part by MCC Funding; (B) any supplies, equipment, materials, property or other goods (referred to herein collectively as “goods”) or funds introduced into, acquired in, used or disposed of in, or imported into or exported from, Mali by MCC, or by any person or entity (including contractors and grantees) as part of, or in conjunction with, MCC Funding or the Program; (C) any contractor, grantee, or other organization carrying out activities funded in whole or in part by MCC Funding; and (D) any employee of such organizations (the uses set forth in clauses (A) through (D) are collectively referred to herein as “Exempt Uses”).

(iii) If a Tax has been levied and paid contrary to the requirements of this Section 2.3(e), whether inadvertently, due to the impracticality of implementation of this provision with respect to certain types or amounts of taxes, or otherwise, the Government shall refund promptly to an account designated by MCC the amount of such Tax in the currency of Mali, within thirty (30) days (or such other period as may be agreed in writing by the Parties) after the Government is notified in writing of such levy and tax payment, in accordance with procedures agreed by the Parties, whether by MCC or otherwise; *provided, however*, the Government shall apply national funds to satisfy its obligations under this paragraph and no MCC Funding, Accrued Interest, or any assets, goods, or property (real, tangible, or intangible) purchased or financed in whole or in part (directly or indirectly) by MCC Funding (collectively, the “Program Assets”) may be applied by the Government in satisfaction of its obligations under this paragraph.

(iv) At MCC’s request, the Parties shall memorialize in a mutually acceptable Supplemental Agreement, Implementation Letter or other suitable document the mechanisms for implementing this Section 2.3(e), including (A) a formula for determining refunds for Taxes paid, the amount of which is not susceptible to precise determination; (B) a mechanism for ensuring the tax-free importation, use, and re-exportation of goods, services, or the personal belongings of individuals (including all Providers) described in Section 2.3(e)(i)(2) above; (C) a requirement for the provision by the Government of a tax-exemption

certificate which expressly includes, inter alia, the thirty (30) day refund requirement of Section 2.3(e)(iii) above; and (D) any other appropriate Government action to facilitate the administration of this Section 2.3(e).

(f) Alteration. The Government shall ensure that no MCC Funding, Accrued Interest or other Program Asset shall be subject to any impoundment, rescission, sequestration or any provision of law now or hereafter in effect in Mali that would have the effect of requiring or allowing any impoundment, rescission or sequestration of any MCC Funding, Accrued Interest or other Program Asset.

(g) Liens or Encumbrances. The Government shall ensure that no MCC Funding, Accrued Interest or other Program Asset shall be subject to any lien, attachment, enforcement of judgment, pledge, or encumbrance of any kind (each a “Lien”), except with the prior approval of MCC in accordance with Section 3(c) of Annex I. In the event of the imposition of any Lien not so approved, the Government shall promptly seek the release of such Lien and, if required by final non-appealable order, shall pay any amounts owed to obtain such release; *provided, however*, the Government shall apply national funds to satisfy its obligations under this Section 2.3(g) and no MCC Funding, Accrued Interest, or other Program Asset may be applied by the Government in satisfaction of its obligations under this Section 2.3(g).

(h) Other Limitations. The Government shall ensure that the use or treatment of MCC Funding, Accrued Interest, and other Program Assets shall be subject to and in conformity with such other limitations (i) as required by the applicable law of the United States of America now or hereafter in effect during the Compact Term, (ii) as advisable under or required by applicable United States Government policies now or hereafter in effect during the Compact Term, or (iii) to which the Parties may otherwise agree in writing.

(i) Utilization of Goods, Services and Works. The Government shall ensure that any Program Assets and any services, facilities or works funded in whole or in part (directly or indirectly) by MCC Funding, unless otherwise agreed by the Parties in writing, shall be used solely in furtherance of this Compact.

(j) Notification of Applicable Laws and Policies. MCC shall notify the Government of any applicable United States law or policy affecting the use or treatment of MCC Funding, whether or not specifically identified in this Section 2.3, and shall provide to the

Government a copy of the text of any such applicable law and a written explanation of any such applicable policy.

Section 2.4 Incorporation; Notice; Clarification

(a) The Government shall include, or ensure the inclusion of, all of the requirements set forth in Section 2.3 in all Supplemental Agreements (except for Supplemental Agreements with Providers defined in Section 2.4(b)(ii) below) to which MCC is not a party.

(b) The Government shall ensure notification of all of the requirements set forth in Section 2.3 to any Provider and all relevant officers, directors, employees, agents, representatives, Affiliates, contractors, sub-contractors, grantees and sub-grantees of any Provider. The term “Provider” shall mean (i) MCA-Mali, (ii) any Government Affiliate or Permitted Designee (other than MCA-Mali) that receives or utilizes any Program Asset in carrying out activities in furtherance of this Compact, or (iii) any third party who receives at least US\$ 50,000 in the aggregate of MCC Funding (other than employees of MCA-Mali) during the Compact Term or such other amount as the Parties may agree in writing, whether directly from MCC, indirectly through Re-Disbursements, or otherwise.

(c) In the event the Government or any Provider requires clarification from MCC as to whether an activity contemplated to be undertaken in furtherance of this Compact violates or may violate any provision of Section 2.3, the Government shall notify MCC in writing and provide in such notification a detailed description of the activity in question. In such event, the Government shall not proceed, and shall use its best efforts to ensure that no relevant Provider proceeds, with such activity, and the Government shall ensure that no Re-Disbursements shall be made for such activity, until MCC advises the Government or such Provider in writing that the activity is permissible. MCC shall use good faith efforts to respond timely to such notification for clarification.

Section 2.5 Refunds; Violation

(a) Notwithstanding the availability to MCC, or exercise by MCC, of any other remedies, including under international law, this Compact or any Supplemental Agreement:

(i) If any amount of MCC Funding, Accrued Interest or any other Program Asset is used for any purpose prohibited under this Article II or otherwise in violation of any of the terms and

conditions of this Compact, any guidance in any Implementation Letter, or any Supplemental Agreement between the Parties, then MCC, upon written notice, may require the Government to repay promptly to MCC to an account designated by MCC, or to others as MCC may direct, the amount of such misused MCC Funding or Accrued Interest, or the cash equivalent of the value of any other misused Program Asset, in United States Dollars, plus any interest that accrued or would have accrued thereon, within thirty (30) days after the Government is notified, whether by MCC or other duly authorized representative of the United States Government, of such prohibited use; *provided, however*, the Government shall apply national funds to satisfy its obligations under this Section 2.5(a)(i) and no MCC Funding, Accrued Interest, or any other Program Asset may be applied by the Government in satisfaction of its obligations under this Section 2.5(a)(i); and

(ii) Upon the termination or suspension of all or any portion of this Compact or upon the expiration of this Compact, the Government shall, subject to the requirements of Sections 5.4(e) and 5.4(f), refund, or ensure the refund of, to such account designated by MCC the amount of any MCC Funding, plus any Accrued Interest, promptly, but in no event later than thirty (30) days after the Government receives MCC's request for such refund; *provided*, that if this Compact is terminated or suspended in part, MCC may request a refund for only the amount of MCC Funding, plus any Accrued Interest, then allocated to the terminated or suspended portion; *provided further*, that any refund of MCC Funding or Accrued Interest shall be to such account(s) as designated by MCC.

(b) Notwithstanding any other provision in this Compact or any other agreement to the contrary, MCC's right under this Section 2.5 for a refund shall continue during the Compact Term and for a period of (i) five (5) years thereafter or (ii) one (1) year after MCC receives actual knowledge of such violation, whichever is later.

(c) If MCC determines that any activity or failure to act violates, or may violate, any Section in this Article II, then MCC may refuse any further MCC Disbursements for or conditioned upon such activity, and may take any action to prevent any Re-Disbursement related to such activity.

Section 2.6 Bilateral Agreement

All MCC Funding shall be considered United States assistance under the Economic and Technical Assistance

Agreement by and between the Government of the United States of America and the Government, dated January 4, 1961, as amended from time to time (the "Bilateral Agreement"). If there are conflicts or inconsistencies between any parts of this Compact and the Bilateral Agreement, as either may be amended from time to time, the provisions of this Compact shall prevail over those of the Bilateral Agreement.

Article III. Implementation

Section 3.1 Implementation Framework

This Compact shall be implemented by the Parties in accordance with this Article III and as further specified in the Annexes and in relevant Supplemental Agreements.

Section 3.2 Government Responsibilities

(a) The Government shall have principal responsibility for oversight and management of the implementation of the Program (i) in accordance with the terms and conditions specified in this Compact and relevant Supplemental Agreements, (ii) in accordance with all applicable laws then in effect in Mali, and (iii) in a timely and cost-effective manner and in conformity with sound technical, financial and management practices (collectively, the "Government Responsibilities"). Unless otherwise expressly provided, any reference to the Government Responsibilities or any other responsibilities or obligations of the Government herein shall be deemed to apply to any Government Affiliate and any of their respective directors, officers, employees, contractors, sub-contractors, grantees, sub-grantees, agents or representatives.

(b) The Government shall ensure that no person or entity shall participate in the selection, award, administration or oversight of a contract, grant or other benefit or transaction funded in whole or in part (directly or indirectly) by MCC Funding, in which (i) the entity, the person, members of the person's immediate family or household or his or her business partners, or organizations controlled by or substantially involving such person or entity, has or have a direct or indirect financial or other interest, or (ii) the person or entity is negotiating or has any arrangement concerning prospective employment, unless such person or entity has first disclosed in writing to the Government the conflict of interest and, following such disclosure, the Parties agree in writing to proceed notwithstanding such conflict. The Government shall

ensure that no person or entity involved in the selection, award, administration, oversight or implementation of any contract, grant or other benefit or transaction funded in whole or in part (directly or indirectly) by MCC Funding shall solicit or accept from or offer to a third party or seek or be promised (directly or indirectly) for itself or for another person or entity any gift, gratuity, favor or benefit, other than items of *de minimis* value and otherwise consistent with such guidance as MCC may provide from time to time.

(c) The Government shall not designate any person or entity, including any Government Affiliate, to implement, in whole or in part, this Compact or any Supplemental Agreement between the Parties (including any Government Responsibilities or any other responsibilities or obligations of the Government under this Compact or any Supplemental Agreement between the Parties) or to exercise any rights of the Government under this Compact or any Supplemental Agreement between the Parties, except as expressly provided herein or with the prior written consent of MCC; *provided, however*, the Government may designate MCA-Mali or, with the prior written consent of MCC, such other mutually acceptable persons or entities (each, a "Permitted Designee") to implement some or all of the Government Responsibilities or any other responsibilities or obligations of the Government or to exercise any rights of the Government under this Compact or any Supplemental Agreement between the Parties, each in accordance with the terms and conditions set forth in this Compact or such Supplemental Agreement (referred to herein collectively as "Designated Rights and Responsibilities"). Notwithstanding any provision herein or any other agreement to the contrary, no such designation shall relieve the Government of such Designated Rights and Responsibilities, for which the Government shall retain ultimate responsibility. In the event that the Government designates any person or entity, including any Government Affiliate, to implement any portion of the Government Responsibilities or other responsibilities or obligations of the Government, or to exercise any rights of the Government under this Compact or any Supplemental Agreement between the Parties, in accordance with this Section 3.2(c), then the Government shall (i) cause such person or entity to perform such Designated Rights and Responsibilities in the same manner and to the full extent to which the Government is

obligated to perform such Designated Rights and Responsibilities; (ii) ensure that such person or entity does not assign, delegate or contract (or otherwise transfer) any of such Designated Rights and Responsibilities to any person or entity; and (iii) cause such person or entity to certify to MCC in writing that it will so perform such Designated Rights and Responsibilities and will not assign, delegate, or contract (or otherwise transfer) any of such Designated Rights and Responsibilities to any person or entity without the prior written consent of MCC.

(d) The Government shall, upon a request from MCC, execute, or ensure the execution of, an assignment to MCC of any cause of action which may accrue to the benefit of the Government, a Government Affiliate or any Permitted Designee, including MCA-Mali, in connection with or arising out of any activities funded in whole or in part (directly or indirectly) by MCC Funding.

(e) The Government shall ensure that (i) no decision of MCA-Mali is modified, supplemented, unduly influenced or rescinded by any governmental authority, except by a non-appealable judicial decision, and (ii) the authority of MCA-Mali shall not be expanded, restricted, or otherwise modified, except in accordance with this Compact, any Governing Document or any other Supplemental Agreement between the Parties.

(f) The Government shall ensure that all persons and individuals that enter into agreements to provide goods, services or works under the Program or in furtherance of this Compact shall do so in accordance with the Procurement Guidelines and shall obtain all necessary immigration, business and other permits, licenses, consents and approvals to enable them and their personnel to fully perform under such agreements.

Section 3.3 Government Deliveries

The Government shall proceed, and cause others to proceed, in a timely manner to deliver to MCC all reports, notices, certificates, documents or other deliveries required to be delivered by the Government under this Compact or any Supplemental Agreement between the Parties, in form and substance as set forth in this Compact or in any such Supplemental Agreement.

Section 3.4 Government Assurances

The Government hereby provides the following assurances to MCC that as of the date this Compact is signed:

(a) The information contained in the Proposal and any agreement, report, statement, communication, document or

otherwise delivered or communicated to MCC by or on behalf of the Government on or after the date of the submission of the Proposal (i) are true, correct and complete in all material respects and (ii) do not omit any fact known to the Government that if disclosed would (1) alter in any material respect the information delivered, (2) likely have a material adverse effect on the Government's ability to effectively implement, or ensure the effective implementation of, the Program or any Project or to otherwise carry out its responsibilities or obligations under or in furtherance of this Compact, or (3) have likely adversely affected MCC's determination to enter into this Compact or any Supplemental Agreement between the Parties.

(b) Unless otherwise disclosed in writing to MCC, the MCC Funding made available hereunder is in addition to the normal and expected resources that the Government usually receives or budgets for the activities contemplated herein from external or domestic sources.

(c) This Compact does not conflict and will not conflict with any international agreement or obligation to which the Government is a party or by which it is bound.

(d) No payments have been (i) received by any official of the Government or any other Governmental Affiliate in connection with the procurement of goods, services or works to be undertaken or funded in whole or in part (directly or indirectly) by MCC Funding, except fees, taxes, or similar payments legally established in Mali (subject to Section 2.3(e)) and consistent with the applicable requirement of the laws of Mali or (ii) made to any third party, in connection with or in furtherance of this Compact, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended (15 U.S.C. 78a *et seq.*).

Section 3.5 Implementation Letters; Supplemental Agreements

(a) MCC may, from time to time, issue one or more letters to furnish additional information or guidance to assist the Government in the implementation of this Compact (each, an "Implementation Letter"). The Government shall apply such guidance in implementing this Compact.

(b) The details of any funding, implementing and other arrangements in furtherance of this Compact may be memorialized in one or more agreements or other instruments between (i) the Government (or any Government Affiliate or Permitted Designee) and MCC, (ii) MCC or the Government (or any Government

Affiliate or Permitted Designee) and any third party, including any of the Providers or Permitted Designee, or (iii) Providers where neither MCC nor the Government is a party, before, on, or after the Entry into Force (each, a "Supplemental Agreement"). The Government shall deliver, or cause to be delivered, to MCC within five (5) days of its request, or such other period as may be specified in the Disbursement Agreement, the execution copy of any Supplemental Agreement to which MCC is not a party.

Section 3.6 Procurement; Awards of Assistance

(a) The Government shall ensure that the procurement of all goods, services and works by the Government or any Provider in furtherance of this Compact shall be consistent with the procurement guidelines (the "Procurement Guidelines") reflected in the Disbursement Agreement or other Supplemental Agreement between the Government (and a mutually acceptable Government Affiliate or MCA-Mali) and MCC, which Procurement Guidelines shall include the following requirements:

(i) Internationally accepted procurement rules with open, fair and competitive procedures are used in a transparent manner to solicit, award and administer contracts, grants, and other agreements and to procure goods, services and works;

(ii) Solicitations for goods, services, and works shall be based upon a clear and accurate description of the goods, services or works to be acquired;

(iii) Contracts shall be awarded only to qualified and capable contractors that have the capability and willingness to perform the contracts in accordance with the terms and conditions of the applicable contracts and on a cost effective and timely basis; and

(iv) No more than a commercially reasonable price, as determined, for example, by a comparison of price quotations and market prices, shall be paid to procure goods, services, and works.

(b) The Government shall maintain, and shall use its best efforts to ensure that all Providers maintain, records regarding the receipt and use of goods, services and works acquired in furtherance of this Compact, the nature and extent of solicitations of prospective suppliers of goods, services and works acquired in furtherance of this Compact, and the basis of award of contracts, grants and other agreements in furtherance of this Compact.

(c) The Government shall use its best efforts to ensure that information,

including solicitations, regarding procurement, grant and other agreement actions funded (or to be funded) in whole or in part (directly or indirectly) by MCC Funding shall be made publicly available in the manner outlined in the Procurement Guidelines or in any other manner agreed upon by the Parties in writing.

(d) The Government shall ensure that no goods, services or works that are funded in whole or in part (directly or indirectly) by MCC Funding are procured pursuant to orders or contracts firmly placed or entered into prior to the Entry into Force, except as the Parties may otherwise agree in writing.

(e) The Government shall ensure that MCA-Mali and any other Permitted Designee follows, and uses its best efforts to ensure that all Providers follow, the Procurement Guidelines in procuring (including soliciting) goods, services and works and in awarding and administering contracts, grants and other agreements in furtherance of this Compact, and shall furnish MCC evidence of the adoption of the Procurement Guidelines by MCA-Mali no later than the time specified in the Disbursement Agreement.

(f) The Government shall include, or ensure the inclusion of, the requirements of this Section 3.6 into all Supplemental Agreements between the Government, any Government Affiliate or Permitted Designee or any of their respective directors, officers, employees, Affiliates, contractors, sub-contractors, grantees, sub-grantees, representatives or agents, on the one hand, and a Provider, on the other hand.

Section 3.7 Policy Performance; Policy Reforms

In addition to the specific policy and legal reform commitments identified in Annex I and the Schedules thereto, the Government shall seek to maintain and to improve its level of performance under the policy criteria identified in Section 607 of the Act, and the MCA selection criteria and methodology published by MCC pursuant to Section 607 of the Act from time to time ("MCA Eligibility Criteria").

Section 3.8 Records and Information; Access; Audits; Reviews

(a) Reports and Information. The Government shall furnish to MCC, and shall use its best efforts to ensure that all Providers and any other third party receiving MCC Funding, as appropriate, furnish to the Government (and the Government shall provide to MCC), any records and other information required to be maintained under this Section 3.8 and such other information, documents

and reports as may be necessary or appropriate for the Government to effectively carry out its obligations under this Compact, including under Section 3.12.

(b) Government Books and Records. The Government shall maintain, and shall use its best efforts to ensure that all Providers maintain, accounting books, records, documents and other evidence relating to this Compact adequate to show, to the satisfaction of MCC, without limitation, the use of all MCC Funding, including all costs incurred by the Government and the Providers in furtherance of this Compact, the receipt, acceptance and use of goods, services and works acquired in furtherance of this Compact by the Government and the Providers, agreed-upon cost sharing requirements, the nature and extent of solicitations of prospective suppliers of goods, services and works acquired by the Government and the Providers in furtherance of this Compact, the basis of award of Government and other contracts and orders in furtherance of this Compact, the overall progress of the implementation of the Program, and any documents required by this Compact or any Supplemental Agreement between the Parties or reasonably requested by MCC upon reasonable notice ("Compact Records"). The Government shall maintain, and shall use its best efforts to ensure that all Covered Providers maintain, Compact Records in accordance with generally accepted accounting principles prevailing in the United States, or at the Government's option and with the prior written approval by MCC, other accounting principles, such as those (i) prescribed by the International Accounting Standards Committee (an affiliate of the International Federation of Accountants) or (ii) then prevailing in Mali. Compact Records shall be maintained for at least five (5) years after the end of the Compact Term or for such longer period, if any, required to resolve any litigation, claims or audit findings or any statutory requirements.

(c) Access. Upon the request of MCC, the Government, at all reasonable times, shall permit, or cause to be permitted, authorized representatives of MCC, the Inspector General, the United States Government Accountability Office, any auditor responsible for an audit contemplated herein or otherwise conducted in furtherance of this Compact, and any agents or representatives engaged by MCC or a Permitted Designee to conduct any assessment, review or evaluation of the Program, the opportunity to audit, review, evaluate or inspect (i) activities

funded in whole or in part (directly or indirectly) by MCC Funding or undertaken in connection with the Program, the utilization of goods and services purchased or funded in whole or in part (directly or indirectly) by MCC Funding, and (ii) Compact Records, including those of the Government or any Provider, relating to activities funded or undertaken in furtherance of, or otherwise relating to, this Compact. The Government shall use its best efforts to ensure access by MCC, the Inspector General, the United States Government Accountability Office or relevant auditor, reviewer or evaluator or their respective representatives or agents to all relevant directors, officers, employees, Affiliates, contractors, representatives and agents of the Government or any Provider.

(d) Audits.

(i) Government Audits. Except as the Parties may otherwise agree in writing, the Government shall, on at least a semi-annual basis, conduct, or cause to be conducted, financial audits of all MCC Disbursements and Re-Disbursements covering the period from signing of the Compact until the earlier of the following December 31 or June 30 and covering each six month period thereafter ending December 31 and June 30, through the end of the Compact Term, in accordance with the following terms. As requested by MCC in writing, the Government shall use, or cause to be used, or select or cause to be selected, an auditor named on the approved list of auditors in accordance with the "Guidelines for Financial Audits Contracted by Foreign Recipients" (the "Audit Guidelines") issued by the Inspector General of the United States Agency for International Development (the "Inspector General"), and as approved by MCC, to conduct such annual audits. Such audits shall be performed in accordance with such Audit Guidelines and be subject to quality assurance oversight by the Inspector General in accordance with such Audit Guidelines. An audit shall be completed and delivered to MCC no later than ninety (90) days after the first period to be audited and no later than ninety (90) days after each June 30th and December 31st thereafter, or such other period as the Parties may otherwise agree in writing.

(ii) Audits of U.S. Entities. The Government shall ensure that Supplemental Agreements between the Government or any Provider, on the one hand, and a United States non-profit organization, on the other hand, state that the United States organization is subject to the applicable audit requirements contained in OMB

Circular A-133, notwithstanding any other provision of this Compact to the contrary. The Government shall ensure that Supplemental Agreements between the Government or any Provider, on the one hand, and a United States for-profit Covered Provider, on the other hand, state that the United States organization is subject to audit by the cognizant United States Government agency, unless the Government and MCC agree otherwise in writing.

(iii) **Audit Plan.** The Government shall submit, or cause to be submitted, to MCC no later than twenty (20) days prior to the date of its adoption a plan, in accordance with the Audit Guidelines, for the audit of the expenditures of any Covered Providers, which audit plan, in the form and substance as approved by MCC, the Government shall adopt, or cause to be adopted, no later than sixty (60) days prior to the end of the first period to be audited (such plan, the "Audit Plan").

(iv) **Covered Provider.** A "Covered Provider" is (1) a non-United States Provider that receives (other than pursuant to a direct contract or agreement with MCC) US\$ 300,000 or more of MCC Funding in any MCA-Mali fiscal year or any other non-United States person or entity that receives, directly or indirectly, US\$ 300,000 or more of MCC Funding from any Provider in such fiscal year, or (2) any United States Provider that receives (other than pursuant to a direct contract or agreement with MCC) US\$ 500,000 or more of MCC Funding in any MCA-Mali fiscal year or any other United States person or entity that receives, directly or indirectly, US\$ 500,000 or more of MCC Funding from any Provider in such fiscal year.

(v) **Corrective Actions.** The Government shall use its best efforts to ensure that Covered Providers take, where necessary, appropriate and timely corrective actions in response to audits, consider whether a Covered Provider's audit necessitates adjustment of its own records, and require each such Covered Provider to permit independent auditors to have access to its records and financial statements as necessary.

(vi) **Audit Reports.** The Government shall furnish, or use its best efforts to cause to be furnished, to MCC an audit report in a form satisfactory to MCC for each audit required by this Section 3.8, other than audits arranged for by MCC, no later than ninety (90) days after the end of the period under audit, or such other time as may be agreed by the Parties from time to time.

(vii) **Other Providers.** For Providers who receive MCC Funding pursuant to direct contracts or agreements with

MCC, MCC shall include appropriate audit requirements in such contracts or agreements and shall, on behalf of the Government, unless otherwise agreed by the Parties, conduct the follow-up activities with regard to the audit reports furnished pursuant to such requirements.

(viii) **Audit by MCC.** MCC retains the right to perform, or cause to be performed, the audits required under this Section 3.8 by utilizing MCC Funding or other resources available to MCC for this purpose, and to audit, conduct a financial review, or otherwise ensure accountability of any Provider or any other third party receiving MCC Funding, regardless of the requirements of this Section 3.8.

(e) **Application to Providers.** The Government shall include, or ensure the inclusion of, at a minimum, the requirements of:

(i) Paragraphs (a), (b), (c), (d)(ii), (d)(iii), (d)(v), (d)(vi), and (d)(viii) of this Section 3.8 into all Supplemental Agreements between the Government, any Government Affiliate, any Permitted Designee or any of their respective directors, officers, employees, Affiliates, contractors, sub-contractors, grantees, sub-grantees, representatives or agents (each, a "Government Party"), on the one hand, and a Covered Provider that is not a non-profit organization domiciled in the United States, on the other hand;

(ii) Paragraphs (a), (b), (c), (d)(ii), and (d)(viii) of this Section 3.8 into all Supplemental Agreements between a Government Party and a Provider that does not meet the definition of a Covered Provider; and

(iii) Paragraphs (a), (b), (c), (d)(ii), (d)(v) and (d)(viii) of this Section 3.8 into all Supplemental Agreements between a Government Party and a Covered Provider that is a non-profit organization domiciled in the United States.

(f) **Reviews or Evaluations.** The Government shall conduct, or cause to be conducted, such performance reviews, data quality reviews, environmental and social audits, or program evaluations during the Compact Term or otherwise and in accordance with the M&E Plan or as otherwise agreed in writing by the Parties.

(g) **Cost of Audits, Reviews or Evaluations.** MCC Funding may be used to fund the costs of any audits, reviews or evaluations required under this Compact, including as reflected on Exhibit A to Annex II, and in no event shall the Government be responsible for the costs of any such audits, reviews or

evaluations from financial sources other than MCC Funding.

Section 3.9 Insurance; Performance Guarantees

The Government shall, to MCC's satisfaction, insure or cause to be insured all Program Assets and shall obtain or cause to be obtained such other appropriate insurance and other protections to cover against risks or liabilities associated with the operations of the Program, including by requiring Providers to obtain adequate insurance and post adequate performance bonds or other guarantees. MCA-Mali or the Implementing Entity or Contractor, as applicable, shall be named as the payee on any such insurance and the beneficiary of any such guarantee, including performance bonds, to the extent permissible under applicable laws unless otherwise agreed by the Parties. MCC, and to the extent it is not named as the insured party, MCA-Mali shall be named as additional insureds on any such insurance or other guarantee, to the extent permissible under applicable laws unless otherwise agreed by the Parties. The Government shall ensure that any proceeds from claims paid under such insurance or any other form of guarantee shall be used to replace or repair any loss of Program Assets or to pursue the procurement of the covered goods, services, works, or otherwise; *provided, however*, at MCC's election, such proceeds shall be deposited in a Permitted Account as designated by MCA-Mali and acceptable to MCC or as otherwise directed by MCC. To the extent MCA-Mali is held liable under any indemnification or other similar provision of any agreement between MCA-Mali, on the one hand, and any other Provider or other third party, on the other hand, the Government shall pay in full on behalf of MCA-Mali any such obligation; *provided further*, the Government shall apply national funds to satisfy its obligations under this Section 3.9 and no MCC Funding, Accrued Interest, or Program Asset may be applied by the Government in satisfaction of its obligations under this Section 3.9.

Section 3.10 Domestic Requirements

The Government shall proceed in a timely manner to seek ratification of this Compact as necessary or required by the laws of Mali, or similar domestic requirement, in order that (a) this Compact (and any Supplemental Agreement to which MCC is a party) shall be given the status of an international agreement; (b) no laws of Mali (other than the Constitution of

Mali) now or hereafter in effect shall take precedence or prevail over this Compact (or any Supplemental Agreement to which MCC is a party) during the Compact Term (or a longer period to the extent provisions of this Compact remain in force following the expiration of the Compact Term pursuant to Section 5.13); and (c) each of the provisions of this Compact (and each of the provisions of any Supplemental Agreement to which MCC is a party) is valid, binding and in full force and effect under the laws of Mali. The Government shall initiate such process promptly after the conclusion of this Compact. Notwithstanding anything to the contrary in this Compact, this Section 3.10 shall provisionally apply prior to Entry into Force.

Section 3.11 No Conflict

The Government undertakes not to enter into any agreement in conflict with this Compact or any Supplemental Agreement during the Compact Term.

Section 3.12 Reports

The Government shall provide, or cause to be provided, to MCC at least on each anniversary of the Entry into Force (or such other anniversary agreed by the Parties in writing) and otherwise within thirty (30) days of any written request by MCC, or as otherwise agreed in writing by the Parties, the following information:

- (a) The name of each entity to which MCC Funding has been provided;
- (b) The amount of MCC Funding provided to such entity;
- (c) A description of the Program and each Project funded in furtherance of this Compact, including:
 - (i) A statement of whether the Program or any Project was solicited or unsolicited; and
 - (ii) A detailed description of the objectives and measures for results of the Program or Project;
- (d) The progress made by Mali toward achieving the Compact Goal and Objectives;
- (e) A description of the extent to which MCC Funding has been effective in helping Mali to achieve the Compact Goal and Objectives;
- (f) A description of the coordination of MCC Funding with other United States foreign assistance and other related trade policies;
- (g) A description of the coordination of MCC Funding with assistance provided by other donor countries;
- (h) Any report, document or filing that the Government, any Government Affiliate or any Permitted Designee submits to any government body in connection with this Compact;

(i) Any report or document required to be delivered to MCC under the Environmental Guidelines, any Audit Plan, or any Implementation Document; and

(j) Any other report, document or information requested by MCC or required by this Compact or any Supplemental Agreement between the Parties.

Article IV. Conditions Precedent; Deliveries

Section 4.1 Conditions Prior to the Entry Into Force and Deliveries

As conditions precedent to the Entry into Force, the Parties shall satisfy the conditions set forth in this Section 4.1.

(a) The Government (or a mutually acceptable Government Affiliate), a Permitted Designee, and MCC shall execute a disbursement agreement (the "Disbursement Agreement"), which agreement shall be in full force and effect as of the Entry into Force.

(b) The Government (or a mutually acceptable Government Affiliate), a Permitted Designee, and MCC shall execute a governance agreement (the "Governance Agreement"), which agreement shall be in full force and effect as of the Entry into Force.

(c)(i) The Government shall deliver one or more of the Supplemental Agreements or other documents identified on Exhibit B attached hereto, which agreements or other documents shall be fully executed by the parties thereto and in full force and effect, or (ii) the Government (or a mutually acceptable Government Affiliate), a Permitted Designee, and MCC shall execute one or more term sheets that set forth the material and principal terms and conditions that will be included in any such Supplemental Agreement or other documents that have not been entered into or effective as of the Entry into Force (the "Supplemental Agreement Term Sheets").

(d) The Government shall deliver a written statement as to the incumbency and specimen signature of the Principal Representative and each Additional Representative of the Government executing any document under this Compact, such written statement to be signed by a duly authorized official of the Government other than the Principal Representative or any such Additional Representative.

(e) The Government shall deliver a certificate signed and dated by the Principal Representative of the Government, or such other duly authorized representative of the Government acceptable to MCC, that:

- (i) Certifies the Government has completed all of its domestic

requirements in order that, and attaches a legal opinion from the Supreme Court of Mali (or such other legal opinion as may be acceptable to MCC) to the effect that (1) this Compact (and any Supplemental Agreement to which MCC is a party) shall be given the status of an international agreement; (2) no laws of Mali (other than the Constitution of Mali) now or hereafter in effect shall take precedence or prevail over this Compact (or any Supplemental Agreement to which MCC is a party) during the Compact Term (or a longer period to the extent provisions of this Compact remain in force following the Compact Term pursuant to Section 5.13); and (3) each of the provisions of this Compact (and each of the provisions of any Supplemental Agreement to which MCC is a party) shall be valid, binding and in full force and effect under the laws of Mali; and (ii) Attaches thereto, and certifies that such attachments are, true, correct and complete copies of all decrees, legislation, regulations or other governmental documents relating to its domestic requirements for this Compact to enter into force and the satisfaction of Section 3.10, which MCC may post on its Web site or otherwise make publicly available.

(f) MCC shall deliver a written statement as to the incumbency and specimen signature of the Principal Representative and each Additional Representative of MCC executing any document under this Compact such written statement to be signed by a duly authorized official of MCC other than the Principal Representative or any such Additional Representative.

(g) The Government has not engaged subsequent to the conclusion of this Compact in any action or omission inconsistent with the MCA Eligibility Criteria, as determined by MCC in its sole discretion.

Section 4.2 Conditions Precedent to MCC Disbursements or Re-Disbursements

Prior to, and as condition precedent to, any MCC Disbursement or Re-Disbursement, the Government shall satisfy, or ensure the satisfaction of, all applicable conditions precedent in the Disbursement Agreement.

Article V. Final Clauses

Section 5.1 Communications

Unless otherwise expressly stated in this Compact or otherwise agreed in writing by the Parties, any notice, certificate, request, report, document or other communication required, permitted, or submitted by either Party

to the other under this Compact shall be (a) in writing, (b) in English, and (c) deemed duly given: (i) Upon personal delivery to the Party to be notified; (ii) when sent by confirmed facsimile or electronic mail, if sent during normal business hours of the recipient Party, if not, then on the next business day; or (iii) three (3) business days after deposit with an internationally recognized overnight courier, specifying next day delivery, with written verification of receipt to the Party to be notified at the address indicated below, or at such other address as such Party may designate:

To MCC:

Millennium Challenge Corporation,
Attention: Vice President for Operations
(with a copy to the Vice President and
General Counsel), 875 Fifteenth Street,
NW., Washington, DC 20005, United
States of America, Facsimile: +1 (202)
521-3700, Phone: +1 (202) 521-3600, E-
mail: VPOperations@mcc.gov (Vice
President for Operations);
VPGeneralCounsel@mcc.gov (Vice
President and General Counsel)

To the Government:

Prime Minister of the Republic of
Mali, Primature, Bamako, Mali,
Facsimile: +223 223-9595, Phone: +223
222-5534

With a copy to MCA-Mali:

At an address, and to the attention of
the person, to be designated in writing
to MCC by the Government.

Notwithstanding the foregoing, any
audit report delivered pursuant to
Section 3.8, if delivered by facsimile or
electronic mail, shall be followed by an
original in overnight express mail. This
Section 5.1 shall not apply to the
exchange of letters contemplated in
Section 1.3 or any amendments under
Section 5.3.

Section 5.2 Representatives

Unless otherwise agreed in writing by
the Parties, for all purposes relevant to
this Compact, the Government shall be
represented by the individual holding
the position of, or acting as, the Prime
Minister of the Republic of Mali, and
MCC shall be represented by the
individual holding the position of, or
acting as, Vice President for Operations
(each, a "Principal Representative"),
each of whom, by written notice to the
other Party, may designate one or more
additional representatives (each, an
"Additional Representative") for all
purposes other than signing
amendments to this Compact. The
names of the Principal Representative
and any Additional Representative of
each of the Parties shall be provided,
with specimen signatures, to the other
Party, and the Parties may accept as

duly authorized any instrument signed
by such representatives relating to the
implementation of this Compact, until
receipt of written notice of revocation of
their authority. A Party may change its
Principal Representative to a new
representative of equivalent or higher
rank upon written notice to the other
Party, which notice shall include the
specimen signature of the new Principal
Representative.

Section 5.3 Amendments

The Parties may amend this Compact
only by a written agreement signed by
the Principal Representatives of the
Parties and subject to the respective
domestic approval requirements to
which this Compact was subject.

Section 5.4 Termination; Suspension

(a) Subject to Section 2.5, either Party
may terminate this Compact in its
entirety by giving the other Party thirty
(30) days' written notice.

(b) Notwithstanding any other
provision of this Compact, including
Section 2.1, or any Supplemental
Agreement between the Parties, subject
to Section 2.5, MCC may suspend or
terminate this Compact or MCC
Funding, in whole or in part, and any
obligation or sub-obligation related
thereto, upon giving the Government
written notice, if MCC determines, in its
sole discretion, that:

(i) Any use or proposed use of MCC
Funding or any other Program Asset or
continued implementation of the
Compact would be in violation of
applicable law or United States
Government policy, whether now or
hereafter in effect;

(ii) The Government, any Provider, or
any other third party receiving MCC
Funding or using any other Program
Asset is engaged in activities that are
contrary to the national security
interests of the United States;

(iii) The Government or any Permitted
Designee has committed an act or
omission or an event has occurred that
would render Mali ineligible to receive
United States economic assistance
under Part I of the Foreign Assistance
Act of 1961, as amended (22 U.S.C. 2151
et seq.), by reason of the application of
any provision of the Foreign Assistance
Act of 1961 or any other provision of
law;

(iv) The Government or any Permitted
Designee has engaged in a pattern of
actions or omissions inconsistent with
the MCA Eligibility Criteria, or there has
occurred a significant decline in the
performance of Mali on one or more of
the eligibility indicators contained
therein;

(v) The Government or any Provider
has materially breached one or more of
its assurances or any covenants,
obligations or responsibilities under this
Compact or any Supplemental
Agreement;

(vi) An audit, review, report or any
other document delivered in furtherance
of the Compact or any Supplemental
Agreement or any other evidence
reveals that actual expenditures for the
Program, any Project or any Project
Activity were greater than the projected
expenditure for such activities
identified in the applicable Detailed
Budget or are projected to be greater
than projected expenditures for such
activities;

(vii) If the Government (1) materially
reallocates or reduces the allocation in
its national budget or any other
Government budget of the normal and
expected resources that the Government
would have otherwise received or
budgeted, from external or domestic
sources, for the activities contemplated
herein; (2) fails to contribute or provide
the amount, level, type and quality of
resources required to effectively carry
out the Government Responsibilities or
any other responsibilities or obligations
of the Government under or in
furtherance of this Compact; or (3) fails
to pay any of its obligations as required
under this Compact or any
Supplemental Agreement, including
such obligations which shall be paid
solely out of national funds;

(viii) If the Government, any Provider,
or any other third party receiving MCC
Funding or using any other Program
Asset, or any of their respective
directors, officers, employees, Affiliates,
contractors, sub-contractors, grantees,
sub-grantees, representatives or agents,
is found to have been convicted of a
narcotics offense or to have been
engaged in drug trafficking;

(ix) Any MCC Funding or Program
Assets are applied, directly or
indirectly, to the provision of resources
and support to, individuals and
organizations associated with terrorism,
sex trafficking or prostitution;

(x) An event or condition of any
character has occurred that; (1)
Materially and adversely affects, or is
likely to materially and adversely affect,
the ability of the Government or any
other party to effectively implement, or
ensure the effective implementation of,
the Program or any Project or to
otherwise carry out its responsibilities
or obligations under or in furtherance of
this Compact or any Supplemental
Agreement or to perform its obligations
under or in furtherance of this Compact
or any Supplemental Agreement or to
exercise its rights thereunder; (2) makes

it improbable that the Objectives will be achieved during the Compact Term; (3) materially and adversely affects any Program Asset or any Permitted Account; or (4) constitutes misconduct injurious to MCC, or constitutes a fraud or a felony, by the Government, any Government Affiliate, Permitted Designee or Provider, or any officer, director, employee, agent, representative, Affiliate, contractor, grantee, subcontractor or sub-grantee of any of the foregoing;

(xi) The Government, any Permitted Designee or Provider has taken any action or omission or engaged in any activity in violation of, or inconsistent with, the requirements of this Compact or any Supplemental Agreement to which the Government or any Permitted Designee or Provider is a party;

(xii) There has occurred a failure to meet a condition precedent or series of conditions precedent or any other requirements or conditions in connection with MCC Disbursement as set out in and in accordance with any Supplemental Agreement between the Parties; or

(xiii) Any MCC Funding, Accrued Interest or Program Asset becomes subject to a Lien without the prior approval of MCC, and the Government fails to obtain the release of such Lien (utilizing national funds and not with MCC Funding, Accrued Interest, or any other Program Asset) within thirty (30) days after the imposition of such Lien.

(c) MCC may reinstate any suspended or terminated MCC Funding under this Compact or any Supplemental Agreement if MCC determines, in its sole discretion, that the Government or other relevant party has demonstrated a commitment to correcting each condition for which MCC Funding was suspended or terminated.

(d) The authority under this Section 5.4 to suspend or terminate this Compact or any MCC Funding includes the authority to suspend or terminate any obligations or sub-obligations relating to MCC Funding under any Supplemental Agreement without any liability to MCC whatsoever.

(e) All MCC Disbursements and Re-Disbursements shall cease upon expiration, suspension, or termination of this Compact; *provided, however*, (i) reasonable expenditures for goods, services and works that are properly incurred under or in furtherance of this Compact before such expiration, suspension or termination of this Compact, and (ii) reasonable expenditures for goods and services (including certain administrative expenses) properly incurred in connection with the winding up of the

Program within one hundred and twenty (120) days after such expiration, suspension or termination of the Compact may be paid from MCC Funding if (1) the request for such payment is properly submitted within ninety (90) days after such expiration, suspension or termination of the Compact, and (2) MCC had approved the making of such expenditure in writing in advance thereof.

(f) Other than the payments permitted pursuant to Section 5.4(e), in the event of the suspension or termination of this Compact or any Supplemental Agreement, in whole or in part, the Government, shall suspend, at MCC's sole discretion, for the period of the suspension, or terminate, or ensure the suspension or termination of, as applicable, any obligation or sub-obligation of the Parties to provide financial or other resources under this Compact or any Supplemental Agreement, or to the suspended or terminated portion of this Compact or such Supplemental Agreement, as applicable. In the event of such suspension or termination, the Government shall use its best efforts to suspend or terminate, or ensure the suspension or termination of, as applicable, all such noncancelable commitments related to the suspended or terminated MCC Funding. Any portion of this Compact or any such Supplemental Agreement that is not suspended or terminated shall remain in full force and effect.

(g) Upon the full or partial suspension or termination of this Compact or any MCC Funding, MCC may, at its expense, direct that title to Program Assets be transferred to MCC if such Program Assets are in a deliverable state; *provided*, for any Program Asset partially purchased or funded (directly or indirectly) by MCC Funding, the Government shall reimburse to a United States Government account designated by MCC the cash equivalent of the portion of the value of such Program Asset, such value as determined by MCC.

(h) Prior to the expiration of this Compact or upon termination of this Compact, the Parties shall consult in good faith with a view to reaching an agreement in writing on (i) the post-Compact Term treatment of MCA-Mali, (ii) the process for ensuring the refunds of MCC Disbursements that have not yet been released from a Permitted Account through a valid Re-Disbursement or otherwise committed in accordance with Section 5.4(e), or (iii) any other matter related to the winding up of the Program and this Compact.

Section 5.5 Privileges and Immunities

MCC is an agency of the Government of the United States of America and its personnel assigned to Mali will be notified pursuant to the Vienna Convention on Diplomatic Relations as members of the mission of the Embassy of the United States of America. The Government shall ensure that any personnel of MCC so notified, including individuals detailed to or contracted by MCC, and the members of the families of such personnel, while such personnel are performing duties in Mali, shall enjoy the privileges and immunities that are enjoyed by a member of the United States Foreign Service, or the family of a member of the United States Foreign Service so notified, as appropriate, of comparable rank and salary of such personnel, if such personnel or the members of the families of such personnel are not a national of, or permanently resident in, Mali.

Section 5.6 Attachments

Any annex, schedule, exhibit, table, appendix or other attachment expressly attached hereto (collectively, the "Attachments") is incorporated herein by reference and shall constitute an integral part of this Compact.

Section 5.7 Inconsistencies

(a) Conflicts or inconsistencies between any parts of this Compact shall be resolved by applying the following descending order of precedence:

- (i) Articles I through V, and
- (ii) Any Attachments.

(b) In the event of any conflict or inconsistency between this Compact and any Supplemental Agreement between the Parties, the terms of this Compact shall prevail. In the event of any conflict or inconsistency between any Supplemental Agreement between the Parties and any other Supplemental Agreement, the terms of the Supplemental Agreement between the Parties shall prevail. In the event of any conflict or inconsistency between Supplemental Agreements between any parties, the terms of a more recently executed Supplemental Agreement between such parties shall take precedence over a previously executed Supplemental Agreement between such parties. In the event of any inconsistency between a Supplemental Agreement between the Parties and any Implementation Document, the terms of the relevant Supplemental Agreement shall prevail.

Section 5.8 Indemnification

The Government shall indemnify and hold MCC and any MCC officer, director, employee, Affiliate, contractor,

agent or representative (each of MCC and any such persons, an “MCC Indemnified Party”) harmless from and against, and shall compensate, reimburse and pay such MCC Indemnified Party for, any liability or other damages which (a) are directly or indirectly suffered or incurred by such MCC Indemnified Party, or to which any MCC Indemnified Party may otherwise become subject, regardless of whether or not such damages relate to any third-party claim, and (b) arise from or as a result of the negligence or willful misconduct of the Government, any Government Affiliate, MCA-Mali or any Permitted Designee, directly or indirectly connected with, any activities (including acts or omissions) undertaken in furtherance of this Compact; *provided, however*, the Government shall apply national funds to satisfy its obligations under this Section 5.8 and no MCC Funding, Accrued Interest, or other Program Asset may be applied by the Government in satisfaction of its obligations under this Section 5.8.

Section 5.9 Headings

The Section and Subsection headings used in this Compact are included for convenience only and are not to be considered in construing or interpreting this Compact.

Section 5.10 Interpretation

(a) Any reference to the term “including” in this Compact shall be deemed to mean “including without limitation” except as expressly provided otherwise.

(b) Any reference to activities undertaken “in furtherance of this Compact” or similar language shall include activities undertaken by the Government, any Government Affiliate, any Permitted Designee, any Provider or any other third party receiving MCC Funding involved in carrying out the purposes of this Compact or any Supplemental Agreement, including their respective directors, officers, employees, Affiliates, contractors, sub-contractors, grantees, sub-grantees, representatives or agents, whether pursuant to the terms of this Compact, any Supplemental Agreement or otherwise.

(c) References to “day” or “days” shall be calendar days unless provided otherwise.

(d) Defined terms importing the singular also include the plural, and vice versa.

Section 5.11 Signatures

A signature to this Compact or an amendment to this Compact pursuant to

Section 5.3 shall be delivered only as an original signature. With respect to all other signatures, a signature delivered by facsimile or electronic mail in accordance with Section 5.1 shall be deemed an original signature and shall be binding on the Party delivering such signature, and the Parties hereby waive any objection to such signature or to the validity of the underlying document, certificate, notice, instrument or agreement on the basis of the signature’s legal effect, validity or enforceability solely because it is in facsimile or electronic form. Without limiting the foregoing, a signature on an audit report or a signature evidencing any modification identified in Section 2(a) and Section 4(a)(iv) of Annex I, Section 4 of Annex II, or Section 5(d) of Annex III shall be followed by an original in overnight express mail.

Section 5.12 Designation

MCC may designate any Affiliate, agent, or representative to implement, in whole or in part, its obligations, and exercise any of its rights, under this Compact or any Supplemental Agreement between the Parties. MCC shall inform the Government of any such designation.

Section 5.13 Survival

Any Government Responsibilities, covenants, or obligations or other responsibilities to be performed by the Government after the Compact Term shall survive the termination or expiration of this Compact and expire in accordance with their respective terms. Notwithstanding the termination or expiration of this Compact, the following provisions shall remain in force: Sections 2.2, 2.3, 2.5, 3.2, 3.3, 3.4, 3.5, 3.8, 3.9 (for one year), 3.12, 5.1, 5.2, 5.4(d), 5.4(e) (for one hundred and twenty (120) days), 5.4(f), 5.4(g), 5.4(h), 5.5, 5.6, 5.7, 5.8, 5.9, 5.10, 5.11, 5.12, this Section 5.13, 5.14, and 5.15.

Section 5.14 Consultation

Either Party may, at any time, request consultations relating to the interpretation or implementation of this Compact or any Supplemental Agreement between the Parties. Such consultations shall begin at the earliest possible date. The request for consultations shall designate a representative for the requesting Party with the authority to enter consultations and the other Party shall endeavor to designate a representative of equal or comparable rank. If such representatives are unable to resolve the matter within twenty (20) days from the commencement of the consultations, then each Party shall forward the

consultation to the Principal Representative or such other representative of comparable or higher rank. The consultations shall last no longer than forty-five (45) days from date of commencement. If the matter is not resolved within such time period, either Party may terminate this Compact pursuant to Section 5.4(a). The Parties shall enter any such consultations guided by the principle of achieving the Compact Goal in a timely and cost-effective manner and by the principles of international law. Any dispute arising under or related to this Compact shall be determined exclusively through the consultation mechanism set forth in this Section 5.14.

Section 5.15 MCC Status

MCC is a United States Government corporation acting on behalf of the United States Government in the implementation of this Compact. As such, MCC has no liability under this Compact, is immune from any action or proceeding arising under or relating to this Compact and the Government hereby waives and releases all claims related to any such liability. In matters arising under or relating to this Compact, MCC is not subject to the jurisdiction of the courts or other body of Mali or any other jurisdiction, and all disputes arising under or relating to this Compact shall be determined in accordance with Section 5.14.

Section 5.16 Language

This Compact is prepared in English and in the event of any ambiguity or conflict between this official English version and any other version translated into any language for the convenience of the Parties, this official English version shall prevail.

Section 5.17 Publicity; Information and Marking

The Government shall give appropriate publicity to this Compact as a program to which the United States, through MCC, has contributed, including by posting this Compact, and any amendments thereto, on the Web site operated by MCA-Mali (“MCA-Mali Web site”), identifying Program activity sites, and marking Program Assets; *provided*, any announcement, press release or statement regarding MCC or the fact that MCC is funding the Program or any other publicity materials referencing MCC, including the publicity described in this Section 5.17, shall be subject to prior approval by MCC and shall be consistent with any instructions provided by MCC from time to time in relevant Implementation Letters. Upon the termination or

expiration of this Compact, MCC may request the removal of, and the Government shall, upon such request, remove, or cause the removal of, any such markings and any references to MCC in any publicity materials or on the MCA-Mali Web site. MCC may post this Compact, and any amendments thereto, on the Web site of MCC. MCC shall have the right to use any information or data provided in any report or document provided to MCC for the purpose of satisfying MCC reporting requirements or in any other manner.

In Witness Whereof, the undersigned, duly authorized by their respective governments, have signed this Compact this 13th day of November 2006 and this Compact shall enter into force in accordance with Section 1.3.

Done at Washington, DC in English.

For the United States of America, acting through the Millennium Challenge Corporation, Name: John J. Danilovich, Title: Chief Executive Officer.

For the Government of the Republic of Mali, Name: Mactor Ouane, Title: Minister of Foreign Affairs and International Cooperation.

Exhibit A—Definitions

The following compendium of capitalized terms that are used herein is provided for the convenience of the reader. To the extent that there is a conflict or inconsistency between the definitions in this Exhibit A and the definitions elsewhere in the text of this Compact, the definition elsewhere in this Compact shall prevail over the definition in this Exhibit A.

Accrued Interest shall have the meaning set forth in Section 2.1(c).

Act shall have the meaning set forth in Section 2.1(a)(iii).

Ad Hoc Evaluation shall have the meaning set forth in Section 3(b) of Annex III.

Additional Representative shall have the meaning set forth in Section 5.2.

AdM shall have the meaning set forth in Section 2(c) of Schedule 1 to Annex I.

Advisory Council(s) shall have the meaning set forth in Section 3(e)(i) of Annex I.

Affiliate means the affiliate of a party, which is a person or entity that controls, is controlled by, or is under the same control as the party in question, whether by ownership or by voting, financial or other power or means of influence. References to Affiliate herein shall include any of their respective directors, officers, employees, affiliates, contractors, sub-contractors, grantees, sub-grantees, representatives, and agents.

Agriculture Activity shall have the meaning set forth in Section 2(e) of Schedule 3 to Annex I.

Airport shall have the meaning set forth in Section 1.1.

Airport Domain Advisory Council shall have the meaning set forth in Section 3(e)(i) of Annex I.

Airport Improvement Project shall have the meaning set forth in the Preamble of Schedule 1 to Annex I.

Airside Infrastructure Activity shall have the meaning set forth in Section 2(a) of Schedule 1 to Annex I.

Alatona Irrigation Project shall have the meaning set forth in the Preamble of Schedule 3 to Annex I.

Alatona Irrigation Project Objective shall have the meaning set forth in Section 1.1(c).

Alatona Zone Advisory Council shall have the meaning set forth in Section 3(e)(i) of Annex I.

ANAC means the Agence Nationale de l'Aéronautique Civile.

ASECNA means the Agence pour la Sécurité de la Navigation Aérienne en Afrique et à Madagascar.

Attachments shall have the meaning set forth in Section 5.6.

Audit Guidelines shall have the meaning set forth in Section 3.8(d)(i).

Audit Plan shall have the meaning set forth in Section 3.8(d)(iii).

Auditor shall have the meaning set forth in Section 3(h) of Annex I.

Auditor/Reviewer Agreement shall have the meaning set forth in Section 3(h) of Annex I.

Bamako-Sénou Airport Improvement Project Objective shall have the meaning set forth in Section 1.1(a).

Bank(s) means any bank holding a Permitted Account.

Bank Agreement shall have the meaning set forth in Section 4(d) of Annex I.

BDS shall have the meaning set forth in Section 4 of Schedule 2 to Annex I.

Beneficiaries shall have the meaning set forth in Section 2(a) of Annex III.

Bilateral Agreement shall have the meaning set forth in Section 2.6.

Board shall have the meaning set forth in Section 3(d)(i)(2) of Annex I.

Chair shall have the meaning set forth in Section 3(d)(ii)(2)(A)(i) of Annex I.

Civil Member shall have the meaning set forth in Section 3(d)(ii)(2)(A) of Annex I.

Civil Society Stakeholders shall have the meaning set forth in Section 3(e)(ii)(1) of Annex I.

CNPI means the Centre National de la Promotion des Investissements.

Community Activity shall have the meaning set forth in Section 2(d) of Schedule 3 to Annex I.

Compact shall have the meaning set forth in the Preamble.

Compact Goal shall have the meaning set forth in Section 1.1.

Compact Implementation Funding shall have the meaning set forth in Section 2.1(a)(iii).

Compact Records shall have the meaning set forth in Section 3.8(b).

Compact Reports shall have the meaning set forth in Section 3(d)(ii)(3)(C) of Annex I.

Compact Term shall have the meaning set forth in Section 1.3.

Contract shall have the meaning set forth in Section 3(f) of Annex I.

Contractor shall have the meaning set forth in Section 3(f) of Annex I.

COSCAP shall have the meaning set forth in Section 4 of Schedule 1 to Annex I.

Covered Provider shall have the meaning set forth in Section 3.8(d)(iv).

Designated Rights and Responsibilities shall have the meaning set forth in Section 3.2(c).

Detailed Budget shall have the meaning set forth in Section 4(a)(ii) of Annex I.

DNCPN means the Direction Nationale du Contrôle de la Pollution et des Nuisances.

Director General shall have the meaning set forth in Section 3(d)(iii) of Annex I.

Disbursement Agreement shall have the meaning set forth in Section 4.1(a).

EA shall have the meaning set forth in Section 6(a) of Annex I.

EIA shall have the meaning set forth in Section 6(a) of Annex I.

EMP shall have the meaning set forth in Section 6(a) of Annex I.

EMS shall have the meaning set forth in Section 6 of Schedule 1 to Annex I.

Entry into Force shall have the meaning set forth in Section 1.3.

Environmental Guidelines shall have the meaning set forth in Section 2.3(d).

Evaluation Component shall have the meaning set forth in Section 1 of Annex III.

Exempt Uses shall have the meaning set forth in Section 2.3(e)(ii).

Final Evaluation shall have the meaning set forth in Section 3(a) of Annex III.

Finance Activity shall have the meaning set forth in Section 2(f) of Schedule 3 to Annex I.

Financial Plan Annex shall have the meaning set forth in the Preamble of Annex II.

Fiscal Accountability Plan shall have the meaning set forth in Section 4(c) of Annex I.

Fiscal Agent shall have the meaning set forth in Section 3(g)(i) of Annex I.

Fiscal Agent Agreement shall have the meaning set forth in Section 3(g)(i) of Annex I.

GDP means gross domestic product.

Goal Indicator shall have the meaning set forth in Section 2(a) of Annex III.

Governance Agreement shall have the meaning set forth in Section 4.1(b).

Governing Document shall have the meaning set forth in Section 3(c)(i)(9) of Annex I.

Government shall have the meaning set forth in the Preamble.

Government Affiliate means an Affiliate, ministry, bureau, department, agency, government, corporation or any other entity chartered or established by the Government or local government in Mali. References to Government Affiliate shall include any of their respective directors, officers, employees, affiliates, contractors, sub-contractors, grantees, sub-grantees, representatives, and agents.

Government Member shall have the meaning set forth in Section 3(d)(ii)(2)(A) of Annex I.

Government Party shall have the meaning set forth in Section 3.8(e)(i).

Government Responsibilities shall have the meaning set forth in Section 3.2(a).

Ha means hectare.

Implementation Document shall have the meaning set forth in Section 3(a) of Annex I.

Implementation Letter shall have the meaning set forth in Section 3.5(a).

Implementing Entity shall have the meaning set forth in Section 3(f) of Annex I.

Implementing Entity Agreement shall have the meaning set forth in Section 3(f) of Annex I.

Indicators shall have the meaning set forth in Section 2(a) of Annex III.

Industrial Park shall have the meaning set forth in Section 1(a) of Annex I.

Industrial Park Project shall have the meaning set forth in the Preamble of Schedule 2 to Annex I.

Industrial Park Project Objective shall have the meaning set forth in Section 1.1(b).

Inspector General shall have the meaning set forth in Section 3.8(d)(i).

Institutional Strengthening Activity for the Airport Improvement Project shall have the meaning set forth in Section 2(c) of Schedule 1 to Annex I.

Institutional Strengthening Activity for the Industrial Park Project shall have the meaning set forth in Section 2(c) of Schedule 2 to Annex I.

Irrigation Activity shall have the meaning set forth in Section 2(b) of Schedule 3 to Annex I.

Land Activity shall have the meaning set forth in Section 2(c) of Schedule 3 to Annex I.

Landside Infrastructure Activity shall have the meaning set forth in Section 2(b) of Schedule 1 to Annex I.

Lien shall have the meaning set forth in Section 2.3(g).

Local Account shall have the meaning set forth in Section 4(d)(ii) of Annex I.

M&E shall have the meaning set forth in Section 3 of Annex I.

M&E Annex shall have the meaning set forth in the Preamble of Annex III.

M&E Plan shall have the meaning set forth in Section 2(d) of Annex I.

Mali shall have the meaning set forth in the Recitals.

Management shall have the meaning set forth in Section 3(d)(i)(2) of Annex I.

Material Agreement shall have the meaning set forth in Section 3(c)(i)(4) of Annex I.

Material Re-Disbursement shall have the meaning set forth in Section 3(c)(i)(7) of Annex I.

MCA shall have the meaning set forth in the Recitals.

MCA Eligibility Criteria shall have the meaning set forth in Section 3.7.

MCA-Mali shall have the meaning set forth in Section 3(b)(i) of Annex I.

MCA-Mali Web site shall have the meaning set forth in Section 5.17.

MCC shall have the meaning set forth in the Preamble.

MCC Disbursement shall have the meaning set forth in Section 2.1(b)(i).

MCC Disbursement Request shall have the meaning set forth in Section 4(b) of Annex I.

MCC Funding shall have the meaning set forth in Section 2.1(a).

MCC Indemnified Party shall have the meaning set forth in Section 5.8.

MCC Representative shall have the meaning set forth in Section 3(d)(ii)(2)(B)(i) of Annex I.

MFIs means microfinance institutions.

Monitoring Component shall have the meaning set forth in Section 1 of Annex III.

MSMEs shall have the meaning set forth in Section 4 of Schedule 2 to Annex I.

Multi-Year Financial Plan shall have the meaning set forth in Section 4(a)(i) of Annex I.

Multi-Year Financial Plan Summary shall have the meaning set forth in Section 1 of Annex II.

NGOs shall have the meaning set forth in Section 1(b) of Annex I.

Objective(s) shall have the meaning set forth in Section 1.1.

Objective Indicator shall have the meaning set forth in Section 2(a) of Annex III.

Observer shall have the meaning set forth in Section 3(d)(ii)(2)(B) of Annex I.

Officer shall have the meaning set forth in Section 3(d)(iii)(1) of Annex I.

ON shall have the meaning set forth in Section 1.1(c).

Outcomes shall have the meaning set forth in Section 1 of Annex III.

Outcome Indicator shall have the meaning set forth in Section 2(a) of Annex III.

Output Indicator shall have the meaning set forth in Section 2(a) of Annex III.

Party or *Parties* shall have the meaning set forth in the Preamble.

Permitted Account(s) shall have the meaning set forth in Section 4(d) of Annex I.

Permitted Designee shall have the meaning set forth in Section 3.2(c).

Pledge shall have the meaning set forth in Section 3(c)(i)(8) of Annex I.

Primary and Secondary Infrastructure Activity shall have the meaning set forth in Section 2(a) of Schedule 2 to Annex I.

Principal Representative shall have the meaning set forth in Section 5.2.

Procurement Agent shall have the meaning set forth in Section 3(i) of Annex I.

Procurement Agent Agreement shall have the meaning set forth in Section 3(i) of Annex I.

Procurement Guidelines shall have the meaning set forth in Section 3.6(a).

Procurement Plan shall have the meaning set forth in Section 3(i) of Annex I.

Program shall have the meaning set forth in the Recitals.

Program Annex shall have the meaning set forth in the Preamble of Annex I.

Program Assets shall have the meaning set forth in Section 2.3(e)(iii).

Program Objective shall have the meaning set forth in Section 1.1.

Project shall have the meaning set forth in Section 1.2.

Project Activity shall have the meaning set forth in Section 2(a) of Annex I.

Project Objective shall have the meaning set forth in Section 1.1.

Proposal shall have the meaning set forth in the Recitals.

Provider shall have the meaning set forth in Section 2.4(b).

PRSP shall have the meaning set forth in Section 1(b) of Annex I.

RAP shall have the meaning set forth in Section 6(a) of Annex I.

Re-Disbursement shall have the meaning set forth in Section 2.1(b)(ii).

Resettlement Activity shall have the meaning set forth in Section 2(b) of Schedule 2 to Annex I.

Revenue Authority shall have the meaning set forth in Section 2(c)(v) of Schedule 3 to Annex I.

Reviewer shall have the meaning set forth in Section 3(h) of Annex I.

Road Activity shall have the meaning set forth in Section 2(a) of Schedule 3 to Annex I.

Special Account shall have the meaning set forth in Section 4(d)(i) of Annex I.

STIs means sexually transmitted infections.

Supplemental Agreement shall have the meaning set forth in Section 3.5(b).

Supplemental Agreement between the Parties means any agreement between MCC on the one hand, and the Government, any Government Affiliate or Permitted Designee on the other hand.

Supplemental Agreement Term Sheets shall have the meaning set forth in Section 4.1(c).

Target shall have the meaning set forth in Section 2(a) of Annex III.

Tax(es) shall have the meaning set forth in Section 2.3(e)(i).

United States Dollars, US\$ or \$ shall have the meaning set forth in Section 2.1(d).

United States Government means any branch, agency, bureau, government corporation, government chartered entity or other body of the Federal government of the United States.

USAID shall have the meaning set forth in Section 5 of Schedule 1 to Annex I.

VOCs shall have the meaning set forth in Section 3 of Schedule 3 to Annex I.

Voting Member means each Government Member and each Civil Member.

WAEMU shall have the meaning set forth in Section 4 of Schedule 1 to Annex I.

Work Plan shall have the meaning set forth in Section 3(a) of Annex I.

WUAs shall have the meaning set forth in Section 2 of Schedule 3 to Annex I.

Exhibit B—List of Certain Supplemental Agreements

1. Fiscal Agent Agreement.
2. Procurement Agent Agreement.
3. Bank Agreement.
4. Form of Implementing Entity Agreement.

Schedule 2.1(a)(iii)—Compact Implementation Funding

The Compact Implementation Funding provided pursuant to Section 2.1(a)(iii) of this Compact shall support the following activities:

- (a) Fiscal and procurement administration activities;
- (b) Administrative activities including start-up costs such as staff salaries and administrative support expenses of

MCA-Mali (or a mutually acceptable Government Affiliate) such as rent, computers and other information technology or capital equipment;

- (c) Baseline surveys for M&E; and
- (d) Additional work for feasibility studies.

The total amount of funds disbursed in accordance with Section 2.1(a)(iii) shall not exceed the amount set forth in Section 2.1(a)(iii).

Annex I—Program Description

This Annex I to the Compact (this “Program Annex”) generally describes the Program that MCC Funding will support in Mali during the Compact Term and the results to be achieved from the investment of MCC Funding. Prior to any MCC Disbursement or Re-Disbursement, including for the Projects described herein, MCC, the Government (or a mutually acceptable Government Affiliate) and MCA-Mali shall enter into the Disbursement Agreement, which agreement shall be in form and substance mutually satisfactory to the Parties, and signed by the Principal Representative of each Party (or in the case of a Government Affiliate, the principal representative of such Government Affiliate) and of MCA-Mali.

Except as specifically provided herein, the Parties may amend this Program Annex only by written agreement signed by the Principal Representative of each Party. Each capitalized term used but not defined in this Program Annex shall have the same meaning given such term elsewhere in this Compact. Unless otherwise expressly stated, each Section reference herein is to the relevant Section of the main body of this Compact.

1. Background; Consultative Process

(a) Background. Mali is a landlocked country of 1.24 million sq km that shares a border with seven West African countries. One of the world’s poorest countries, Mali ranks 174 out of 177 on the United Nations Development Program’s Human Development Index, with low levels of literacy (19%) and life expectancy of 47.9 years. Sixty-four percent of Mali’s approximate 13 million people are poor, a third living in extreme poverty. MCC’s investments will support the development of key infrastructure and policy reform for productive sectors, by addressing the country’s constraints to growth and capitalizing on two of Mali’s major assets, the Airport, gateway for regional and international trade, and the Niger River Delta for irrigated agriculture. As proposed by the Government, the Program will create a platform for increased production and productivity

of agriculture and small and medium-sized enterprises, as well as expand Mali’s access to markets and trade.

Investment in the Airport infrastructure will establish an independent and secure link to the regional and global economy, addressing the specific need of a landlocked, developing country. The investments in the industrial park to be located within the Airport domain (“Industrial Park”) will provide properly managed and serviced land for businesses and will leverage reforms that will decrease the cost of doing business in Mali. The investments in the Alatona zone of ON will be a catalyst for the transformation and commercialization of family farms. It will support Mali’s national development strategy to increase the contribution of the rural sector to economic growth and help achieve national food security. These investments will be strengthened by policy reforms and institutional support such as formal land titles for the rural poor, demand-driven rural advisory services, an improved business environment, and increased access to markets and trade. These hard and soft investments will impact the poor in Mali, particularly Malian farmers and small and medium-size entrepreneurs, not only in Project zones but, over time, on a national and regional scale. The Program reinforces the Government’s approach and commitment to democracy, decentralization, and empowerment of local communities. MCC-financed interventions will complement and reinforce national strategies for poverty reduction and economic growth.

(b) Consultative Process. The Program strongly supports the third pillar of the poverty reduction strategy paper (“PRSP”): Development of infrastructure and key support for productive sectors. The participatory process of the PRSP is characterized as having “breadth” and being “systematic.” The national structure for the implementation of the PRSP identified the following among the top constraints to economic growth in its consultative process:

- (i) Climatic risks affecting the rural sector with consequences on the national economy;
- (ii) High cost of factors of production;
- (iii) Fluctuations in prices of principal import and export products; and
- (iv) Isolation/landlocked nature of the country.

The Program was designed to address these constraints. Priorities were defined by the national PRSP structure and refinement occurred in consultation with civil society and the private sector.

This consultative process enriched and helped form the Proposal and its development. The insistence on rural land ownership and titling derived from dialogue with civil society and private sector actors. The need for inclusion of a strong component of social services for the Alatona zone was also reinforced through the consultative process.

Members of the Government, private sector, and civil society (national non-governmental organizations and U.S. non-governmental organizations) played an active role in developing the Millennium Challenge Account proposal. Local non-governmental organizations ("NGOs"), including village-level women's associations, were directly involved in the process through numerous on-site workshops and meetings in the ON region. Consultations also took place with private sector and civil society actors around Bamako, as well as communities surrounding the Airport domain, who emphasized the need for improved infrastructure and increased economic activity to reduce poverty. Lastly, the Consultative Process involved participation of the U.S. NGO community, that has a strong presence in Mali, working on health, education, agriculture, governance, and economic development programs throughout the country.

2. Overview

(a) Projects. The Parties have identified the Projects that the Government will implement, or cause to be implemented, using MCC Funding to advance each Objective. Each Project is described in the Schedules to this Program Annex. The Schedules to this Program Annex also identify one or more of the activities that will be undertaken in furtherance of each Project (each, a "Project Activity"), as well as the various activities within each Project Activity. Notwithstanding anything to the contrary in this Compact, the Parties may agree to modify, amend, terminate or suspend these Projects or to create a new project by written agreement signed by the Principal Representative of each Party without amending this Compact; *provided, however*, any such modification or amendment of a Project or creation of a new project shall (i) be consistent with the Objectives; (ii) not cause the amount of MCC Funding to exceed the aggregate amount specified in Section 2.1(a) of this Compact; (iii) not cause the Government's responsibilities or contribution of resources to be less than specified in Section 2.2 of this Compact or

elsewhere in this Compact; and (iv) not extend the Compact Term.

(b) Beneficiaries. The intended beneficiaries of each Project are described in the respective Schedule to this Program Annex and Annex III to the extent identified as of the date hereof. The intended beneficiaries shall be identified more precisely during the initial phases of implementation of the Program. The Government shall provide to MCC information on the population of the areas in which the Projects will be active, disaggregated by gender, income level and age. The Parties shall agree upon the description of the intended beneficiaries and the Parties will make publicly available a more detailed description of the intended beneficiaries of the Program, including publishing such description on the MCA-Mali Web site.

(c) Civil Society. Civil society shall participate in overseeing the implementation of the Program through its representation on the Board and the Advisory Councils, as provided in Section 3(d) and Section 3(e), respectively, of this Program Annex. In addition, ongoing consultations with the civil society regarding the manner in which each Project is being implemented will take place throughout the Compact Term.

(d) Monitoring and Evaluation. Annex III generally describes the plan to measure and evaluate progress toward achievement of the Compact Goal and the Objectives (the "M&E Plan"). As outlined in the Disbursement Agreement and other Supplemental Agreements, continued disbursement of MCC Funding under this Compact (whether as MCC Disbursements or Re-Disbursements) shall be contingent on, among other things, successful achievement of certain Targets as set forth in the M&E Plan.

3. Implementation Framework

The implementation framework and the plan for ensuring adequate governance, oversight, management, monitoring and evaluation ("M&E") and fiscal accountability for the use of MCC Funding is summarized below and in the Schedules attached to this Program Annex, and as may otherwise be agreed in writing by the Parties.

(a) General. The elements of the implementation framework will be further described in the Supplemental Agreements and in a set of detailed documents for the implementation of the Program, consisting of (i) a Multi-Year Financial Plan, (ii) a Fiscal Accountability Plan, (iii) a Procurement Plan, (iv) an M&E Plan, and (v) a Work Plan (each, an "Implementation

Document"). MCA-Mali shall adopt each Implementation Document in accordance with the requirements and timeframe as may be specified in this Program Annex, Annex II, Annex III, and the Disbursement Agreement or as may otherwise be agreed by the Parties from time to time. MCA-Mali may amend any Implementation Document without amending this Compact, *provided* that any material amendment of such Implementation Document has been approved by MCC and is otherwise consistent with the requirements of this Compact and any Supplemental Agreement. By such time as may be specified in the Disbursement Agreement, or as may otherwise be agreed by the Parties from time to time, MCA-Mali shall adopt a work plan for the overall administration of the Program (the "Work Plan"). The Work Plan shall set forth, with respect to (i) the administration of the Program, (ii) the monitoring and evaluation of the Program, and (iii) the implementation of each Project, the following: (1) Each activity to be undertaken or funded by MCC Funding (to the level of detail mutually acceptable to MCA-Mali and MCC), (2) the Detailed Budget, and (3) where appropriate, the allocation of roles and responsibilities for specific activities, other programmatic guidelines, performance requirements, targets, and other expectations related thereto.

(b) Government.

(i) The Government shall promptly take all necessary and appropriate actions to carry out the Government Responsibilities and other obligations or responsibilities of the Government under and in furtherance of this Compact, including undertaking or pursuing such legal, legislative or regulatory actions or procedural changes and contractual arrangements as may be necessary or appropriate to achieve the Objectives, to successfully implement the Program, to designate any rights or responsibilities to any Permitted Designee, and to establish a legal entity, in a form mutually agreeable to the Parties ("MCA-Mali"), which shall be a Permitted Designee and shall be responsible for the oversight and management of the implementation of this Compact on behalf of the Government. The Government shall promptly deliver to MCC certified copies of any documents, orders, decrees, laws or regulations evidencing such legal, legislative, regulatory, procedural, contractual or other actions.

(ii) The Government shall ensure that MCA-Mali is duly authorized and organized, sufficiently staffed and empowered to carry out fully the

Designated Rights and Responsibilities. Without limiting the generality of the preceding sentence, MCA-Mali shall be organized, and have such roles and responsibilities, as described in Section 3(d) of this Program Annex and as provided in the Governing Documents.

(c) MCC.

(i) Notwithstanding Section 3.11 of this Compact or any provision in this Program Annex to the contrary, and except as may be otherwise agreed upon by the Parties from time to time, MCC must approve in writing each of the following transactions, activities, agreements and documents prior to the execution or carrying out of such transaction, activity, agreement or document and prior to MCC Disbursements or Re-Disbursements in connection therewith:

(1) MCC Disbursements;

(2) Each Implementation Document (including each component thereto) and any material amendments and supplements thereto;

(3) Any Audit Plan;

(4) Agreements (i) between the Government and MCA-Mali, (ii) between the Government, a Government Affiliate, MCA-Mali or any other Permitted Designee, on the one hand, and any Provider or Affiliate of a Provider, on the other hand, which require such MCC approval under applicable law, the Disbursement Agreement, any Governing Document, or any other Supplemental Agreement, or (iii) in which the Government, a Government Affiliate, MCA-Mali or any other Permitted Designee appoints, hires, or engages any of the following in furtherance of this Compact:

(A) Auditor;

(B) Reviewer;

(C) Fiscal Agent;

(D) Procurement Agent;

(E) Bank;

(F) Implementing Entity (as required under Section 3(f) of this Program Annex); and

(G) A member of the Board (including any Observer), any Officer or any other key employee of MCA-Mali (including agreements involving the terms of any compensation for any such person).

(Any agreement described in clause (i) through (iii) of this Section 3(c)(i)(4) of this Program Annex and any amendments and supplements thereto, each, a "Material Agreement");

(5) Any modification, termination or suspension of a Material Agreement, or any action that would have the effect of such a modification, termination or suspension of a Material Agreement;

(6) Any agreement that is (A) not at arm's length or (B) with a party related to the Government, MCA-Mali or any of their respective Affiliates;

(7) Any Re-Disbursement that requires such MCC approval under applicable law, any Governing Document, or any other Supplemental Agreement (each, a "Material Re-Disbursement");

(8) Any pledge of any MCC Funding or any Program Assets, or any guarantee, directly or indirectly, of any indebtedness (each, a "Pledge");

(9) Any decree, legislation, regulation, contractual arrangement (including the Governance Agreement), or other charter document establishing or governing MCA-Mali (each, a "Governing Document");

(10) Any disposition, in whole or in part, liquidation, dissolution, winding up, reorganization or other change of (A) MCA-Mali, including any revocation or modification of or supplement to any Governing Document related thereto, or (B) any subsidiary or Affiliate of MCA-Mali;

(11) Any change in character or location of any Permitted Account;

(12) Formation or acquisition of any direct or indirect subsidiary, or other Affiliate, of MCA-Mali;

(13) (A) Any change of any member of the Board (including any Observer), of the member serving as the Chair or in the composition or size of the Board, and the filling of any vacant seat of any member of the Board (including any Observer), (B) any change of any Officer or other key employee of MCA-Mali or in the composition or size of the Management, and the filling of any vacant position of any Officer or other key employee of MCA-Mali, and (C) any material change in the composition or size of any Advisory Council;

(14) Any decision by MCA-Mali to engage, to accept or to manage any funds from any donor agencies or organizations in addition to MCC Funding during the Compact Term;

(15) Any decision to amend, supplement, replace, terminate, or otherwise change any of the foregoing; and

(16) Any other activity, agreement, document or transaction requiring the approval of MCC in this Compact, applicable law, any Governing Document, the Disbursement Agreement, or any other Supplemental Agreement between the Parties.

(ii) MCC shall have the authority to exercise its approval rights set forth in this Section 3(c) of this Program Annex in its sole discretion and independent of any participation or position taken by the MCC Representative at a meeting of the Board. MCC retains the right to revoke its approval of any matter, agreement, or action if MCC concludes, in its sole discretion, that its approval was issued on the basis of incomplete,

inaccurate or misleading information furnished by the Government, any Government Affiliate, MCA-Mali or any other Permitted Designee.

Notwithstanding any provision in this Compact or any Supplemental Agreement to the contrary, the exercise by MCC of its approval rights under this Compact or any Supplemental Agreement shall not (1) diminish or otherwise affect the Government Responsibilities or any other obligations or responsibilities of the Government under this Compact or any Supplemental Agreement, (2) transfer any such obligations or responsibilities of the Government, or (3) otherwise subject MCC to any liability.

(d) MCA-Mali.

(i) General. Unless otherwise agreed by the Parties in writing, MCA-Mali shall, as a Permitted Designee, be responsible for the oversight and management of the implementation of this Compact. MCA-Mali shall be governed by applicable law and the Governing Documents. Each Governing Document shall be in form and substance satisfactory to MCC and effective on or before the time specified in the Disbursement Agreement, and based on the following principles:

(1) The Government shall ensure that MCA-Mali shall not assign, delegate or contract any of the Designated Rights and Responsibilities without the prior written consent of the Government and MCC. MCA-Mali shall not establish any Affiliates or subsidiaries (direct or indirect) without the prior written consent of the Government and MCC.

(2) Unless otherwise agreed by the Parties in writing, MCA-Mali shall consist of (A) an independent board of directors (the "Board") to oversee MCA-Mali's responsibilities and obligations under this Compact (including any Designated Rights and Responsibilities) and (B) a management unit to have overall management (the "Management") responsibility for the implementation of this Compact.

(3) The Government shall ensure that the Governing Documents comply with the requirements set forth in this Program Annex.

(ii) Board.

(1) Formation. The Government shall ensure that the Board shall be formed, constituted, governed and operated in accordance with the terms and conditions set forth in the Governing Documents and any Supplemental Agreement.

(2) Composition. Unless otherwise agreed by the Parties in writing, the Board shall consist of no more than eleven (11) voting members and two (2) non-voting observers identified below.

(A) The Board shall initially be composed of eleven (11) voting members as follows, *provided* that the members identified in subsections (i)–(vi) below (each, a “Government Member,” and each of the other voting members, a “Civil Member”) may be replaced by another government official from a ministry or other government body relevant to the Program activities pursuant to the Governing Documents, subject to approval by MCC (such replacement to be referred to thereafter as a Government Member):

(i) Representative from the Prime Minister’s Office, appointed as the chair (“Chair”) as provided in the Governing Documents;

(ii) Representative from the Ministry of Equipment and Transport;

(iii) Representative from the Ministry of Economy and Finance;

(iv) Representative from the Ministry for Investment Promotion and Small and Medium-Size Industries;

(v) Representative from the Ministry of Agriculture;

(vi) Representative from the Ministry of Territorial Administration;

(vii) Representative from the National Committee for Business Owners;

(viii) Representative from the Chamber of Commerce and Industry;

(ix) Representative from the Chamber of Agriculture;

(x) Representative from civil society organizations representing youth, selected by the relevant national NGOs and civil society organizations and based on selection criteria agreed upon by the Parties; and

(xi) Representative from civil society organizations representing women, selected by the relevant national NGOs and civil society organizations and based on selection criteria agreed upon by the Parties.

(B) The non-voting observers of the Board (each, an “Observer”) shall be:

(i) A representative designated by MCC (the “MCC Representative”); and

(ii) A representative of environmental NGOs, selected by the relevant national NGOs and civil society organizations and based on selection criteria agreed upon by the Parties.

(C) Each Government Member position (other than the Chair) shall be filled by the individual, during the Compact Term, holding the office identified, and all Government Members (including the Chair) shall serve in their capacity as the applicable Government officials and not in their personal capacity.

(D) Each Civil Member shall serve a two (2) year term.

(E) The Voting Members, by majority vote, may alter the size of the Board in

accordance with the Governing Documents so long as the total does not exceed eleven (11) members.

(F) Each Observer shall have rights to attend all meetings of the Board, participate in the discussions of the Board, and receive all information and documents provided to the Board, together with any other rights of access to records, employees or facilities as would be granted to a member of the Board under the Governing Documents.

(G) The Voting Members shall exercise their duties solely in accordance with the best interests of MCA-Mali, the Program, the Compact Goal and the Objectives, and shall not undertake any action that is contrary to those interests or would result in personal gain or a conflict of interest.

(3) Roles and Responsibilities. The roles and responsibilities of the Board shall include the following:

(A) The Board shall oversee the Management, the overall implementation of the Program, and the performance of the Designated Rights and Responsibilities.

(B) Certain actions may be taken and certain agreements, documents or instruments executed and delivered, as the case may be, by MCA-Mali only upon the approval and authorization of the Board as provided under applicable law or as set forth in any Governing Document, including each MCC Disbursement Request, selection or termination of certain Providers and any Implementation Document.

(C) The Chair, unless otherwise provided in the applicable Governing Documents, shall certify any documents or reports delivered to MCC in satisfaction of the Government’s reporting requirements under this Compact or any Supplemental Agreement between the Parties (the “Compact Reports”) or any other documents or reports from time to time delivered to MCC by MCA-Mali (whether or not such documents or reports are required to be delivered to MCC), and that such documents or reports are true, correct and complete.

(D) Without limiting the generality of the Designated Rights and Responsibilities that the Government may designate to MCA-Mali, and subject to MCC’s contractual rights of approval as set forth in Section 3(c) of this Program Annex, elsewhere in this Compact or any Supplemental Agreement, the Board shall have the exclusive authority as between the Board and the Management for all actions defined for the Board in any Governing Document and which are expressly designated therein as

responsibilities that cannot be delegated further.

(E) The Board shall meet with and exchange information with the Advisory Councils, as contemplated in Section 3(e) of this Program Annex. Without limiting the generality of the foregoing, the Board shall take each Advisory Council’s suggestions into consideration in connection with any amendment to the M&E Plan, pursuant to Section 5(b) of Annex III.

(4) Indemnification of Civil Members, Observers, and Officers. The Government shall ensure, at the Government’s sole cost and expense, that appropriate insurance is obtained and appropriate indemnifications and other protections are provided, acceptable to MCC and to the fullest extent permitted under the laws of Mali, to ensure that (A) the Civil Members and the Observers shall not be held personally liable for the actions or omissions of the Board or MCA-Mali and (B) Officers shall not be held personally liable for the actions or omissions of the Board, MCA-Mali or actions or omissions of the Officer so long as properly within the scope of Officer’s authority. Pursuant to Section 5.5 and Section 5.8 of this Compact, the Government and MCA-Mali shall hold harmless the MCC Representative for any liability or action arising out of the MCC Representative’s role as an Observer on the Board. The Government hereby waives and releases all claims related to any such liability and acknowledges that the MCC Representative has no fiduciary duty to MCA-Mali. In matters arising under or relating to this Compact, the MCC Representative is not subject to the jurisdiction of the courts or any other governmental body of Mali. MCA-Mali shall provide a written waiver and acknowledgement that no fiduciary duty to MCA-Mali is owed by the MCC Representative.

(iii) Management. Unless otherwise agreed in writing by the Parties, the Management shall report, through its chief executive officer (the “Director General”) or other Officer as designated in any Governing Document, directly to the Board and shall have the composition, roles and responsibilities described below and set forth more particularly in the Governing Documents.

(1) Composition. The Government shall ensure that the Management shall be composed of qualified experts from the public or private sectors, including such officers and staff as may be necessary to carry out effectively its responsibilities, each with such powers and responsibilities as set forth in the

Governing Documents, and from time to time in any Supplemental Agreement between the Parties, including the following: (A) Director General; (B) Director of Finance and Administration; (C) Legal Adviser; (D) Director of Procurement; (E) Director of Environmental and Social Assessment; (F) Director of Monitoring and Evaluation; (G) Director of Airport Improvement Project; (H) Director of Industrial Park Project; and (I) Director of Alatona Irrigation Project. Each person holding the position in any of the sub-clauses (A) through (I), and such other offices as may be created and designated in accordance with any Governing Document and any Supplemental Agreement, shall be referred to as an "Officer." The Management shall be supported by appropriate administrative and support personnel consistent with the Detailed Budget for Program administration and any Implementation Document.

(2) Appointment of Officers. The Director General shall be selected after an open and competitive recruitment and selection process, and appointed in accordance with the Governing Documents, which appointment shall be subject to MCC approval. Such appointment shall be further evidenced by such document as the Parties may agree. Unless otherwise specified in the Governing Documents, the Officers of MCA-Mali other than the Director General shall be selected and hired by the Board after an open and competitive recruitment and selection process, and appointed in accordance with the Governing Documents, which appointment shall be subject to MCC approval. Such appointment shall be further evidenced by such document as the Parties may agree.

(3) Roles and Responsibilities. The roles and responsibilities of the Management shall include:

(A) The Management shall assist the Board in overseeing the implementation of the Program and shall have principal responsibility (subject to the direction and oversight of the Board and subject to MCC's contractual rights of approval as set forth in Section 3(c) of this Program Annex or elsewhere in this Compact or any Supplemental Agreement) for the overall management of the implementation of the Program.

(B) Without limiting the foregoing general responsibilities or the generality of Designated Rights and Responsibilities that the Government may designate to MCA-Mali, the Management shall develop each Implementation Document, oversee the implementation of the Projects, manage and coordinate monitoring and

evaluation, ensure compliance with the Fiscal Accountability Plan, and such other responsibilities as set out in the Governing Documents or otherwise delegated to the Management by the Board from time to time.

(C) Appropriate Officers as designated in the Governing Documents shall have the authority to contract on behalf of MCA-Mali under any procurement undertaken in accordance with the Disbursement Agreement (including the Procurement Guidelines) in furtherance of the Program.

(D) The Management shall have the obligation and right to approve certain actions and documents or agreements, including certain Re-Disbursements, MCC Disbursement Requests, Compact Reports, certain human resources decisions and certain other actions, as provided in the Governing Documents.

(e) Advisory Councils.

(i) Formation. The Government shall ensure the establishment of (1) an advisory council to the Board representing the beneficiaries of the Airport Improvement Project and the Industrial Park Project ("Airport Domain Advisory Council"); and (2) an advisory council to the Board representing the beneficiaries of the Alatona Irrigation Project (the "Alatona Zone Advisory Council," together with the Airport Domain Advisory Council, the "Advisory Councils" and each an "Advisory Council"), which Advisory Councils shall be independent of MCA-Mali and shall be established to the satisfaction of MCC. The Government shall take all steps necessary to establish the Advisory Councils as soon as possible following the execution of this Compact.

(ii) Composition.

(1) Each Advisory Council shall consist of no more than fifteen (15) voting members and shall be composed of representatives of relevant banking organizations, microfinance institutions, farmer associations, women's associations, chambers of commerce, local government, anti-corruption associations and environmental and social organizations ("Civil Society Stakeholders").

(2) The Government shall take all actions necessary and appropriate to ensure that each Advisory Council is established consistent with this Section 3(e) of this Program Annex and as otherwise specified in the Governing Documents or otherwise agreed in writing by the Parties. The composition of each Advisory Council may be adjusted by agreement of the Parties from time to time to ensure, among others, an adequate representation of the intended beneficiaries of the relevant

Projects. Each member of an Advisory Council may appoint an alternate, approved by majority vote of the other members of such Advisory Council, to serve when the member is unable to participate in a meeting of the Advisory Council.

(iii) Roles and Responsibilities. Each Advisory Council shall be a mechanism to provide representatives of the private sector, civil society and local government the opportunity to provide advice and input to MCA-Mali regarding the implementation of this Compact. At the request of any Advisory Council, MCA-Mali shall provide such information and documents as it deems advisable, subject to appropriate treatment of such information and documents by the members of such Advisory Council. Specifically, during each meeting of an Advisory Council, MCA-Mali shall present an update on the implementation of this Compact and progress towards achievement of the Objectives. Each Advisory Council shall have an opportunity to provide regularly to MCA-Mali its views or recommendations on the performance and progress on the Projects and Project Activities, any Implementation Document, procurement, financial management or such other issues as may be presented from time to time to such Advisory Council or as otherwise raised by such Advisory Council.

(iv) Meetings. Each Advisory Council shall hold at least two general meetings per year as well as such other periodic meetings as may be necessary or appropriate from time to time. The members of each Advisory Council shall be provided timely advance notice of all such general meetings, invited to participate in all such meetings and afforded an opportunity during each such meeting to present their views or recommendations to such Advisory Council.

(v) Accessibility; Transparency. The members of each Advisory Council shall be accessible to the beneficiaries they represent to receive the beneficiaries' comments or suggestions regarding the Program. The notices for, and the minutes (including the views or recommendations of the Civil Society Stakeholders expressed) of all general meetings of, each Advisory Council shall be made public on the MCA-Mali Web site or otherwise (including television, radio and print) in a timely manner.

(f) Implementing Entities. Subject to the terms and conditions of this Compact and any other Supplemental Agreement between the Parties, MCA-Mali may engage one or more Government Affiliates to implement and

carry out any Project, Project Activity (or a component thereof) or any other activities to be carried out in furtherance of this Compact (each, an "Implementing Entity"). The Government shall ensure that MCA-Mali enters into an agreement with each Implementing Entity, in form and substance satisfactory to MCC, that sets forth the roles and responsibilities of such Implementing Entity and other appropriate terms and conditions (including the payment of the Implementing Entity, if any) (an "Implementing Entity Agreement"). Any Implementing Entity Agreement between MCA-Mali and a Government Affiliate that is a Provider or as may otherwise be required under the Disbursement Agreement shall be in form and substance satisfactory to MCC. The Implementing Entity shall report directly to the relevant Officer, as designated in the applicable Implementing Entity Agreement or as otherwise agreed by the Parties.

(g) Fiscal Matters.

(i) Fiscal Agent. The Government shall ensure that MCA-Mali engages a fiscal agent following an international competitive process (a "Fiscal Agent"), who shall be responsible for, among other things: (1) Assisting MCA-Mali in preparing the Fiscal Accountability Plan; (2) ensuring and certifying that Re-Disbursements are properly authorized and documented in accordance with established control procedures set forth in the Disbursement Agreement, the Fiscal Agent Agreement and other Supplemental Agreements; (3) Re-Disbursement from, and cash management and account reconciliation of, any Permitted Account established and maintained for the purpose of receiving MCC Disbursements and making Re-Disbursements (to which the Fiscal Agent has sole signature authority); (4) providing applicable certifications for MCC Supplemental Requests; (5) maintaining and retaining proper accounting, records and document disaster recovery system of all MCC-funded financial transactions and certain other accounting functions; (6) producing reports on MCC Disbursements and Re-Disbursements (including any requests therefor) in accordance with established procedures set forth in the Disbursement Agreement, the Fiscal Agent Agreement, the Fiscal Accountability Plan, or any other Supplemental Agreements; (7) assisting in the preparation of budget development procedures; and (8) internal management of the Fiscal Agent operations. Upon the written request of MCC, the Government shall ensure that MCA-Mali terminates the Fiscal Agent,

without any liability to MCC, and the Government shall ensure that MCA-Mali engages a new Fiscal Agent, subject to approval by the Board and MCC. The Government shall ensure that MCA-Mali enters into an agreement with the Fiscal Agent, in form and substance satisfactory to MCC, that sets forth the roles and responsibilities of the Fiscal Agent and other appropriate terms and conditions, such as payment of the Fiscal Agent (a "Fiscal Agent Agreement"). Such Fiscal Agent Agreement shall not be terminated until MCA-Mali has engaged a successor Fiscal Agent or as otherwise agreed by MCC in writing.

(h) Auditors and Reviewers. The Government shall ensure that MCA-Mali carries out the Government's audit responsibilities as provided in Sections 3.8(d), (e) and (f) of this Compact, including engaging one or more auditors (each, an "Auditor") required by Section 3.8(d) of this Compact. As requested by MCC in writing from time to time, the Government shall ensure that MCA-Mali also engages (i) an independent reviewer to conduct reviews of performance and compliance under this Compact pursuant to Section 3.8(f) of this Compact, which reviewer shall have the capacity to (1) conduct general reviews of performance or compliance, (2) conduct environmental audits, and (3) conduct data quality assessments in accordance with the M&E Plan, as described more fully in Annex III; and/or (ii) an independent evaluator to assess performance as required under the M&E Plan (each, a "Reviewer"). MCA-Mali shall select any such Auditor(s) and Reviewer(s) in accordance with any Governing Document or other Supplemental Agreement. The Government shall ensure that MCA-Mali enters into an agreement with each Auditor and each Reviewer, in form and substance satisfactory to MCC, that sets forth the roles and responsibilities of the Auditor or Reviewer with respect to the audit, review or evaluation, including access rights, required form and content of the applicable audit, review or evaluation and other appropriate terms and conditions such as payment of the Auditor or Reviewer (the "Auditor/Reviewer Agreement"). In the case of a financial audit required by Section 3.8(d) of this Compact, such Auditor/Reviewer Agreement shall be effective no later than one hundred and twenty (120) days prior to the end of the relevant period to be audited; *provided, however*, if MCC requires concurrent audits of financial information or reviews of performance and compliance

under this Compact, then such Auditor/Reviewer Agreement shall be effective no later than the date agreed by the Parties in writing.

(i) Procurement Agent. The Government shall ensure that MCA-Mali engages one or more procurement agents through an international competitive process (each, a "Procurement Agent") to carry out and certify specified procurement activities in furtherance of this Compact on behalf of the Government, MCA-Mali, or the Implementing Entity. The roles and responsibilities of each Procurement Agent and the criteria for selection of a Procurement Agent shall be as set forth in the applicable Implementation Letter or Supplemental Agreement. The Government shall ensure that MCA-Mali enters into an agreement with each Procurement Agent, in form and substance satisfactory to MCC, that sets forth the roles and responsibilities of the Procurement Agent with respect to the conduct, monitoring and review of procurements and other appropriate terms and conditions, such as payment of the Procurement Agent (each, a "Procurement Agent Agreement"). Any Procurement Agent shall adhere to the procurement standards set forth in the Disbursement Agreement and the Procurement Guidelines and ensure procurements are consistent with the procurement plan adopted by MCA-Mali pursuant to the Disbursement Agreement (the "Procurement Plan"), unless MCA-Mali and MCC otherwise agree in writing.

4. *Finances and Fiscal Accountability*

(a) Multi-Year Financial Plan; Detailed Budget.

(i) Multi-Year Financial Plan. The multi-year financial plan for the Program, showing the estimated amount of MCC Funding allocable to each Project (and related Project Activities), the administration of the Program (and its components) and the monitoring and evaluation of the Program (the "Multi-Year Financial Plan") over the Compact Term on an annual basis, is summarized in Annex II to this Compact.

(ii) Detailed Budget. During the Compact Term, the Government shall ensure that MCA-Mali timely delivers to MCC a detailed budget, at a level of detail and in a format acceptable to MCC, for the administration of the Program, the monitoring and evaluation of the Program, and the implementation of each Project (the "Detailed Budget"). The Detailed Budget shall be a component of the Work Plan and shall be delivered by such time as specified in the Disbursement Agreement, or as may otherwise be agreed by the Parties.

(iii) Expenditures. Unless the Parties otherwise agree in writing, no financial commitment involving MCC Funding shall be made, no obligation of MCC Funding shall be incurred, and no Re-Disbursement shall be made or MCC Disbursement Request shall be submitted, for any activity or expenditure unless the expense for such activity or expenditure is provided for in the Detailed Budget, and unless uncommitted funds exist in the balance of the Detailed Budget for the relevant period.

(iv) Modifications to Multi-Year Financial Plan or Detailed Budget. Notwithstanding anything to the contrary in this Compact, MCA-Mali may amend the Multi-Year Financial Plan, the Detailed Budget, or any component thereof (including any amendment that would reallocate the funds among the Projects, the Project Activities, or any activity under Program administration or M&E as shown in Annex II), without amending this Compact so long as MCA-Mali requests in writing and receives the approval of MCC for such amendment and such amendment is consistent with the requirements of this Compact (including Section 4 of Annex II), the Disbursement Agreement and any other Supplemental Agreement between the Parties. Any such amendment shall (1) be consistent with the Objectives and the Implementation Documents; (2) shall not materially adversely impact the applicable Project, Project Activity (or any component thereof), or any activity under Program administration or M&E as shown in Annex II; (3) shall not cause the amount of MCC Funding to exceed the aggregate amount specified in Section 2.1(a) of this Compact; and (4) shall not cause the Government's obligations or responsibilities or overall contribution of resources to be less than as specified in Section 2.2(a) of this Compact, this Annex I or elsewhere in this Compact. Upon any such amendment, MCA-Mali shall deliver to MCC a revised Detailed Budget, together with a revised Multi-Year Financial Plan, reflecting such amendment, along with the next MCC Disbursement Request.

(b) Disbursement and Re-Disbursement. The Disbursement Agreement, as amended from time to time, shall specify the terms, conditions and procedures on which MCC Disbursements and Re-Disbursements shall be made. The obligation of MCC to make MCC Disbursements or approve Re-Disbursements is subject to the fulfillment, waiver or deferral of any such terms and conditions. The Government and MCA-Mali shall jointly

submit the applicable request for an MCC Disbursement (the "MCC Disbursement Request") as may be specified in the Disbursement Agreement. MCC will make MCC Disbursements in tranches to a Permitted Account from time to time as provided in the Disbursement Agreement or as may otherwise be agreed by the Parties, subject to Program requirements and performance by the Government, MCA-Mali and other relevant parties in furtherance of this Compact. Re-Disbursements will be made from time to time based on requests by an authorized representative of the appropriate party designated for the size and type of Re-Disbursement in accordance with any Governing Document and Disbursement Agreement; provided, however, unless otherwise agreed by the Parties in writing, no Re-Disbursement shall be made unless and until the written approvals specified herein and in any Governing Document and the Disbursement Agreement for such Re-Disbursement have been obtained and delivered to the Fiscal Agent.

(c) Fiscal Accountability Plan. By such time as specified in the Disbursement Agreement or as otherwise agreed by the Parties, MCA-Mali shall adopt, as part of the Implementation Documents, a plan that identifies the principles, mechanisms and procedures to ensure appropriate fiscal accountability for the use of MCC Funding provided under this Compact, including the process to ensure that open, fair, and competitive procedures will be used in a transparent manner in the administration of grants or cooperative agreements and the procurement of goods, works and services for the accomplishment of the Objectives (the "Fiscal Accountability Plan"). The Fiscal Accountability Plan shall set forth, among others, requirements with respect to the following matters: (i) Re-Disbursements, timely payment to vendors, cash management and account reconciliation; (ii) funds control and documentation; (iii) accounting standards and systems; (iv) content and timing of reports; (v) preparing budget development procedures and the Compact implementation budget; (vi) policies concerning records, document disaster recovery, public availability of all financial information and asset management; (vii) procurement and contracting practices; (viii) inventory control; (ix) the role of independent auditors; (x) the roles of fiscal agents and procurement agents; (xi) separation of duties and internal controls; and (xii)

certifications, powers, authorities and delegations.

(d) Permitted Accounts. The Government shall establish, or cause to be established, such accounts (each, a "Permitted Account," and, collectively, the "Permitted Accounts") as may be agreed by the Parties in writing from time to time, including:

(i) A single, completely separate United States Dollar interest-bearing account (the "Special Account") at a commercial bank, subject to MCC approval, that is procured through a competitive process to receive MCC Disbursements;

(ii) If necessary, an interest-bearing local currency of Mali account (the "Local Account") at a commercial bank in Mali, subject to MCC approval, that is procured through a competitive process to which funds deposited in the Special Account will be transferred for the purpose of making Re-Disbursements; and

(iii) Such other interest-bearing accounts to receive MCC Disbursements in such banks as the Parties mutually agree upon in writing.

No other funds shall be commingled in a Permitted Account other than MCC Funding and Accrued Interest thereon. All MCC Funding held in an interest-bearing Permitted Account shall earn interest at a rate of no less than such amount as the Parties may agree in the applicable Bank Agreement or otherwise. MCC shall have the right, among others, to view any Permitted Account statements and activity directly on-line, where feasible, or at such other frequency as the Parties may otherwise agree. By such time as shall be specified in the Disbursement Agreement or as otherwise agreed by the Parties, the Government shall ensure that, for each Permitted Account, MCA-Mali enters into an agreement with the applicable Bank, satisfactory to MCC, that sets forth the signatory authority, access rights, anti-money laundering and anti-terrorist financing provisions, and other terms related to the Permitted Account (each, a "Bank Agreement"). For purposes of this Compact, the banks holding an account referenced in Sections 4(d) of this Program Annex are each a "Bank" and are collectively referred to as the "Banks."

5. Transparency; Accountability

Transparency and accountability to MCC and to the beneficiaries are important aspects of the Program and the Projects. Without limiting the generality of the foregoing, and in an effort to achieve the goals of transparency and accountability, the

Government shall ensure that MCA-Mali:

(a) Establishes an e-mail suggestion box as well as a means for other written comments that interested persons may use to communicate ideas, suggestions or feedback to MCA-Mali;

(b) Considers as a factor in its decisionmaking the recommendations of the Advisory Councils;

(c) Develops and maintains, in a timely, accurate and appropriately comprehensive manner, the MCA-Mali Web site that includes postings of information and documents in English and French;

(d) Posts on the MCA-Mali Web site, and otherwise makes publicly available via appropriate means (including television, radio and print), in the appropriate language the following documents or information from time to time:

(i) This Compact;

(ii) All minutes of the meetings of the Board and the meetings of the Advisory Councils, unless otherwise agreed by the Parties;

(iii) The M&E Plan, as amended from time to time, along with periodic reports on Program performance;

(iv) Such financial information as may be required by this Compact, the Disbursement Agreement or any other Supplemental Agreement, or as may otherwise be agreed from time to time by the Parties;

(v) All Compact Reports;

(vi) All audit reports by an Auditor and any periodic reports or evaluations by a Reviewer;

(vii) All relevant environmental impact assessments and supporting documents, and such other environmental documentation as MCC may request;

(viii) A copy of the Disbursement Agreement, as amended from time to time;

(ix) A copy of any document relating to the formation, organization and governance of MCA-Mali, including all Governing Documents, together with any amendments thereto; and

(x) A copy of the Procurement Guidelines, any procurement policies or procedures and standard documents, certain information derived from each Procurement Plan (as specified in the Disbursement Agreement), and all bid requests and notifications of awarded contracts.

6. Environmental Accountability

(a) The Government shall ensure that MCA-Mali (or any other Permitted Designee) (i) undertakes and completes any environmental impact assessments (each, an "EIA"), any environmental

assessment (each an "EA"), environmental management plans (each, an "EMP") and resettlement action plans (each, a "RAP"), each in form and substance satisfactory to MCC, and as required under the laws of Mali, the Environmental Guidelines, this Compact or any Supplemental Agreement or as otherwise required by MCC; and (ii) undertakes to implement any environmental and social mitigation measures identified in such assessments or plans to MCC's satisfaction.

(b) The Government shall commit to fund all necessary costs of environmental mitigation (including costs of resettlement) not specifically provided for in the budget for any Project.

Schedule 1 to Annex I—Airport Improvement Project

This Schedule 1 generally describes and summarizes the key elements of the project that the Parties intend to implement in furtherance of the Bamako-Sénou Airport Improvement Project Objective (the "Airport Improvement Project"). Additional details regarding the implementation of the Airport Improvement Project will be included in the Implementation Documents and in the relevant Supplemental Agreements.

1. Background

Economic growth and poverty reduction depend on enhanced access to markets and trade, but Mali's access is severely constrained. The Airport Improvement Project will expand Mali's access to markets and trade through improvements to the transportation infrastructure at the Airport, and better management of the national air transport system. The Government recognizes the importance of improved air transportation infrastructure. Mali's PRSP for 2002 includes rehabilitation of Airport infrastructure to "promote access of Malian producers to domestic and international markets."

Mali, a landlocked country, depends heavily on inadequate rail and road networks that result in high transportation costs, as well as on freight transport through seaports in neighboring countries, such as Conakry, Guinea (Bamako's closest port which is 1000 km away) and Abidjan, Cote d'Ivoire. In the last few years, the instability in Cote d'Ivoire has dramatically limited Mali's market access. Before the outbreak of the Ivorian crisis, 70% of Malian exports were transported via the port of Abidjan. In 2003, this amount dwindled to less than 18% due to the aforementioned crisis. Mali cannot

control overland routes to international and regional markets. Therefore, air traffic has become Mali's lifeline for transportation of both passengers and export products.

The deteriorating conditions at the Airport will soon limit the Airport's capacity to handle air traffic growth if significant capital improvements are not made. The Airport's basic infrastructure dates from 1974, is in poor condition, and is inadequate to handle increased passenger and cargo traffic. On the airside, the runway is too short to accommodate large aircraft without take-off load penalties, the aeronautical pavements urgently need resurfacing and reinforcement, the air navigation aids are reaching the end of their useful life, and airfield security is deficient. On the landside, the passenger terminal building is too small to handle current traffic volumes at acceptable levels of service, and the facilities and equipment are in poor physical condition.

2. Summary of Project and Related Project Activities

The Airport Improvement Project is intended to remove constraints to air traffic growth and increase the Airport's efficiency in both passenger and freight handling through airside and landside infrastructure improvements, as well as the establishment of appropriate institutional mechanisms to ensure effective management, operation, and maintenance of the Airport facilities over the long term. The Airport Improvement Project includes the following Project Activities:

- Airside Infrastructure.

Improvements will include reinforcement overlay to, and expansion of, the runway, taxiway, and apron areas; replacement of deteriorating navigational equipment; and upgrades of Airport security systems.

- Landside Infrastructure.

Improvements will be made to the existing passenger terminal and a new passenger terminal will be constructed, as well as support facilities, airport roads, and parking lots. Certain utilities, including water supply, solid waste disposal facilities, wastewater treatment, and power generation, are also planned to be constructed and designed as joint systems to support both the proposed investments at the Airport and the adjacent Industrial Park.

- Institutional Strengthening.

Infrastructure improvements will be accompanied by the establishment of appropriate institutional mechanisms to ensure effective management, operation and maintenance of the Airport facilities over the long term. These measures will involve both the management of the

Airport, as well as the wider regulatory framework governing the civil aviation sector in Mali.

In connection with the Project Activities, MCA-Mali will assist and take all necessary steps to ensure that the joint EIA, EMP/EMS, including an HIV/AIDS awareness plan, and RAP (consistent with World Bank Operational Policy 4.12 on Involuntary Resettlement) for all activities of the Airport Improvement Project and the Industrial Park Project are processed and permits delivered in accordance with Mali Decrét No. 03-594-P-RM on environmental impact studies and the Environmental Guidelines, all of which will be subject to MCC approval. MCC Funding will support implementation of the environmental and social mitigation measures identified in the EIA, EMP/EMS, and RAP, in a manner satisfactory to MCC, according to the conditions precedent set forth in the Disbursement Agreement.

The M&E Plan (described in Annex III) will set forth anticipated results and, where appropriate, regular benchmarks that may be used to monitor the progress of the implementation of the Airport Improvement Project. Performance against these benchmarks, as well as the overall impact of the Airport Improvement Project, will be assessed and reported at the intervals to be specified in the M&E Plan, or as otherwise agreed by the Parties, from time to time. The Parties expect that additional indicators will be identified during implementation of the Airport Improvement Project. The expected results from, and the key benchmarks to measure progress on, the Airport Improvement Project, as well as the Project Activities undertaken or funded thereunder, are set forth in Annex III.

Estimated amounts of MCC Funding for each Project Activity for the Airport Improvement Project are identified in Annex II. Conditions precedent to each Project Activity under the Airport Improvement Project, and the sequencing of such Project Activities, shall be set forth in the Disbursement Agreement, other Supplemental Agreements and the relevant Implementation Documents. The following summarizes each Project Activity under the Airport Improvement Project:

(a) Airside Infrastructure (the "Airside Infrastructure Activity").

Although the existing aircraft pavements, runway, and parking apron surfaces are functional, they are more than thirty years old and detailed studies have indicated that they will deteriorate without near-term improvements. In addition to being in

poor condition, the runway is also one of the shortest in West Africa, which has further constrained the Airport's ability to attract air services to Mali and retain them. This Project Activity will improve the design parameters (geometry and bearing strength) of the airside infrastructure and improve safety and security operations such that the Airport can more efficiently accommodate a greater volume of air traffic and heavier loads in the future. Specifically, MCC Funding will support the following:

(i) Resurfacing, reinforcement, and expansion of the runway, apron, and aircraft pavement areas through (1) a structural overlay to apron, taxiway, and runway areas; (2) an extension of the runway of at least 400 meters; and (3) an extension of the taxiway connector aircraft parking apron to provide a location for additional aircraft overnight staging and a back-up for smaller domestic and charter aircraft.

(ii) Replacement and upgrading of existing aging navigational aids to bring Airport facilities up to a "common level of service," as the equipment has reached the end of its useful life. The extension of the runway will also require additions to the airfield lighting system.

(iii) Improvement to airfield security will include (1) a perimeter security road; (2) explosives detection, x-ray, and handheld metal detection equipment; (3) security identification/access and video surveillance systems; and (4) a central security control point and communications equipment.

(b) Landside Infrastructure (the "Landside Infrastructure Activity").

Due to limited expansion over the past 32 years, the ability of the terminal to accommodate passenger traffic has steadily deteriorated to the point that it operates at IATA Level of Service "F" (chronic congestion and frequent system breakdown). The existing ground support equipment facilities are inefficient, outdated, and lacking in space for storage of materials; their current location separates passenger activities from Airport support operations, with a resulting negative impact on the functionality and security of the Airport. As passenger and cargo traffic increase over the next 10-15 years, significant utility infrastructure improvements will also be needed to meet projected demand. This Project Activity will expand the size, quality, and operational efficiency of the Airport's landside infrastructure so that it can accommodate significant increases in passenger and cargo traffic in the future. Specifically, MCC Funding will support the following:

(i) Upgrade of the passenger terminal facilities by (1) refurbishing the existing Terminal A's passenger ticketing, lounge, and passport control areas; (2) expanding the existing Terminal B's immigration and baggage areas; and (3) constructing a new passenger terminal building.

(ii) Enhancement of support facilities and equipment for ground support vehicles and materials, Airport maintenance and auxiliary equipment areas, and fire-fighting vehicles.

(iii) Provision for road and terminal parking improvements to improve current circulation areas and meet future projected needs.

(iv) Construction of supporting utility infrastructure, much of which will be shared with the Industrial Park Project, to handle the projected service requirements of the Airport. In particular, wastewater, water, solid waste, power, telecommunications, and drainage systems will be improved and enhanced.

(c) Project Activity: Institutional Strengthening (the "Institutional Strengthening Activity").

Under the present division of jurisdictions, a number of entities have responsibility for the civil aviation sector in Mali in general and the regulation, oversight, management, operation, and development of the Airport in particular. The Ministry of Equipment and Transport has overall responsibility, with oversight and regulation of the civil aviation sector and airports delegated to a new independent agency, ANAC. The Airport's maintenance and operation responsibilities are split between the air navigation service provider, ASECNA, for airside facilities and the Airport operator, Aéroports du Mali ("AdM"), for landside facilities. ASECNA is responsible for the "technical" aspects of the Airport, including the runway, taxiways, apron, airfield lighting, navigational aids, control tower, telecommunications and fire fighting and rescue facilities. AdM, in turn, is responsible for the "commercial" aspects of the Airport, including the passenger terminal, landside roads and parking, cargo terminal, flight kitchen and freight forwarders' facilities. According to the existing institutional arrangements, both organizations operate and maintain facilities put at their disposal by the Government.

Specifically, MCC Funding will support the following:

(i) Reinforcement of the new civil aviation regulatory and oversight agency (ANAC) by providing technical assistance to establish a new organizational structure, administrative

and financial procedures, staffing and training, and providing equipment and facilities.

(ii) Rationalization and reinforcement of the Airport's management and operations agency (AdM) by providing technical assistance to establish a model for the management of the Airport and the long-term future status and organizational structure of AdM, including provision for eventual private sector participation.

3. Beneficiaries

Improvements in the airside and landside facilities in the Airport are intended to support economic growth through (a) increased revenue generated by growth in passenger and aircraft traffic, and (b) increases in the value and volume of goods shipped through the Airport. Direct beneficiaries include passengers who spend less time going through Airport procedures prior to boarding, additional Airport services employees for Airport operations, baggage handling, and flight kitchen, as well as passenger terminal commercial concessions. An increase in foreign passengers implies additional substantial benefits for the tourism industry, both in terms of increased revenues to hotels and restaurants and additional employment and wages.

The indirect impact of the Airport Improvement Project through increased tourism and impact on the informal sector could have a significant effect on growth and poverty reduction. Increased demand for airline services should have significant additional long-term benefits for Mali as tourist facilities expand in tandem with increased tourism. Further, new business travelers may translate into additional foreign investment for Mali which could transform the economic profile of the country.

The informal sector active around the Airport will benefit from an expansion of Airport passenger and cargo traffic. Since unemployment and underemployment in the Bamako region are substantial, a proportion of new service employees are likely to transfer from low paying, sporadic informal activity to higher paying, steady work at the Airport, an additional important indirect benefit to the economy.

A majority of those impacted by the Airport Improvement Project are expected to be women since official Malian employment data indicate that 82% of hotel and restaurant workers in Bamako are women. Women also account for 56% of the informal sector and the majority of working women in Bamako are employed in the informal sector. Further analysis using data from specific surveys to be conducted, will

provide more detailed and reliable data on employment and poverty in the Bamako area.

4. Donor Coordination; Role of Private Sector and Civil Society

The Airport Improvement Project leverages and complements other donor, private sector and civil society activities in Mali as described below. Throughout implementation, MCC will continue to collaborate with these donors to strengthen the institutional reforms and broaden access to the Airport for passengers and goods.

USDOT Safe Skies for Africa (SSFA)

The SSFA program is intended to promote sustainable improvements in aviation safety, security, and air navigation, and to support Africa's integration into the global economy. It is based on the premise that "Safe Skies" are a prerequisite for increased trade and investment and long-term economic development in Africa. Specific goals of the SSFA program include: (a) Increasing the number of sub-Saharan African countries that meet ICAO safety standards (based on Federal Aviation Administration (FAA) assessments); (b) improving airport security in the region; and (c) improving regional air navigation services. SSFA coordinates activities of other agencies such as the FAA, TSA and the National Transportation Safety Board to improve the capacities of African aviation organizations.

World Bank

The World Bank is assisting in the funding of a regional program in West and Central Africa aimed at improving civil aviation safety and security as a key element of improving the performance and affordability of air transportation and optimizing its role as an engine of economic and social development. With respect to Mali, a country agreement under this program focuses on strengthening the oversight capacities of ANAC and improving Airport security and safety, including the provision of civil aviation authority equipment, Airport screening equipment, a crisis center to meet ICAO requirements, some Airport infrastructure and consulting services aimed at reform and capacity building.

The World Bank has also signed an agreement with the Government for the "Mali Growth Support Project" which includes, among other activities, loan financing for the development of Airport and industrial park facilities located within the Airport domain. It also includes assistance aimed at strengthening the management of the

Airport and Industrial Park. The program is to be realized between 2006 and 2011.

COSCAP/WAEMU

Mali is a signatory of a recent agreement involving the West African Economic and Monetary Union ("WAEMU") and Mauritania and ICAO, referred to as Cooperative Operational Safety and Continuing Airworthiness Project ("COSCAP"), with the goal of promoting the security and safety of aviation in the West African region. Under this agreement, a permanent community agency of safety and security is to be established, with the aim of achieving better efficiency and economy by means of the common use of resources on the part of the signatory countries.

Private Sector and Civil Society

Private sector and civil society participated in the consultative process that resulted in inclusion of the Airport Improvement Project in the Compact. This Project aims to leverage investment by businesses in the Airport, as well as through businesses that benefit from Airport traffic (including airlines, ground support operators, retail concessions, businesses exporting and importing through the Airport, tourism operators, etc.), so efforts will be made to continue to involve their feedback on the design and implementation of this Project. Both civil society and the private sector will be represented on the MCA-Mali Board of Directors and Advisory Councils. In addition, consultations on the EIA will be conducted with affected parties and other stakeholders, in accordance with the Environmental Guidelines, Mali Décret No. 03-594-P-RM on environmental impact studies, and the draft Arrête Interministeriel on the procedure for public consultation on environmental impact studies. Also, consultations of persons affected by the Airport Improvement Project will be conducted for the RAP, consistent with World Bank Operational Policy 4.12 on Involuntary Resettlement.

5. U.S. Agency for International Development ("USAID")

Both USAID-funded "Mali Finance" and "Mali Trade" projects have improved the value chains of agricultural products such as mangoes and green beans. These high value products have strong potential for increased exportation via air freight.

6. Sustainability

The Airport Improvement Project will build on recent Government efforts to

reform the Malian civil aviation sector through the Institutional Strengthening Activity, providing technical assistance to both ANAC and AdM. The Airport Improvement Project will also assist in improving the maintenance and operation of the Airport by ensuring the implementation of efficient, transparent and effective private participation in the management of the Airport, in collaboration with relevant Government entities, as well as the private sector. Environmental and social sustainability is expected to be achieved through the development and implementation of an EMP that will guide construction activities and implementation of pollution control for new and rehabilitated infrastructure. An Environmental Management System ("EMS") will be developed to provide for continuing environmental sustainability of Airport operations. AdM and the DNCPN will receive technical assistance to develop environmental capacity during the Compact Term. AdM will be required to seek ISO 14000 certification prior to the end of the Compact Term. AdM will also be required to hire an Airport and Industrial Park environmental manager to oversee the implementation of environmental requirements.

7. Proposals

Public solicitations for proposals are anticipated to procure goods, works and services, as appropriate, to implement all Project Activities under the Airport Improvement Project. MCA-Mali will develop, subject to MCC approval, a process for consideration of all such proposals. Notwithstanding the foregoing, MCA-Mali may also consider, using a process developed subject to MCC approval, any unsolicited proposals it might receive.

8. Government Obligation

The Government shall assure the provision of adequate financing for the rehabilitation and expansion of air cargo facilities.

Schedule 2 to Annex I—Industrial Park Project

This Schedule 2 generally describes and summarizes the key elements of the project that the Parties intend to implement in furtherance of the Industrial Park Project Objective (the "Industrial Park Project"). Additional details regarding the implementation of the Industrial Park Project will be included in the Implementation Documents and in the relevant Supplemental Agreements.

1. Background

An adequate water supply, reliable power, wastewater treatment systems, and solid waste disposal are necessary to attract entrepreneurs and promote economic growth. Currently, Mali lacks the infrastructure to provide these services reliably. The Industrial Park Project will create this necessary infrastructure to respond to the pent-up demand for serviced industrial land. Through an MCC-funded demand study conducted in January 2006, Malian business owners strongly expressed a willingness to pay for good quality land with solid infrastructure and reliable services. The Industrial Park Project also aims to reduce the excessive cost and time of setting up and running businesses in Mali. Out of all manufacturing projects licensed by the CNPI, only a fraction are implemented. This poor implementation rate is a current concern of the Government and steps have been taken to improve the business climate and provide the necessary infrastructure through MCC's investment. In addition to contributing to the efforts toward policy and institutional reform, the Industrial Park Project will provide business services to support small- and medium-sized enterprises.

2. Summary of Project and Related Project Activities

The Industrial Park Project, located within the Airport domain, will develop a platform for industrial activity (100 hectares ("ha") initially) to meet the high and growing demand for industrial land. The Industrial Park is intended to be an anchor for a growing industrial sector in Mali, thereby alleviating a key constraint to value-added production and economic growth. Reliable provision of utility services, including electricity, water, and wastewater, will increase business productivity. This Project will leverage national reforms in the business sector, reducing the cost and time to register a business, and enhance management and planning of the industrial sector. The Industrial Park Project includes the following Project Activities:

- **Primary and Secondary Infrastructure.** The Industrial Park Project will fund primary and secondary infrastructure systems for the 100 ha Industrial Park, designed for potential expansion to a larger 200 ha industrial zone (as identified in the Proposal). The primary infrastructure will include major road systems and utilities such as water supply mains and pump stations. Secondary infrastructure will include roads leading into Industrial Park

subzones as well as lateral water/drainage piping, etc. to service the smaller parcels. The tertiary (on-lot) infrastructure, including interior roads and parking, water supply taps/connections and fire protection, electrical and telecommunications, and wastewater collection (and possibly pretreatment), are all to be financed and built by the industries locating in the Industrial Park.

- **Resettlement.** Resettlement activities, which must be consistent with World Bank Operational Policy 4.12 on Involuntary Resettlement, require compensation for loss of livelihoods as a result of both physical and economic displacement. The scope of this displacement is larger than the 200 ha acquisition of land and compensation of users for the Industrial Park. Common infrastructure facilities for wastewater treatment, power generation, water supply, conveyance and storage, and solid and hazardous waste disposal serve both the Industrial Park and the Airport. All of these infrastructure facilities require acquisition and clearing of land and rights of way outside the Industrial Park, both inside and outside the Airport domain. To compensate peri-urban cultivators who practice rain-fed agriculture in the Airport domain and whose lands are required for the Industrial Park Project and the Airport Improvement Project, the Industrial Park Project will develop serviced garden plots offered on a long-term (e.g., 40-year) lease on land elsewhere in the Airport domain. Acquisition of other land for infrastructure and rights of way located outside the Airport domain will also require compensation, the nature of which will be determined during the development of the RAP, which will cover the resettlement and compensation issues related to both the Industrial Park Project and the Airport Improvement Project.

- **Institutional Strengthening.** Infrastructure improvements will be accompanied by the establishment of appropriate mechanisms that will ensure effective management, operation and maintenance of the facilities over the long term. These mechanisms will involve the management of the Industrial Park itself, as well as administrative and regulatory reforms to alleviate current constraints to business development in Mali. To encourage the development of small- and medium-sized enterprises, the Industrial Park Project will provide business services such as access to financial and market information and export facilitation services. The Industrial Park Project will also focus on how to ensure

coordination in operations and maintenance of shared utilities between the Airport and Industrial Park operators.

In connection with the Project Activities, MCA-Mali will assist and take all necessary steps to ensure that the joint EIA, EMP/EMS, including an HIV/AIDS awareness plan, and RAP (consistent with World Bank Operational Policy 4.12 on Involuntary Resettlement) for all activities of the Industrial Park Project and the Airport Improvement Project are processed and permits delivered in accordance with Mali Decrét No. 03-594-P-RM on environmental impact study and the Environmental Guidelines, all of which will be subject to MCC approval. MCC Funding will support implementation of the environmental and social mitigation measures as identified in the EIA, EMP/EMS, and RAP, satisfactory to MCC, according to the conditions precedent set forth in the Disbursement Agreement.

The M&E Plan (described in Annex III) will set forth anticipated results and, where appropriate, regular benchmarks that may be used to monitor the progress of the implementation of the Industrial Park Project. Performance against these benchmarks, as well as the overall impact of the Industrial Park Project, will be assessed and reported at the intervals to be specified in the M&E Plan, or as otherwise agreed by the Parties, from time to time. The Parties expect that additional indicators will be identified during implementation of the Industrial Park Project. The expected results from, and the key benchmarks to measure progress on, the Industrial Park Project, as well as the Project Activities undertaken or funded thereunder, are set forth in Annex III.

Estimated amounts of MCC Funding for each Project Activity for the Industrial Park Project are identified in Annex II. Conditions precedent to each Project Activity under the Industrial Park Project, and the sequencing of such Project Activities, shall be set forth in the Disbursement Agreement, any other Supplemental Agreements and the relevant Implementation Documents. The following summarizes each Project Activity under the Industrial Park Project:

(a) Primary and Secondary Infrastructure (the "Primary and Secondary Infrastructure Activity").

The Primary and Secondary Infrastructure Activity will involve the building of necessary infrastructure and the reliable provision of utility services for the Industrial Park. Consistent with international best practices, the Industrial Park Project's primary and

secondary infrastructure has been sized to meet projected demand for land over a 20-year horizon (100 ha within a larger 200 ha zone). As plots are marketed and leased, the industries themselves will build the on-lot buildings and facilities to begin operations. This Project Activity will provide the backbone for the first modernly managed, serviced industrial park in Mali, meeting the significant immediate and projected need for industrial space in the country. Specifically, MCC Funding will support the following:

(i) Transportation improvements including construction of a primary road, adjustment and construction of traffic rotaries, and development of internal access roads and sidewalks, to handle the projected traffic for the Industrial Park. In addition, some earthworks (leveling and compacting) are required due to existing site topography.

(ii) Wastewater collection and treatment including construction of a wastewater treatment plant (to be shared with the Airport Improvement Project), pumping station, and collection system, as there is currently no adequate system available in the Airport domain.

(iii) Solid and hazardous waste treatment and disposal through the development of a Government landfill site located east of the Airport domain or an alternative incinerator facility. Solid and hazardous waste cells will be constructed to meet the projected waste arising from the Airport Improvement Project and Industrial Park Project.

(iv) Power generation and distribution by funding a 20 MW co-generation power plant to be shared with the Airport Improvement Project, along with high-tension lines, transformers, back-up emergency generators, and electric substations.

(v) Water treatment and supply through development of a water treatment plant and pump station west of the Airport domain, to be shared with the Airport Improvement Project. In addition, the Industrial Park Project will fund water storage tanks and an enhanced distribution network for the Airport domain.

(vi) Telecommunications improvements by installing backbone fiber-optic cable network.

(vii) Surface drainage improvements, including retention basins, drainage canal improvements, and stormwater collection drains, to control and retain storm water runoff, especially during the rainy season.

(viii) Security improvements such as a perimeter security fence will be required for the new Industrial Park.

(b) Resettlement (the "Resettlement Activity").

The Resettlement Activity will involve resettlement compensation for all those economically or physically displaced as a result of the Industrial Park Project and related support infrastructure, which will be shared by the Industrial Park Project and the Airport Improvement Project. Specifically, MCC funding will support the following:

(i) Development of serviced garden plots on approximately 20 ha of the Airport domain, to be offered on a long-term (e.g., 40-year) lease to replace the loss of resources (physical or economic displacement) of those cultivating or otherwise using the Industrial Park area or other parts of the Airport domain where land acquisition is required for the common infrastructure. The specific area needed will depend upon the cadastral mapping of lands and identification of rights holders, to be provided by the Government, for lands required by the Project Activities within the Airport domain.

(ii) Final design and implementation of siting and designs of serviced market gardening plots, based on consultation with those affected and agreement on the location.

(iii) Compensation, which could include serviced garden plots or other forms of compensation, for those physically or economically displaced in locations outside the Airport domain that are required for infrastructure construction and rights of way, based on the locations of the infrastructure and the analysis to be conducted in the RAP.

(c) Institutional Strengthening (the "Institutional Strengthening Activity").

Currently, enterprises in the Bamako area have one major option for industrial land—Sotuba, located in the Bamako region and one of the few industrial zones in the country. Unfortunately, Sotuba is unsuitable for further industrial development. Roads are unpaved, narrow, and congested; water and electricity connections are inadequate; drainage is poor, with flooding common in the rainy season; and there is no control on the kind or location of uses in the industrial zone, so that slaughterhouses are located next to milk factories and residential areas have encroached into industrial spaces. The problems of Sotuba can be directly attributed to a lack of initial planning and the absence of an appropriate management structure to supervise the development and the ongoing operation of the industrial zone. Specifically, MCC Funding will support the following:

(i) Recruitment and start-up of a private operator, selected through

international tender, to manage the day-to-day operations of the Industrial Park.

(ii) Support to businesses in the Industrial Park and other related organizations to the Industrial Park. This will involve limited support services to small- and medium-sized enterprises in areas such as access to financial and market information and export facilitation. As part of this sub-activity, the Industrial Park will also coordinate closely with and support organizations responsible for attracting and approving industrial projects, as well as with regulatory and licensing bodies.

(iii) Coordination in operations and maintenance of shared utilities between the Airport and Industrial Park operators. This will also involve coordination with utility companies and other Government agencies involved in approving, managing, and operating utilities that will serve the Industrial Park and Airport.

3. Beneficiaries

The industrial sector in Mali currently accounts for eight percent of GDP. The IMF projections suggest that industry (manufacturing, mining, energy, and construction) will continue to expand at more than a six percent annual rate through 2010. Manufacturing output accounts for about one-third of all industrial activity, with the majority of manufacturing firms located in the Bamako region.

The tenants of the Industrial Park would be start-up and relocated businesses—both attracted by a convenient site, good infrastructure, and support services. Existing firms will choose to relocate to the Industrial Park if the gains in efficiency more than compensate their relocation costs and higher expenses on utilities such as water and power. While the exact pattern of investments in the Industrial Park cannot be predicted, it is expected that the agro-processing, printing, packaging, and information technology-related firms will constitute the main sector of activities. Based on current trends, business ownership is most likely to be Malian, although there may also be joint ventures.

Direct beneficiaries will be firms locating in the Industrial Park, especially small and medium enterprises with fewer alternatives, who will benefit from improved infrastructure and services. Employees of these firms also constitute direct beneficiaries of this Project. Firms that will supply the Industrial Park with goods and services will also benefit from the Project, adding to the employment impact.

It is expected that the indirect benefits will be considerably greater than the direct benefits, encouraging prospective entrepreneurs and investors through an improved business climate and better infrastructure. Shifting even a portion of Malian real estate investments to value-added activities would also contribute to poverty reduction.

4. Donor Coordination; Role of Private Sector and Civil Society

The Industrial Park Project leverages and complements other donor, private sector and civil society activities in Mali as described below. This Project will continue to collaborate closely with these actors throughout implementation to support private management of, and attract new businesses to invest in, the Industrial Park.

World Bank

Among other objectives, the World Bank “Mali Growth Support Project” aims to improve the investment climate to increase total factor productivity and growth; assist in the development of infrastructure with a focus on the Airport and Industrial Park; expand the telecommunications network; make various infrastructure improvements for tourism and mining; and increase term financing for micro-, small-, and medium-sized enterprises (“MSMEs”) and provide business development services (“BDS”). The Industrial Park Project also complements the World Bank Agriculture and Diversification Project which aims to increase agricultural productivity and diversification into higher value crops.

Other Donors

The Industrial Park Project complements other donors’ programs, such as the Dutch Development Agency’s activities in agricultural diversification and marketing, agricultural processing, improved water management, and institutional strengthening in the ON zone. The Dutch Development Agency has recently approved financing for a cold storage facility in Bamako that will be located in the Airport domain. This facility will be used for mangoes and other high value agricultural products, such as green beans and potatoes.

Private Sector and Civil Society

Private sector and civil society participated in the consultative process that resulted in inclusion of the Industrial Park Project in the Compact. The Industrial Park Project aims to leverage investment by the private sector in the Industrial Park, so efforts will be made to continue to seek private

sector and civil society feedback on the design and implementation of the Industrial Park Project. Both the private sector and civil society will be represented on the Board and Advisory Councils. In addition, consultations on the EIA will be conducted with affected parties and other stakeholders, in accordance with the Environmental Guidelines, Mali Decr t No. 03–594–P–RM on environmental impact studies and the draft Arr te Interministeriel on the procedure for public consultation on environmental impact studies. Also, consultations of persons affected by the Industrial Park Project will be conducted for the RAP, consistent with World Bank Operational Policy 4.12 on Involuntary Resettlement.

5. USAID

The Industrial Park Project will build on USAID’s efforts during implementation and strengthen best practices in agricultural and financial support to farmers and capacity building of API-Mali.

- Mali Finance provides business development services through financial institutions and other partners, such as MSMEs and MFI, especially in northern Mali. Through this project, USAID is supporting the establishment and start-up of API-Mali, the investment promotion agency, responsible for promoting, approving and regulating industrial activity in Mali.

- Trade Mali provides marketing support and targets six agricultural sectors: mango, potato, red meat, rice, shea butter, and sesame.

6. Sustainability

MCC will support the recruitment and start-up of a private operator to manage the Industrial Park and will finance limited business support services to tenants of the Industrial Park. To encourage the creation and growth of MSMEs, the Industrial Park Project will help MSMEs access financial and market information, as well as export facilitation services. In addition, the Industrial Park Project will focus on how to ensure coordination in operations and maintenance of shared utilities between the Airport and Industrial Park operators.

Environmental and social sustainability provisions for the Industrial Park will be similar to those for the Airport Improvement Project. In addition, agreement to adhere to pre-established site standards and requirements for pollution control, such as pre-treatment of effluents and appropriate management of waste, will be pre-requisites for installation by industry into the Industrial Park. Site

standards and requirements will be outlined in the EMP and EMS.

7. Proposals

Public solicitations for proposals are anticipated to procure goods, works and services, as appropriate, to implement all Project Activities under the Industrial Park Project. MCA-Mali will develop, subject to MCC approval, a process for consideration of all such proposals. Notwithstanding the foregoing, MCA-Mali may also consider, using a process developed subject to MCC approval, any unsolicited proposals it might receive.

Schedule 3 to Annex I—Alatona Irrigation Project

This Schedule 3 generally describes and summarizes the key elements of the project that the Parties intend to implement in furtherance of the Alatona Irrigation Project Objective (the “Alatona Irrigation Project”). Additional details regarding the implementation of the Alatona Irrigation Project will be included in the Implementation Documents and in the relevant Supplemental Agreements.

1. Background

MCC’s investments will support the development of key infrastructure and policy reform for productive sectors and capitalize on one of Mali’s major assets, the Niger River Delta, for irrigated agriculture. The Alatona Irrigation Project will create a platform for increased production and productivity of agriculture and will be a catalyst for the transformation and commercialization of family farms. It will support Mali’s national development strategy to increase the contribution of the rural sector to economic growth and help achieve national food security. Agriculture is a vital economic sector, contributing 40% to GDP. Eighty percent of the population earns a living from agriculture. MCC’s investments in this sector will be strengthened by policy reforms and institutional support such as formal land titles for farmers, demand-driven rural advisory services, an improved business environment, and increased access to markets and trade. The hard and soft investments will impact the poor in Mali, particularly Malian farmers and small and medium-size entrepreneurs, not only in the Alatona zone but, over time, on a national and regional scale.

The Alatona zone is located in the ON. The term ON refers both to the geographical zone and the authority charged with the management of water resources and agricultural support in

the zone. The ON comprises one million ha of a vast fossilized inland delta whose rich, alluvial soils can be irrigated via a gravity-fed system from the Niger River, the largest river in West Africa. Its waters are highly suitable for irrigation with low sediment and salt content, minimizing the risk of salinization. Recognized as a high potential agricultural zone, the French colonial administration established an extensive hydrological network of diversions, canals, and drains in the 1930s. Rice production has been the dominant agricultural activity since 1970, with some counter-season horticultural production. Approximately 77,000 ha are under production today, with the possibility for expansion to 200,000 ha, with further infrastructure investment.

2. Summary of the Alatona Irrigation Project and Related Project Activities

The Alatona Irrigation Project is focused on increasing production and productivity, increasing farmer incomes, improving land tenure security, modernizing irrigated production systems and mitigating the uncertainty from subsistence rain-fed agriculture. It seeks to develop 16,000 ha of newly irrigated lands, representing an almost 20% increase of “drought-proof” cropland and a 7% increase of the country’s total stock of fully or partially irrigated land. The Alatona Irrigation Project will introduce innovative agricultural, land tenure, and water management practices, as well as policy and organizational reforms aimed at realizing the ON’s potential to serve as an engine of rural growth for Mali. The Project Activities that are funded under this Project are:

- Niono-Goma Coura Road. This Project Activity will upgrade an 81 km north-south road within the national highway network from its current earth/gravel condition to a paved standard. The investment will also include an additional access spur to the Alatona perimeter at the village of Dogofry.
- Irrigation Planning and Infrastructure. This Project Activity will involve main conveyance system expansion, Alatona irrigation system development, and support to the ON agency on water management.
- Land Allocation. The Alatona Irrigation Project will improve rural land tenure security in Mali by allocating newly developed, irrigated land to family farmers, women market gardeners, and farming companies in private ownership. These land recipients will purchase the land by making annual payments over a 15–20 year period. This Project Activity

consists of land parcel creation, land rights education, registration system upgrade, land parcel allocation and titling, and management of land revenues.

- Resettlement, Social Infrastructure, and Social Services. This Project Activity will compensate families residing in the perimeter or with rights to land therein consistent with World Bank Operational Policy 4.12 on Involuntary Resettlement by offering land in the irrigation perimeter or, if the land option is not chosen, other compensation alternatives. This Project Activity will provide social infrastructure, to serve these project-affected persons plus incoming settlers and other migrant families and also support social services (primarily education and health staff) during the last three years of the Compact Term.

- Agricultural Services. This Project Activity will support a range of agricultural, institutional and related services to strengthen capacity and improve agricultural practice through applied agricultural research, extension and farmer training, support to farmer organizations, and support to water users associations (“WUAs”).

- Financial Services. This Project Activity will encourage agricultural lending by reducing the risks of extending credit in this newly developed zone, improving transparency within the existing financial system, and strengthening the capabilities of local financial institutions through a credit risk sharing program, microfinance credit bureau strengthening, financial institution capacity building, and direct support to farmers.

In connection with the Project Activities (other than the Road Activity, except as provided in Section 2(a) below), MCA-Mali will assist and take all necessary steps to ensure that the EIA, EMP (including an HIV/AIDS awareness plan and a pest management plan), and RAP (consistent with World Bank Operational Policy 4.12 on Involuntary Resettlement) for all irrigation activities of the Alatona Irrigation Project are processed and permits delivered in accordance with Mali Decrét No. 03–594–P–RM on environmental impact studies and the Environmental Guidelines, all of which will be subject to MCC approval. MCC funding will support implementation of the environmental and social mitigation measures as identified in the EIA, EMP, HIV/AIDS awareness plan, pest management plan and RAP, satisfactory to MCC, according to the conditions precedent set forth in the Disbursement Agreement.

The M&E Plan (described in Annex III) will set forth anticipated results and, where appropriate, regular benchmarks that may be used to monitor the progress of the implementation of the Alatona Irrigation Project. Performance against these benchmarks, as well as the overall impact of the Alatona Irrigation Project, will be assessed and reported at the intervals to be specified in the M&E Plan, or as otherwise agreed by the Parties. The Parties expect that additional indicators will be identified during implementation of the Alatona Irrigation Project. The expected results from, and the key benchmarks to measure progress on, the Alatona Irrigation Project, as well as the Project Activities undertaken or funded thereunder, are set forth in Annex III.

Estimated amounts of MCC Funding for each Project Activity for the Alatona Irrigation Project are identified in Annex II. Conditions precedent to each Project Activity under the Alatona Irrigation Project, and the sequencing of such Project Activities, shall be set forth in the Disbursement Agreement, any other Supplemental Agreements and the relevant Implementation Documents. The following summarizes each Project Activity under the Alatona Irrigation Project:

(a) Niono-Goma Coura Road (the "Road Activity").

The Road Activity involves the upgrading of a key segment of the national highway network serving the Alatona zone, providing vital access to inputs, markets, and social services to the Alatona zone and other farmers in the northern sector. The Niono-Goma Coura road forms the first 81 km of a 450 km road from Niono to Tonka, recently reclassified as National Road 33. It is presently an earth road with laterite surface and varying width of 6–7 meters, which has been compromised by erosion of the embankment slopes. The laterite is worn away in numerous locations, leading to washouts and difficult driving conditions during the wet season. Specifically, MCC Funding will support the following:

(i) Double bitumen surface treatment paving of 81 km of National Road 33 (7 meter carriageway and 1.5 meter shoulders).

(ii) Construction of a small bridge and 2 km spur to the village of Dogofry to provide a direct access from the Alatona perimeter to the main road network.

(iii) Various social measures, such as parallel tracks to accommodate non-motorized traffic, of which there is a significant amount in and around the populated areas and safety measures for slowing traffic, as well as additional parking areas at the villages.

Additionally, in connection with the Road Activity, MCA-Mali will assist and take all necessary steps to ensure that the EA, EMP (including an HIV/AIDS awareness plan), and RAP (consistent with World Bank Operational Policy 4.12 on Involuntary Resettlement) for the Road Activity of the Alatona Irrigation Project are processed and permits delivered in accordance with Mali Décret No. 03–594–P–RM on environmental impact studies and the Environmental Guidelines, all of which shall be subject to MCC approval; *provided, however*, that such EA, EMP and RAP may be processed as part of the EIA, EMP, and RAP for all other Project Activities (as described in Section 2 above). MCC funding will support implementation of the environmental and social mitigation measures as identified in the EA (or EIA, as applicable), EMP, and RAP, satisfactory to MCC, according to the conditions precedent set forth in the Disbursement Agreement.

(b) Irrigation Planning and Infrastructure (the "Irrigation Activity").

This Project Activity will increase the capacity of the ON's main conveyance structures (the Canal Adducteur, the Canal du Sahel and the Fala de Molodo) to ensure sufficient capacity to transport wet season water to all the developed perimeters. MCC Funding will support the ON in achieving physical capacity to realize its immediate development goals, improve and increase service, and to move toward a next generation of standards and operational water management procedures, based on best international practice. Specifically, MCC Funding will support the following:

(i) Alatona irrigation system development, which will involve the construction of a primary canal off the main system, a 63 km distributor canal, a network of secondary and tertiary canals and drainage structures, as well as land leveling and internal access roads. This will allow for an additional 16,000 ha of irrigated lands in the Alatona zone.

(ii) Main conveyance system expansion, which will increase the conveyance capacity of two main canals and an ancient riverbed that transport water from the Niger River to the ON irrigated zones. This will involve: (1) Removal of the central island separating the two branches of Canal Adducteur; (2) enlarging the main canal leading from the main conveyance canal (Canal du Sahel—23 km); and (3) raising the banks of the Fala de Molodo along approximately 8 km.

(iii) Support to ON Water Management, which will provide

technical assistance and equipment to the ON for installing and operationalizing a communications-based water management system as well as improving overall system management to ensure more efficient and effective water management throughout the ON system. This system will also provide the basis for data analysis and permitting flow adjustments according to climatic fluctuations and other water demand factors and will establish incentive structures for better on-farm water efficiency.

(c) Land Allocation (the "Land Activity").

Through the sale of irrigated land under the oversight of a selection commission, land will be allocated to small-, medium-, and large-scale farmers. A selection commission will select land recipients according to pre-defined criteria, and enforce safeguards designed to ensure transparency and fairness. The recipients will purchase the land at prices that are both affordable to farm families, yet high enough to discourage speculation. Land payments will be managed by private financial institutions, and land registration capacity will be bolstered. MCC Funding will support education and dissemination of information about land rights, benefits and responsibilities, and the allocation process in order to execute land allocation in an effective manner and for long term land management. In addition, the Alatona Irrigation Project will establish year-round market gardens for growing vegetables, to provide the women of the Alatona zone with an independent source of family income. This market garden opportunity supplements the opportunity women will have to receive larger land parcels through the selection commission process. Specifically, MCC Funding will support the following:

(i) Land Parcel Creation. Land will be divided into tertiary irrigation blocks, and the land contained therein will be subdivided into individual land parcels. This sub-activity will include land parcel platting, boundary surveying, and preparation of a technical description of each parcel.

(ii) Land Rights Education. A land-education effort will be carried out to provide the rural population of the Alatona zone and nearby areas with an understanding of private land ownership, the rights and responsibilities it entails, and the benefits it can bring. The effort also will inform people about the opportunity to acquire newly developed irrigated land, and work with land recipients on how

to properly manage their land rights and obligations.

(iii) Registration System Upgrade. The Alatona Irrigation Project will support establishment of a temporary land registration office in the Alatona zone that will remain under the jurisdiction of the Sogou office of the National Directorate for State Property and Cadastre (a technical agency within the Ministry of State Property and Land). This temporary office will operate for the four-year period during which virtually all of the land will be allocated and titled. Once the initial wave of titling occurs, the Sogou office may choose to maintain the temporary office, or replace it with a more limited alternative depending upon demand and cost considerations.

(iv) Land Parcel Allocation and Titling. A selection commission consisting of government officials and private stakeholder group representatives (both men and women), will review people's applications for land and decide who will receive land based on pre-defined criteria. The criteria include various technical and other qualifications, are differentiated by farm size, and give special consideration to people already in the Alatona zone,¹ women, and young farmers. After a short waiting period, land recipients will receive land ownership titles that they will pay for over a 15–20 year period. In addition to this main land allocation effort, women in the Alatona zone will receive small land plots for use in market gardening.

(v) Management of Land Revenues. This sub-activity will assure that land revenues are transparently managed and not co-mingled with other accounts and reinvested in locally responsive and appropriate ways in the Project area. This sub-activity will create a new entity (the "Revenue Authority") to collect and manage the land purchase payments under Government oversight. Collection payment mechanisms will encourage the entry and participation of private financial institutions in the area. In cases when land owners fail to make the required payments, the Revenue Authority will manage resolution of the problem, up to and including executing a foreclosure action and public sale of the land to satisfy the debt.

(d) Resettlement, Social Infrastructure, Social Services (the "Community Activity").

The Community Activity will provide funds to implement the RAP, build social infrastructure and support social

services, primarily health staff and teachers, to ensure appropriate utilization of the social infrastructure.

Specifically, MCC Funding will support the following:

(i) Resettlement. This sub-activity will support implementation of the RAP previously developed in collaboration with the relevant Government agencies, to compensate approximately 800 families who lose land rights or access to resources, with land in the irrigated perimeter or, where the land option is refused, other compensation options. Physically relocated resettlers will be provided with construction materials or built houses. For reasons of social equity, this sub-activity will implement procedures to provide equitable access to both dry and rainy season water and additional supporting measures during the first year of farming to assist these agro-pastoralist families to take up irrigated rice cultivation successfully.

(ii) Social Infrastructure. This sub-activity will provide social infrastructure and social services sufficient to serve an anticipated total population of approximately 60,000, including the resettlers, new settlers and other migrants. Access roads, potable water, sanitation, schools, health centers, public markets, warehouses, literacy and youth centers, laundry facilities and solar electricity supply for health centers and schools will be constructed or existing facilities renovated in accordance with international and national norms.

(iii) Social Services. This sub-activity will support social services, primarily health staff and teachers, over the last three-year period of the Compact Term. Services will be provided according to population thresholds established by the Government on the basis of international and regional norms. This sub-activity will equip community health centers in the Alatona zone and health centers serving the larger area, as well as support a variety of health promotion and disease prevention activities related to obstetric care, nutrition, STIs, HIV/AIDs, malaria, schistosomiasis and intestinal worms. Limited support will be provided for maintenance of water supply and sanitation.

(e) Agricultural Services (the "Agriculture Activity").

The Agriculture Activity will focus on the basics of irrigated farming and will support a range of interventions that target capacity building, support, and techniques for rice, shallots, livestock and crop integration, and women's vegetable garden production. During the first two years of the Alatona Irrigation Project, while the road and core

irrigation infrastructure are designed and constructed (the pre-settlement phase), efforts will focus on building an institutional environment and testing agricultural, marketing, and water management practices focused on achieving farm profitability. The Project Activity will be conducted in pre-existing ON irrigated perimeters involving, to the extent feasible, collaboration with the ON, existing institutions, and entities. The pre-settlement phase will allow for the development, testing, and piloting of activities to be transferred and scaled up to the newly developed perimeter. Specifically, MCC Funding will support the following:

(i) Applied Agricultural Research. This sub-activity includes undertaking field-level, applied technology research on rice production and processing; water use, control and management; agronomic practices; livestock enterprises and integration with irrigation; improved equipment and technologies; commodity chains development, including strengthening the supply system for agricultural inputs and equipment; identifying, testing, and promoting improved conservation techniques; processing technologies, and improving marketing of crops; and natural resource management and wood supply.

(ii) Extension and Farmer Training. This sub-activity will include communication, extension, and training through a variety of low-cost, sustainable mechanisms and techniques that may include Farmer Field Schools, Training and Visit, farmer-to-farmer, stakeholder, and systems approaches. The focus of this sub-activity will include improving rice yields, production of dry season diversified crops, integrating crop and livestock production, improving water management, group promotion and formation, integrated pest management, organizational management, accounting and budgeting, and farmer rights and advocacy.

(iii) Support to Farmer Organizations. This sub-activity will provide intensive organizational development and management training to help selected service providers and farmer-controlled organizations (including women's groups) increase capacity. This may include training on the preparation of by-laws and business plans; election of officers, personnel and group management; management by objectives; financial sustainability and credit management; knowledge of rights, facilitation and advocacy; group procurement of inputs and marketing; and accounting and financial

¹ Those who currently reside or use land in the Alatona zone will automatically be eligible to receive land.

management capabilities and commercialization.

(iv) Support to Water User Associations. This sub-activity will provide training to WUAs on organization management, cropping patterns and water requirements, secondary and tertiary canal maintenance planning, and establishing procedures for collecting and accounting for water fees.

(f) Financial Services (the "Finance Activity").

The Finance Activity will support agricultural development in the Alatona zone by promoting a sustainable, inclusive financial system and improving farmers' access to credit. Interventions will be focused on encouraging local financial institutions to move into the Alatona zone and on building their capacity and willingness to meet the financial services needs emerging from activities supported by the Alatona Irrigation Project. The Finance Activity will encourage financial institutions to lend to clients that have good prospects of success but may lack sufficient collateral or a suitable record of transactions to prove creditworthiness. It will also provide support to the ON Credit Bureau to strengthen its capacity to increase transparency among MFIs in the region. Direct support will also be provided to farmers to improve access to credit for first-time borrowers. Specifically, MCC Funding will support the following:

(i) Credit risk sharing program. The credit risk sharing program will encourage eligible financial institutions to increase their lending to clients by reducing the risk of providing loans in the Alatona zone. MCC Funding will support risk sharing (up to 50%). Participating financial institutions will also be provided with technical assistance.

(ii) Credit bureau strengthening. This sub-activity will finance: (1) A study to identify recommended improvements to the ON Credit Bureau and to test their feasibility; (2) development and acquisition of hardware and software necessary to create an electronic database (pending satisfactory completion of the feasibility study); and (3) training for ON Credit Bureau staff, among other changes as identified in the needs assessment and feasibility study.

(iii) Financial institution capacity building. This sub-activity will provide training and technical assistance to financial institutions (banks and MFIs), focusing on areas such as risk analysis, portfolio management, and new product development in order to help financial institutions meet the needs of potential clients. In order to encourage MFIs to

move rapidly into the Alatona zone, this sub-activity will also assist with a portion of the costs of setting up and staffing new offices.

(iv) Direct support to farmers. In addition to training and support to farmer organizations, the Alatona Irrigation Project will provide financial assistance to improve access to credit for first-time borrowers. This sub-activity will provide a grant to assist new clients with paying a portion of the initial mandatory deposit required by MFIs in order for the new clients to access their first loan.

3. Beneficiaries

As a result of the incremental agricultural production achieved through the Alatona Irrigation Project, incomes of farm owners, agricultural laborers in the Alatona, suppliers, transporters, processors, and traders will increase.

The upgrading of the existing Niono-Goma Coura road is anticipated to lower vehicle operating costs ("VOCs") and to generate time savings for road users. It is anticipated that the reduction in VOCs will be passed on to populations located along the road in the form of reduced rates of cargo spoilage and lower charges for the transport of cargo goods, including the transport of agricultural produce from the Alatona zone to regional markets in Niono and potentially national markets in Bamako.

Finally, the Alatona Irrigation Project is also expected to generate non-quantified social, health, and education improvements through investment in social infrastructure in the Alatona zone and greater access through the Niono-Goma Coura road upgrade to existing health and social services facilities.

4. Donor Coordination; Role of Private Sector and Civil Society

The Dutch Development Agency, French Development Agency, the World Bank, and USAID, in particular, have been working in the ON over the past several decades resulting in a more efficient, decentralized management structure, while increasing production and productivity of the Alatona zone. The Alatona Irrigation Project leverages and complements other donor, private sector and civil society activities in Mali as described below. Throughout implementation, MCC will continue to collaborate with these donors to ensure equitable water distribution, transfer of skills and knowledge in agriculture production, farm management and access to credit for the farmers. The Alatona Irrigation Project will involve close coordination with donors involved in strengthening the management of the

ON agency to provide effective operations and maintenance of the irrigation infrastructure, as well as conformity with the established cropping calendar.

World Bank

The Alatona Irrigation Project complements and reinforces several ongoing or recently launched World Bank programs as described below.

- National Project for Rural Infrastructure provides rural infrastructure for irrigation, transportation, clean water and sanitation, and institutional strengthening. In May 2005, this project launched a bid for small- and medium-scale farmers to purchase land in the pilot zone of Koumouna in the ON. This marked the ON's first experience of issuing land titles to individual farmers.

- Agricultural Competitiveness and Diversification Project aims to expand production and improve the productivity of diversified, high value commodities and to increase their export and market competitiveness; to remove logistical bottlenecks to increased exportation; to reinforce food security; and to promote rural credit and financing.

- Rural Community Development Project enhances the capacity of communities to propose and manage local development initiatives, including Communal Initiatives Funds and Local Productive Initiatives Funds.

Private Sector and Civil Society

Private sector and civil society participated in the consultative process that resulted in inclusion of the Alatona Irrigation Project in the Compact. The Alatona Irrigation Project aims to attract farmers to purchase land and increase the revenue of farmers and farming enterprises. Businesses along the value chain will be integral to the success of this Project. In addition, civil society will play an active role to ensure that land allocation is fair and transparent and that social services are provided in the Alatona zone in a fair and equitable manner. Lastly, both civil society and private sector will be represented on the MCA-Mali Board of Directors and Advisory Councils. In addition, consultations will be conducted with affected parties and other stakeholders on the EIA for all Project Activities (other than the Road Activity) and the EA (or EIA, as applicable) for the Road Activity, in accordance with MCC Environmental Guidelines, Mali Décret No. 03-594-P-RM on environmental impact studies and the draft Arrête Interministeriel on the procedure for public consultation on environmental

impact studies. Consultations will also take place with project affected persons for the RAPs, consistent with World Bank Operational Policy 4.12 on Involuntary Resettlement. NGOs are also expected to play a role in implementation, particularly in the provision of health promotion activities.

5. USAID

The Alatona Irrigation Project builds on the USAID's Accelerated Economic Growth and Trade Development Project (2003–2012), which includes the following sub-projects:

- Program in Development of Agricultural Production (PRODEPAM) includes agricultural intensification activities, appropriate technologies, animal feed, and natural resource management activities.

- Program on Shared Governance includes capacity building, planning, and financial management in the communes of Diabaly and Dogofry (the two municipalities located in the Alatona zone).

The Alatona Irrigation Project will continue to build on these efforts during implementation and strengthen USAID best practices in agricultural support and capacity building in local governance within the Alatona zone.

6. Sustainability

- Sustainable Irrigation Management. To assure the long term success of the Alatona Irrigation Project, MCC will finance additional capacity on the main conveyance structures, as well as support the ON to achieve sustainable management of its entire stock of assets. A core element of this effort will be technical assistance to introduce a communications-based technology for real-time water monitoring and management on the main system. The Alatona Irrigation Project will collaborate with the ON to establish appropriate and equitable water allocation rules among the perimeters, optimum cropping calendars and practices (such as the adoption of short cycle varieties) and the gradual introduction of volumetric water charges, all aimed to make the most efficient use of scarce water during the critical months of the dry season. The MCC-financed technical assistance will assist the ON to develop revised expansion scenarios based on updated assumptions and practices, such that any further expansion does not jeopardize the minimum water requirements and functioning of the Alatona zone and other existing perimeters. In the existing ON irrigated perimeters, the water fees collected are adequate to cover approximately 90% of

the operating and maintenance costs of the major distribution systems within the zones, with the Government assuming responsibility for the remaining costs. The Alatona Irrigation Project will address the utilization of revenues associated with land sales and water fees within the Alatona zone to fund the ongoing expenses of Alatona institutions during and beyond the Compact Term.

- Sustainable Road Maintenance. A new road maintenance agency, AGEROUTE, has recently been established with donor support. The major donors to the road sector (World Bank, European Union and African Development Bank) are promoting long term solutions to road maintenance, including more reliance on user fees to finance maintenance. The upgrading of the road to a double bituminous surface will result in estimated annual maintenance requirements falling within the range of the Government's current maintenance allocations for the road.

- Sustainable Rural Infrastructure Management. The Alatona Irrigation Project will finance initial recurrent costs of the social infrastructure so as to "kick-start" operations. Within the context of the country's decentralization program, the planning and implementation of these infrastructure and services will be carried out in close collaboration with the appropriate technical ministries and local authorities (in particular the communes), so as to ensure a smooth transition to sustainable provision of staffing, operations, and maintenance of all these facilities beyond the life of the Compact.

- Sustainable Access to Financial Services. The Finance Activity will provide MFIs and banks with training in agricultural credit and other aspects of managing the delivery of financial services to the inhabitants of the Alatona zone. This training should enable the financial institutions to better analyze the risks of extending credit in the Alatona zone and to better monitor and manage the repayment process. Meanwhile, the support to the ON Credit Bureau will promote transparency in the sector and provide institutions with better data from which to evaluate loan applications.

- Sustainable Management of Land Revenues. The Land Activity will create a new entity—the Revenue Authority—to collect and manage the revenues generated through land payments. MCC funding will support the costs of structuring this entity and providing some initial capacity building, until the

Revenue Authority can support itself through the land revenues collected.

- Sustainable Agricultural Services. Skilled local institutions with proven capacity will be contracted to deliver services, and design and coordinate research activities. It will include on-station evaluation of varieties and/or technologies under development; on-farm confirmation and adaptation of existing research results; and participatory, farmer-led research. Eventually, involvement of farmers, farmer organizations, and a possible fee-for-service approach could make the research demand-driven and partly funded by users.

- Environmental and Social Sustainability. Sustainability is to be achieved through the implementation of a land use and natural resources management plan (a prerequisite planning tool for the EIA), the identification of institutions responsible for natural resources management over the long term, and the implementation of an EMP that will incorporate an HIV/AIDS awareness plan and a pest management plan. Pre-settlement activities will provide the opportunity to test the sustainability of practices to be applied in the Alatona zone. Resettlers will be eligible to receive agricultural inputs for the first year and all cultivators will be able to receive technical assistance in farming techniques and training to improve their ability to secure credit. The provision of social infrastructure will allow improvements in health care, education, potable water supply and sanitation and the funding of social services will provide for a transition to full government funding of these services after the Compact Term.

7. Policy; Legal; and Regulatory Reform

The Parties have identified the following policy, legal and regulatory reforms and actions that the Government shall pursue in support, and to reach the full benefits of the Alatona Irrigation Project, the satisfactory implementation of which will be conditions precedent to certain MCC Disbursements as provided in the Disbursement Agreement:

- The establishment of the Revenue Authority to manage the collection and use of land revenues generated through the Alatona Irrigation Project. The structure of the Revenue Authority and its operating guidelines will be subject to MCC approval.

- Within the Compact Term, and in any event no later than six to nine months prior to the end of the Compact Term, the identification of a fiduciary or liquidation agent to manage or liquidate

all of the remaining financial assets at the end of the Compact Term. The selection of the fiduciary or liquidation agent and the final plan for the disposition of financial assets from the credit risk sharing program in the Finance Activity will be subject to MCC approval.

- The execution of a memorandum of understanding between MCA-Mali and the ON that ensures equitable allocation of dry-season water among the ON zones, measured at the headworks of primary canals, prior to initial MCC Disbursement for the Project Activities within the Alatona Irrigation Project, other than the Road Activity.

- The provision of evidence by the Government of an agreed allocation of land for dry season and wet season cultivation in the Alatona zone prior to approval of final design of the first tranche of the irrigation and planning infrastructure sub-activity of the Alatona Irrigation Project.

8. Proposals

Public solicitations for proposals are anticipated to procure goods, works and services, as appropriate, to implement all Project Activities under the Alatona Irrigation Project. MCA-Mali will develop, subject to MCC approval, a process for consideration of all such proposals. Notwithstanding the foregoing, MCA-Mali may also consider, using a process developed subject to MCC approval, any unsolicited proposals it might receive.

Annex II—Summary of Multi-Year Financial Plan

This Annex II to the Compact (the “Financial Plan Annex”) summarizes the Multi-Year Financial Plan for the Program. Each capitalized term in this Financial Plan Annex shall have the same meaning given such term elsewhere in this Compact. Unless otherwise expressly stated, each Section reference herein is to the relevant Section of the main body of the Compact.

1. General

A multi-year financial plan summary (“Multi-Year Financial Plan Summary”) is attached hereto as Exhibit A. By such time as specified in the Disbursement Agreement, MCA-Mali will adopt, subject to MCC approval, a Multi-Year

Financial Plan that includes, in addition to the multi-year summary of estimated MCC Funding and the Government’s contribution of funds and resources, an estimated draw-down rate for the first year of the Compact Term based on the achievement of performance milestones, as appropriate, and the satisfaction or waiver of conditions precedent. Each year, at least 30 days prior to the anniversary of the Entry into Force, the Parties shall mutually agree in writing to a Detailed Budget for the upcoming year of the Program, which shall include a more detailed budget for such year, taking into account the status of the Program at such time and making any necessary adjustments to the Multi-Year Financial Plan.

2. Implementation and Oversight

The Multi-Year Financial Plan and each Detailed Budget shall be implemented by MCA-Mali, consistent with the approval and oversight rights of MCC and the Government as provided in this Compact, the Governing Documents and the Disbursement Agreement.

3. Estimated Contributions of the Parties

The Multi-Year Financial Plan Summary identifies the estimated annual contribution of MCC Funding for Program administration, M&E and each Project. The Government’s contribution of resources to Program administration, M&E and each Project shall consist of (a) “in-kind” contributions in the form of Government Responsibilities and any other obligations and responsibilities of the Government identified in this Compact, and (b) such other contributions or amounts as may be identified in this Compact (including adequate funding for the rehabilitation and expansion of air cargo facilities, as specified in Section 8 of Schedule 1 of Annex I) and in relevant Supplemental Agreements between the Parties or as may otherwise be agreed by the Parties; provided, in no event shall the Government’s contribution of resources be less than the amount, level, type and quality of resources required effectively to carry out the Government Responsibilities or any other responsibilities or obligations of the Government under or in furtherance of this Compact.

4. Modifications

The Parties recognize that the anticipated distribution of MCC Funding between and among the various activities for Program administration, M&E, the Projects and the Project Activities will likely require adjustment from time to time during the Compact Term. In order to preserve flexibility in the administration of the Program, as provided in Section 4(a)(iv) of Annex I, the Parties may, upon agreement of the Parties in writing and without amending the Compact, change the designations and allocations of funds among the Projects, the Project Activities, or any activity under Program administration or M&E, or between a Project identified as of the Entry into Force and a new project, without amending this Compact; *provided, however*, that such reallocation (a) is consistent with the Objectives and the Implementation Documents; (b) shall not materially adversely impact the applicable Project, Project Activity (or any component thereof), or any activity under Program administration or M&E as specified in this Annex II; (c) shall not cause the amount of MCC Funding to exceed the aggregate amount specified in Section 2.1(a) of this Compact; and (d) shall not cause the Government’s obligations or responsibilities or overall contribution of resources to be less than specified in Section 2.2(a) of this Compact, this Annex II or elsewhere in the Compact.

5. Conditions Precedent; Sequencing

MCC Funding will be disbursed in tranches. The obligation of MCC to approve MCC Disbursements and Material Re-Disbursements for the Program is subject to satisfactory progress in achieving the Objectives and on the fulfillment or waiver of any conditions precedent specified in the Disbursement Agreement for the relevant activity under the Program. The sequencing of Project Activities or sub-activities and other aspects of how the Parties intend the Program to be implemented will be set forth in the Implementation Documents, including the Work Plan for the applicable Program (and each component thereof), and MCC Disbursements and Re-Disbursements will be made consistent with such sequencing.

EXHIBIT A						
MULTI-YEAR FINANCIAL PLAN SUMMARY						
Project	Totals Including Contingencies (USD)					
	Year 1	Year 2	Year 3	Year 4	Year 5	Total
1. Bamako-Sénou Airport Improvement Project						
Airside Infrastructure Activity	2,600,371	13,438,227	13,965,677	0	0	30,004,275
Landside Infrastructure Activity ¹	3,463,921	10,795,351	25,125,706	19,011,924	230,000	58,626,902
Institutional Strengthening Activity	200,000	200,000	200,000	200,000	200,000	1,000,000
Subtotal	6,264,292	24,433,578	39,291,383	19,211,924	430,000	89,631,177
2. Industrial Park Project						
Primary and Secondary Infrastructure Activity ¹	5,161,000	27,133,932	49,061,416	8,624,171	286,000	90,266,519
Resettlement Activity ²	1,500,000	0	0	0	0	1,500,000
Institutional Strengthening Activity	500,000	500,000	500,000	500,000	500,000	2,500,000
Subtotal	7,161,000	27,633,932	49,561,416	9,124,171	786,000	94,266,519
3. Alatona Irrigation Project						
Niono-Goma Coura Road Activity	8,346,908	17,331,423	9,241,224	147,665	150,841	35,218,061
Irrigation Planning and Infrastructure Activity	8,081,963	39,043,654	45,528,966	43,258,533	14,145,301	150,058,417
Land Allocation Activity	279,125	1,264,995	1,125,270	854,021	628,315	4,151,726
Resettlement, Social Infra. & Social Services Activity	3,201,666	5,025,813	5,353,208	3,657,049	3,596,637	20,834,373
Agricultural Services Activity ³	1,905,307	2,176,366	3,505,943	3,437,267	4,066,914	15,091,797
Financial Services Activity	156,310	574,998	2,061,021	2,842,669	3,619,096	9,254,094
Subtotal	21,971,279	65,417,249	66,815,632	54,197,204	26,207,104	234,608,468
4. Monitoring and Evaluation	1,500,000	520,000	655,000	705,000	1,525,000	4,905,000
Subtotal	1,500,000	520,000	655,000	705,000	1,525,000	4,905,000
5. Program Management and Oversight						
MCA Mali	3,400,000	2,500,000	2,600,000	2,400,000	2,500,000	13,400,000
Fiscal Agent	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	8,000,000
Procurement Agent	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	8,000,000
Auditing	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	8,000,000
Subtotal	8,200,000	7,300,000	7,400,000	7,200,000	7,300,000	37,400,000
TOTAL ESTIMATED MCC CONTRIBUTION	45,096,571	125,304,759	163,723,431	90,438,299	36,248,104	460,811,164

¹ Includes costs for environmental mitigation and technical assistance to strengthen environmental management.

² Resettlement costs also include some modest needs related to utility infrastructure for the Airport Improvement Project.

³ The first 2 years of this Activity includes costs for the Pre-Settlement Phase.

Annex III—Description of The M&E Plan

This Annex III to the Compact (the “M&E Annex”) generally describes the components of the M&E Plan for the Program. Except as defined in this M&E Annex, each capitalized term in this M&E Annex shall have the same meaning given such term elsewhere in this Compact.

1. Overview

MCC and the Government (or a mutually acceptable Government Affiliate or Permitted Designee) shall formulate, agree to and the Government shall implement, or cause to be implemented, an M&E Plan that specifies (a) how progress toward the Compact Goal, Objectives, and the intermediate results of each Project and

Project Activity set forth in this M&E Annex (the “Outcomes”) will be monitored (the “Monitoring Component”); (b) a methodology, process and timeline for the evaluation of planned, ongoing, or completed Projects and Project Activities to determine their efficiency, effectiveness, impact and sustainability (the “Evaluation Component”); and (c) other components of the M&E Plan described below. Information regarding the Program’s performance, including the M&E Plan, and any amendments or modifications thereto, as well as periodically generated reports, will be made publicly available on the MCA-Mali Web site and elsewhere.

2. Monitoring Component

To monitor progress toward the achievement of the Compact Goal, Objectives, and Outcomes, the Monitoring Component of the M&E Plan shall identify (a) the Indicators, (b) the party or parties responsible, the timeline, and the instrument for collecting data and reporting on each Indicator to MCA-Mali, and (c) the method by which the reported data will be validated.

(a) Indicators. The M&E Plan shall measure the impacts of the Program using objective and reliable information (“Indicators”). Each Indicator will have one or more expected values that specify the expected results and expected time for the impacts to be achieved (“Target”). The M&E Plan will measure and report on Indicators at four

levels. First, the Indicator(s) at the Compact Goal level ("Goal Indicator") will measure the impact of the overall Program and each Project. Second, the Indicators at the Objective level ("Objective Indicator") will measure the final results of each of the Projects, including impacts on the intended beneficiaries identified in Annex I

(collectively, the "Beneficiaries"). Third, Indicators at the intermediate level ("Outcome Indicator") will measure the results achieved under each of the Project Activities and will provide an early measure of the likely impact under each of the Projects. A fourth level of Indicators ("Output Indicator") will be included in the M&E

Plan to measure the direct outputs of Project Activities. All Indicators will be disaggregated by sex, income level and age, to the extent practicable. Subject to prior written approval from MCC, MCA-Mali may add Indicators or modify the Targets of existing Indicators.

GOAL INDICATORS AND DEFINITIONS

Goal-level results	Indicator	Definition of Indicator
Income of Airport services firms is increased ...	Total revenue of firms servicing the Airport	Total receipts of commercial concessions, flight kitchens, fuel suppliers, and baggage handling (US\$).
Tourism income is increased	Total receipts of hotels and restaurants in Bamako.	Total receipts of hotels and restaurants in Bamako (US\$).
Industrial value added is increased	Gross value-added of firms in the Industrial Park.	Total earnings including salaries and taxes of firms located in the Industrial Park (US\$).
Poverty rate of existing Alatona zone population is reduced.	Poverty rate of existing Alatona zone population.	Poverty Headcount Ratio of existing Alatona zone population (percent).
Income from irrigated agricultural production in the Alatona zone is increased.	Real income from irrigated agricultural production.	Real annual income from sale of agricultural production per household member in the Alatona zone (US\$) ¹ .

¹ Data to be disaggregated by current residents and newly settled population to track whether resettled population's incomes are restored as compared to their baseline incomes. This indicator will also be disaggregated by sex.

COMPACT GOAL BASELINES AND TARGETS

Goal-level Indicators	Baseline	Year 5	Year 10
Total revenue of firms servicing the Airport (million US\$)	\$8	\$9	\$11
Total receipts of hotels and restaurants in Bamako (million US\$)	133	174	226
Gross value-added of firms in the Industrial Park (million US\$)	0	33	106
Poverty rate of existing Alatona zone population (percent)	TBD ¹	TBD	TBD
Real income from irrigated agricultural production (US\$ per capita)	0	316	725

¹ Baseline and targets will be determined through a combination of the following data collection activities: (1) resettlement action plan census under the Community Activity of the Alatona Irrigation Project, and (2) Baseline household survey conducted by Direction Nationale de la Statistique et de l'Informatique. Results are expected in 2007.

AIRPORT IMPROVEMENT PROJECT INDICATORS AND DEFINITIONS

Objective-level results	Indicator	Definition of indicator
Number of foreign visitors is increased	Annual foreign (non-resident) passenger traffic.	Foreign and non-resident passengers arriving to and departing from the Airport per year ¹ (number).
Passenger terminal services are improved	Improved security and safety	FAA audit report ²
Outcome-level Results	Indicator	Definition of Indicator.
Air traffic is increased	Weekly flight arrivals and departures	Aircraft arriving to or departing from the Airport per week (number).
Increased efficiency of passenger terminal services.	Time required for passenger processing at departures and arrivals.	Average time for passengers to complete departure or arrival procedures at peak hour at the Airport (minutes).

¹ Indicator will be disaggregated by country of origin, purpose of travel, and sex.

² A qualitative Indicator will be developed in collaboration with airport sector experts and according to FAA standards. Yearly targets will be milestones.

AIRPORT IMPROVEMENT PROJECT INDICATORS AND TARGETS

Objective-level indicators	Baseline	Year 5	Year 10
Annual foreign (non-resident) passenger traffic (number)	126,300	164,780	214,000
Improved security and safety at the Airport	TBD	TBD	TBD
Outcome-level Indicators			
Weekly flight arrivals and departures (number)	87	97	106

AIRPORT IMPROVEMENT PROJECT INDICATORS AND TARGETS—Continued

Objective-level indicators	Baseline	Year 5	Year 10
Time required for passenger processing at departures and arrivals (minutes) ¹	TBD	Baseline minus 60 minutes	Baseline minus 60 minutes ²

¹ A special survey will be conducted at the Airport in 2006/2007 to collect baseline information and additional surveys will be conducted during the Project to estimate the time required for passenger processing.

² From the economic analysis, it is estimated an efficiency gain of one hour will be achieved by Year 5 and maintained thereafter.

INDUSTRIAL PARK PROJECT INDICATORS AND DEFINITIONS

Objective-level results	Indicator	Definition of indicator
Industrial output of the Industrial Park is increased.	Share of enterprise growth represented by the Industrial Park.	Enterprises located in the Industrial Park as a share of the total number of enterprises in Bamako (percent).
Industrial Park firms are financially stable	Long-term jobs created in the Industrial Park	Long-term jobs in firms located in the Industrial Park (number). ¹
Outcome-level Results: The Industrial Park is developed and operational.	Occupancy level	Tertiary infrastructure built in the Industrial Park (ha). ²
Access to industrial infrastructure is provided ...	Time required to access services	Time required for connection to water and electricity in the Industrial Park (days).

¹ This does not include temporary jobs created during construction. This indicator will be disaggregated by sex and skill level.

² Tertiary (on-lot) infrastructure, to be built and financed by industries locating in the Industrial Park, includes buildings and facilities, interior roads and parking, water supply taps/connections and fire protection, electrical and telecommunications, wastewater collection (and possibly pre-treatment), etc.

INDUSTRIAL PARK PROJECT INDICATORS AND TARGETS

Objective-level indicators	Baseline	Year 5	Year 10
Share of enterprise growth represented by the Industrial Park (percent)	0	22%	49%
Long-term jobs created in the Industrial Park (number, cumulative)	0	3,400	11,000
Outcome-level Indicators: Occupancy level (ha, cumulative)	0	15	54
Time required to access services (days) ¹	TBD	TBD	

¹ Baseline value will be the average time required for a new industrial firm to access water and electricity in Bamako in 2006. This information will be obtained from Énergie Du Mali. Targets will be set after consultations with industry experts.

ALATONA IRRIGATION PROJECT INDICATORS AND DEFINITIONS

Objective-level results	Indicator	Definition of indicator
Rice yields are increased	Main season rice yield	Average rice yield in the rainy season in the Alatona zone (tons/ha).
Diversification into high value crops is increased.	Dry season cropped area in non-cereal crops	Share of the total cropped area that is devoted to non-cereal crops (i.e., shallots, tomatoes, potatoes, etc) in the Alatona zone (percent).
Outcome-level Results: Vehicle Operating Costs (VOCs) are reduced ...	International Roughness Index (IRI) for the Niono-Goma Coura road.	Weighted index to measure road roughness (correlated with vehicle operating costs) (meters/km). ¹
Transport of people and goods is facilitated	Traffic on the Niono-Goma Coura road	Annual average daily count of vehicles on the Niono-Goma Coura road (AADT) ² (number/day).
Irrigable land is increased	Land made irrigable by the Project	Total irrigable land in the Alatona zone (ha).
Water for agricultural production is provided	Average water volume delivered at the farm level.	Average water volume delivered at the tertiary level during the rainy season in the Alatona zone (m ³ /ha).
Irrigation system efficiency is improved	Alatona zone irrigation system efficiency	Water supply at the headworks of Canal de l'Alatona as a share of crop water requirements (percent).
Family farms are established	5 and 10 ha farms allocated	Total 5 and 10 ha farm plots allocated in the Alatona zone (number).
Land allocated to women is increased	Market garden parcels allocated	Total market garden parcels allocated in the Alatona zone (number).
Land tenure security is increased	Titles granted to Alatona zone households	Titles registered in the land registration office of the Alatona zone (number). ³
Access to social infrastructure is provided	Student enrollment	Students enrolled in schools established by the Project (number).

ALATONA IRRIGATION PROJECT INDICATORS AND DEFINITIONS—Continued

Objective-level results	Indicator	Definition of indicator
Improved agricultural techniques are adopted ...	Adoption rate of extension techniques	Number of farms adopting at least one new extension technique as a share of all farms receiving technical assistance under the Project (percent).
Access to financial services in the Alatona zone is improved.	Amount of credit extended	Total loan portfolios of financial institutions (MFIs and banks) in the Alatona zone (US\$). ⁴
	Active clients of MFIs	Active clients of MFIs in the Alatona zone (number). ⁵

¹ The International Roughness Index (IRI) is used to define a characteristic of the longitudinal profile of a traveled wheeltrack and constitutes an internationally recognized, standardized roughness measurement. The IRI is an open-ended scale.

² AADT: Annual Average Daily Traffic.

³ Disaggregated by settlers, re-settlers, sex.

⁴ Disaggregated by Short-Term (seasonal term) and Medium-Term credit (two to three-year term).

⁵ Disaggregated by sex.

ALATONA PROJECT INDICATORS AND TARGETS

Objective-level indicators	Baseline	Year 5
Main season rice yield (tons/ha)	0	5
Dry season cropped area in non-cereal crops (percent)	0	46
Outcome-level Indicators:		
International Roughness Index (IRI) for the Niono-Goma Coura road (m/km)	17	2
Traffic on the Niono-Goma Coura road (number/day)	208	417
Land made irrigable by the Project (ha, cumulative)	0	16,000
Average water volume delivered at the farm level (m ³ /ha)	N/A	13,000
Alatona zone irrigation system efficiency (percent)	35	40
5 and 10 ha farms allocated (number, cumulative)	0	1,700
Market garden parcels allocated (number, cumulative)	0	2,000
Titles granted to Alatona zone households (number, cumulative)	0	1,200
Student enrollment (number, cumulative)	0	10,500
Adoption rate of extension techniques (percent)	0	50
Amount of credit extended (million US\$)	0	4
Active clients of MFIs (number, cumulative)	0	1,050

(b) Data Collection and Reporting. The M&E Plan shall establish guidelines for data collection and a reporting framework, including a schedule of Program reporting and responsible parties. The Management shall conduct regular assessments of Program performance to inform MCA-Mali and MCC of progress under the Program and to alert these parties to any problems. These assessments will report the actual results compared to the Targets on the Indicators referenced in the Monitoring Component, explain deviations between these actual results and Targets, and in general, serve as a management tool for implementation of the Program. With respect to any data or reports received by MCA-Mali, MCA-Mali shall promptly deliver such reports to MCC along with any other related documents, as specified in the M&E Plan or as may be requested from time to time by MCC.

(c) Data Quality Reviews. As determined in the M&E Plan or as otherwise requested by MCC, the quality of the data gathered through the M&E Plan shall be reviewed to ensure that data reported are as valid, reliable, and timely as resources will allow. The

objective of any data quality review will be to verify the quality and the consistency of performance data across different implementation units and reporting institutions. Such data quality reviews also will serve to identify where consistent levels of quality are not possible, given the realities of data collection. The data quality reviewer shall enter into an Auditor/Reviewer Agreement with MCA-Mali in accordance with Annex I.

3. Evaluation Component

The Program shall be evaluated on the extent to which the interventions contribute to the Compact Goal. The Evaluation Component of the M&E Plan shall contain a methodology, process and timeline for collecting and analyzing data in order to assess planned, ongoing, or completed Project Activities to determine their efficiency, effectiveness, impact and sustainability. The evaluations should use rigorous methods for addressing selection bias, as applicable. The Government shall implement, or cause to be implemented, surveys to collect baseline and follow-up data on both Beneficiaries and non-

Beneficiaries. The Evaluation Component shall contain two types of reports: Final Evaluations and Ad Hoc Evaluations, and shall be finalized before any MCC Disbursement or Re-Disbursement for specific Program activities or Project Activities.

(a) Final Evaluation. MCA-Mali, in connection with MCC's request to the Government pursuant to Section 3(h) of Annex I, shall engage an independent evaluator to conduct an evaluation at the expiration or termination of the Compact Term ("Final Evaluation"). The Final Evaluation must at a minimum (i) evaluate the efficiency and effectiveness of the Program; (ii) estimate, quantitatively and in a statistically valid way, the causal relationship between the three Projects and the Compact Goal (to the extent possible), the Objectives and Outcomes; (iii) determine if, and analyze the reasons why, the Compact Goal, Objectives and Outcomes were or were not achieved; (iv) identify positive and negative unintended results of the Program; (v) provide lessons learned that may be applied to similar projects; (vi) assess the likelihood that results

will be sustained over time; and (vii) any other guidance and direction that will be provided in the M&E Plan. To the extent engaged by MCA-Mali, such independent evaluator shall enter into an Auditor/Reviewer Agreement with MCA-Mali in accordance with Annex I.

(b) *Ad Hoc Evaluations.* Either MCC or MCA-Mali may request ad hoc or interim evaluations or special studies of Projects, Project Activities, or the Program as a whole prior to the expiration of the Compact Term (each, an “*Ad Hoc Evaluation*”). If MCA-Mali engages an evaluator for an Ad Hoc Evaluation, the evaluator will be an externally contracted independent source selected by MCA-Mali, subject to the prior written approval of MCC, following a tender in accordance with the Procurement Guidelines, and otherwise in accordance with any relevant Implementation Letter or Supplemental Agreement. If MCA-Mali requires an ad hoc independent evaluation or special study at the request of the Government for any reason, including for the purpose of contesting an MCC determination with respect to a Project or Project Activity or seeking funding from other donors, no MCC Funding or MCA-Mali resources may be applied to such evaluation or special study without MCC’s prior written approval.

4. *Other Components of the M&E Plan*

In addition to the Monitoring Component and the Evaluation Component, the M&E Plan shall include the following components for the Program, Projects and Project Activities, including, where appropriate, roles and responsibilities of the relevant parties and Providers:

(a) *Costs.* A detailed annual cost estimate for all components of the M&E Plan.

(b) *Assumptions and Risks.* Any assumptions and risks external to the Program that underlie the accomplishment of the Compact Goal, Objectives, and Outcomes; *provided*, such assumptions and risks shall not excuse performance of the Parties, unless otherwise expressly agreed to in writing by the Parties.

5. *Implementation of the M&E Plan*

(a) *Approval and Implementation.* The approval and implementation of the M&E Plan, as amended from time to time, shall be in accordance with the Program Annex, this M&E Annex, the Governing Documents, and any other relevant Supplemental Agreement.

(b) *Advisory Councils.* The completed portions of the M&E Plan will be presented to each Advisory Council at such Advisory Council’s initial meeting, and any amendments or modifications thereto or any additional components of the M&E Plan will be presented to each

Advisory Council at appropriate subsequent meetings of such Advisory Council. Each Advisory Council will have opportunity to present its suggestions to the M&E Plan, which the Board shall take into consideration in its review of any amendments to the M&E Plan during the Compact Term.

(c) *MCC Disbursement and Re-Disbursement for a Project Activity.* As a condition to each MCC Disbursement or Re-Disbursement there shall be satisfactory progress on the M&E Plan for the relevant Project or Project Activity, and substantial compliance with the M&E Plan, including any reporting requirements.

(d) *Modifications.* Notwithstanding anything to the contrary in the Compact, including the requirements of this M&E Annex, MCC and the Government (or a mutually acceptable Government Affiliate or Permitted Designee) may modify or amend the M&E Plan or any component thereof, including those elements described herein, without amending the Compact; *provided*, any such modification or amendment of the M&E Plan has been approved by MCC in writing and is otherwise consistent with the requirements of this Compact and any relevant Supplemental Agreement between the Parties.

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