

AMENDMENT

TO

MILLENNIUM CHALLENGE COMPACT

BETWEEN

THE UNITED STATES OF AMERICA

ACTING THROUGH

THE MILLENNIUM CHALLENGE CORPORATION

AND

THE GOVERNMENT OF THE REPUBLIC OF MALI

AMENDMENT TO MILLENNIUM CHALLENGE COMPACT

This AMENDMENT TO MILLENNIUM CHALLENGE COMPACT (this “*Amendment*”) is made by and 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*”) (each referred to herein individually as a “*Party*” and collectively, as the “*Parties*”). All capitalized terms used in this Amendment that are not otherwise defined herein have the meanings given to such terms in the Compact (as defined below).

RECITALS

WHEREAS, the Parties entered into that certain Millennium Challenge Compact by and between the United States of America, acting through MCC, and the Government, on November 13, 2006 (the “*Compact*”), which entered into force on September 17, 2007, pursuant to which MCC grants to the Government, subject to the terms and conditions of the Compact, MCC Funding in an amount not to exceed Four Hundred Sixty Million Eight Hundred Eleven Thousand One Hundred and Sixty Four United States Dollars (US\$ 460,811,164) for a program to reduce poverty through economic growth in Mali (the “*Program*”);

WHEREAS, results of early studies and procurements suggest that the Program Objective, originally conceived as comprising three Project Objectives at the time of Compact signature, should be restructured to remove one Project Objective, revise the scope of another Project Objective, reallocate MCC Funding from the removed Project Objective to the rescoped Project Objective and correct the projections of the final Project Objective (the “*Program Restructuring*”);

WHEREAS, the Parties further desire to revise the description of the Board to acknowledge agreements made between the Parties and with MCA-Mali following the date of signature of the Compact;

WHEREAS, in an effort to memorialize the Program Restructuring, the Parties hereby desire to amend certain parts of the Compact and its Annexes without changing the overall value or term of the Compact.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements set forth herein and in the Compact, the Parties hereby agree as follows:

AMENDMENTS

1. Amendment to Section 1.1.

Section 1.1 (*Compact Goal; Objectives*) of the Compact is hereby amended and restated as follows:

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, 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**”); and

(b) 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**.”

2. Amendment to Section 5.1.

Section 5.1 (*Communications*) of the Compact is amended by replacing the notice information with the following:

“To MCC:

Millennium Challenge Corporation
Attention: Vice President for Compact Implementation
(with a copy to the Vice President and General Counsel)
875 15th Street, N.W.
Washington, DC 20005
United States of America
Facsimile: +1 (202) 521-3700
Telephone: +1 (202) 521-3600
Email: VPImplementation@mcc.gov (Vice President for Compact
Implementation);
VPGeneralCounsel@mcc.gov (Vice President and General Counsel)

To the Government:

Secretary General of the Presidency
BP 10 Koulouba
Republic of Mali
Facsimile: +223 223-80-30
Telephone: +223 223-0026
Email: cdiango@koulouba.pr.ml”

3. Amendment to Section 5.2.

Section 5.2 (*Representatives*) of the Compact is amended by (i) deleting the words “Vice President for Operations” therein and replacing them with “Vice President for Compact Implementation” and (ii) deleting the words “Prime Minister” and replacing them with “Secretary General of the Presidency.”

4. Amendment to Section 5.3.

Section 5.3 (*Amendments*) of the Compact is amended and restated as follows:

“Section 5.3 Amendments. The Parties may amend this Compact only by a written agreement signed by the Principal Representatives of the Parties.”

5. Amendment to Section 5.11.

Section 5.11 (*Signatures*) of the Compact shall be amended by deleting the phrase “or an amendment to this Compact pursuant to Section 5.3” from the text of the first sentence of Section 5.3.

6. Amendment to Exhibit A.

Exhibit A (*Definitions*) of the Compact shall be amended by: (i) deleting the following terms and their definitions in their entirety: “BDS,” “Industrial Park,” “Industrial Park Project,” “Industrial Park Project Objective,” the second “Institutional Strengthening Activity,” “MSMEs,” “Primary and Secondary Infrastructure Activity,” “Resettlement Activity,” and “Revenue Authority,” and (ii) replacing all references to “Schedule 3 of Annex I” with references to “Schedule 2 of Annex I.”

7. Amendment to Annex I.

Annex I (*Program Description*) of the Compact shall be amended by deleting such Annex I (including its Schedules) in its entirety and replacing it with the substitute Annex I (including attached Schedules) attached hereto as Exhibit A.

8. Amendment to Annex II.

Annex II (*Summary of Multi-Year Financial Plan*) of the Compact shall be amended by deleting such Annex II (including its Exhibit) in its entirety and replacing it with the substitute Annex II (including the attached Exhibit) attached hereto as Exhibit B.

9. Amendment to Annex III.

Annex III (*Description of the M&E Plan*) of the Compact shall be amended by deleting such Annex III in its entirety and replacing it with the substitute Annex III attached hereto as Exhibit C.

GENERAL PROVISIONS

10. Further Assurances.

Each Party hereby covenants and agrees, without necessity of any further consideration, to execute and deliver any and all such further documents and take any and all such other action as may be reasonably necessary or appropriate to carry out the intent and purpose of this Amendment.

11. Effect of this Amendment.

From and after the Amendment Effective Date (as defined below), the Compact and this Amendment shall be read together and construed as one document, and each reference in the Compact to the “Compact,” “hereunder,” “hereof” or words of like import referring to the Compact, and each reference to the “Compact,” “thereunder,” “thereof” or words of like import in any Supplemental Agreement or in any other document or instrument delivered pursuant to the Compact or any Supplemental Agreement, shall mean and be construed as a reference to the Compact, as amended by this Amendment.

12. Limitations.

Except as expressly amended by this Amendment, all of the provisions of the Compact remain unchanged and in full force and effect.

13. Amendment Effective Date.

This Amendment 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 Amendment (including as set forth in Paragraph 14) and that all conditions set forth in Paragraph 15 have been satisfied by the Government and MCC (the “*Amendment Effective Date*”).

14. Domestic Requirements.

Prior to entry into force of this Amendment, the Government shall proceed in a timely manner to seek domestic ratification of this Amendment as necessary or required by the laws of Mali, or similar domestic requirement, in order that: (a) this Amendment shall be considered an international agreement under Mali law, (b) no laws of Mali (other than the Constitution of Mali) now or hereafter in effect shall take precedence or prevail over this Amendment or the Compact, as amended hereby, during the Compact Term (or a longer period to the extent provisions of the Compact remain in force following the expiration of the Compact Term pursuant to Section 5.13 of the Compact), and (c) each of the provisions of this Amendment 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 Amendment.

15. Condition Precedent to Amendment Effective Date.

As a condition precedent to the Amendment Effective Date, 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:

(a) certifies that 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 competent person acceptable to MCC) to the effect that, (1) this Amendment shall have the status of an international agreement, and the Compact, as amended hereby, continues to have 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 Amendment, or the Compact as amended hereby, 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 of the Compact), and (3) each of the provisions of this Amendment shall be valid, binding and in full force and effect under the laws of Mali, and the Compact, as amended hereby, continues to be valid, binding and in full force and effect under the laws of Mali; and

(b) 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 Amendment to enter into force and the satisfaction of Paragraph 14, which MCC may post on its website or otherwise make publicly available.

16. English Language.

This Amendment is prepared and executed in English and, in the event of any ambiguity or conflict between this official English version and any translation made for the convenience of the Parties, this official English version will prevail.

17. Governing Law.

The Parties acknowledge and agree that this Amendment is an international agreement entered into for the purpose of amending the Compact and as such will be interpreted in a manner consistent with the Compact and will be governed by the principles of international law.

18. Counterparts.

This Amendment may be executed in counterparts, each of which shall constitute an original, but when taken together, shall constitute one instrument.

19. Provisional Application.

Upon signature of this Amendment, the Parties will provisionally apply this Amendment until the Amendment Effective Date.

SIGNATURE PAGE BEGINS ON THE NEXT PAGE

IN WITNESS WHEREOF, the undersigned, duly authorized by their respective governments, have signed this Amendment to be dated the later of the dates indicated below their signatures and this Amendment shall become effective in accordance with Paragraph 13.

MILLENNIUM CHALLENGE
CORPORATION, ON BEHALF OF THE
UNITED STATES OF AMERICA

THE GOVERNMENT OF THE REPUBLIC
OF MALI

/ s /

/ s /

By: _____

By: _____

Name: Darius Mans

Name: Diango Cissoko

Title: Vice President for Compact
Implementation

Title: Secretary General of the Presidency

Date: _____ 9/11/08 _____

Date: _____ 9/11/08 _____

EXHIBIT A
ANNEX I (PROGRAM DESCRIPTION)

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 without amending the Compact 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, 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 Alatorna 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, 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 Compact Goal; (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 Website.

(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 President’s Office, appointed as the chair (“**Chair**”) as provided in the Governing Documents;
- (ii) Representative from the Ministry responsible for transportation;
- (iii) Representative from the Ministry responsible for finance;
- (iv) Representative from the Ministry responsible for economy
- (v) Representative from the Ministry responsible for agriculture;
- (vi) Representative from the Ministry responsible for 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 for the Compact 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; and (H) Director of Alatona Irrigation Project. Each person holding the position in any of the sub-clauses (A) through (H), 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 (“*Airport Project Advisory Council*”); and (2) an advisory council to the Board representing the beneficiaries of the Alatona Irrigation Project (the “*Alatona Zone Advisory Council*,” and, together with the Airport Project 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 seventeen (17) 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 Website 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 Disbursement 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, 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), 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 Compact Goal and the Implementation Documents; (2) shall not cause the amount of MCC Funding to exceed the aggregate amount specified in Section 2.1(a) of this Compact; and (3) 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 for valid and approved requirements upon request by the Fiscal Agent 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 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 decision-making the recommendations of the Advisory Councils;

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

(d) Posts on the MCA-Mali Website, 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 and range restrictions, 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. Current utility infrastructure related to both the airside and landside activities at the Airport are being used at maximum capacity and suffer from unreliable and non-dedicated service.

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.

Since the Airport Improvement Project must be completed within the Compact Term and within the established budget, if, at any time during design, procurement and implementation activities, MCC reasonably determines that there is a high risk that the Airport Improvement Project will not be completed within the Compact Term and/or the established budget, then MCC may, in consultation with MCA-Mali, appropriately revise the scope of the applicable Project Activities to ensure project completion within the Compact Term and the established budget.

The Airport Improvement Project includes the following Project Activities:

- *Airside Infrastructure.* Improvements will include reinforcement and resurfacing of existing runway, taxiway and apron area pavements, including stabilization and reinforcement of the shoulders associated with the airside pavements; extension of the runway by roughly 480 m to the northeast in order to allow long-range aircraft to take off with maximum payloads; expansion of the aircraft parking apron area; transfer/replacement and upgrading of air navigation aids following the runway extension; refurbishing and extension of the airfield lighting systems; reinforcement of airside security equipment and facilities, as needed, in order to satisfy International Civil Aviation Organization (ICAO) standards and recommended practices and complement other security works and equipment; improvements to the earthworks and drainage of the airport airside, as needed, in order to satisfy relevant Malian standards; extension of the taxiway system by construction of a stub taxiway connecting the runway and the aircraft parking apron, a partial parallel taxiway and an aircraft turnaround at the northeast end of the runway.
- *Landside Infrastructure.* Improvements will include construction of a new passenger terminal building with a floor area of approximately 15,000 square meters and a capacity of approximately 1.5 million passengers per annum at a Category “C” Level of Service according to International Air Transportation Association (IATA) standards; construction of other related landside facilities, including access and internal circulation roads and vehicle parking lots; construction of an integrated central utilities plant; construction and installation of water supply and distribution systems; construction and installation of wastewater drainage and treatment facilities, storm water and solid waste disposal systems; demolition of the existing air freight terminal and blast fences; demolition, replacement and enlargement of the ground service equipment facilities adjacent to the apron area.
- *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 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 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.

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) ***Project Activity: 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 progressively 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, a wider range of destinations and heavier aircraft and payloads 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 existing apron, taxiway, and runway areas; (2) an extension of the runway of at least 400 meters; and (3) extension of the taxiway system and aircraft parking aprons to provide for safer and more efficient aircraft circulation and additional aircraft stands to provide capacity to accommodate forecast airline traffic, 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 works and equipment required to ensure compliance with international security standards and complement projects funded by the World Bank and other sources.

(b) ***Project Activity: 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 and constrains expansion of the passenger terminal facilities, 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 the significant increases in passenger and cargo traffic forecast for Mali in the future.

Specifically, MCC Funding will support the following:

- (i) *Upgrade of the passenger terminal facilities* by constructing a new passenger terminal building.
- (ii) *Enhancement of support facilities* to accommodate aircraft servicing and ground support activities, airport maintenance and auxiliary equipment.
- (iii) *Provision for road and terminal parking improvements* to enhance the safety and efficiency of current vehicular circulation and parking areas and accommodate future projected needs.
- (iv) *Construction of supporting utility infrastructure* 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 implement 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 (Transportation Security Administration) and the National Transportation Safety Board to improve the capacities of African aviation organizations.

Under this program, the United States serves as a technical advisor and facilitator of actions taken by the African nations, with assistance from the private sector, regional institutions and international organizations. While host governments bear primary responsibility for funding the program, the Department of Homeland Security, through the TSA, continuously consults with, and provides advice to, host-nation authorities. TSA also performs periodic aviation security audits in order to track national progress in meeting the goals and objectives of the SSFA.

In April 2008, TSA conducted a security survey of the Airport and an appraisal of the Government's progress in meeting the SSFA program goals and the international aviation security standards of ICAO. This survey revealed that the Government is taking concrete steps to respond to the comprehensive security audit of the Airport conducted by ICAO in December 2004 including adoption of a number of security-related plans and programs at the national level and at the level of the operators at the Airport.

The Government, through ANAC, is actively involved in the SSFA process. The senior leadership of ANAC is aware of the challenges they face and appear to have a clear understanding of what actions are necessary to achieve their agency's goals.

Technical training programs presented by the TSA and ICAO have given the Government a basic understanding of the international civil aviation security system and has aided the Government in developing its National Aviation Security Plan. The Government has taken advantage of the training offered, but still has some way to go in the development of national training standards/programs to ensure sustainability of operations.

The above-mentioned TSA survey recommended that the TSA Representative for Mali remain actively engaged with the Government to ensure success of the Airport Improvement Project and that the TSA should consult with the MCC Representatives to provide expert advice in order to incorporate security into the new airport terminal design.

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 “TradeMali” 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. The new IICEM (Mali Economic Growth Initiative and Innovations) program of USAID/Mali builds on the achievements of the “Mali Finance,” “TradeMali” and “PRODEPAM” (Program in Development of Agricultural Production) projects to pursue the following goals: a) expansion of irrigated agriculture from lowland, flood control-type irrigated perimeters, b) development of appropriate mechanisms and instruments with key partner banks and microfinance institutions to support production and marketing, c) the expansion of markets and marketing for producers’ groups and traders, and d) introduction of improved production and processing technologies.

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

ALATONA IRRIGATION PROJECT

This Schedule 2 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, not only in the Alatona zone but, over time, on a national and regional scale.

The Alatona zone is located in the Office du Niger (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 80,000 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 up to 16,000 ha of newly irrigated lands, which would represent 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.

Since the Alatona Project must be completed within the Compact Term and within the established budget, if, at any time during design, procurement and implementation activities,

MCC reasonably determines that there is a high risk that the Alatona Project will not be completed within the Compact Term and/or the established budget, then MCC may, in consultation with MCA-Mali, appropriately revise the scope of the applicable Project Activities to ensure project completion within the Compact Term and the established budget.

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 upgrade and 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 Décret 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.

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) ***Project Activity: 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) ***Project Activity: 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 up to 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) ***Project Activity: 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 Ségou 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 Ségou 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 or utilize an existing entity 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 remedies will be sought up to and including executing a foreclosure action and public sale of the land to satisfy the debt.

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

(d) ***Project Activity: 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, multi-function centers, laundry facilities and solar electricity supply for selected social infrastructure sites 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) ***Project Activity: 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/value chain approaches. The focus of this sub-activity will include improving rice yields, production of dry season diversified crops, integrating crop and livestock production, post-harvest storage and processing activities, 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 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) ***Project Activity: 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 and Democracy and Governance programs (2003-2012), which includes the following sub-projects:

- *IICEM (Mali Economic Growth Initiative and Innovations)* is a new program of USAID/Mali builds on the achievements of the "Mali Finance," "TradeMali" and

“PRODEPAM” (Program in Development of Agricultural Production) projects to pursue the following goals: a) expansion of irrigated agriculture from lowland, flood control-type irrigated perimeters, b) development of appropriate mechanisms and instruments with key partner banks and microfinance institutions to support production and marketing, c) the expansion of markets and marketing for producers’ groups and traders, and d) introduction of improved production and processing technologies.

- *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 or utilize an existing entity 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 it 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 a new entity or utilization of an existing entity to manage the collection and use of land revenues generated through the Alatona Irrigation Project. The structure of the entity 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.

EXHIBIT B
ANNEX II (MULTI-YEAR FINANCIAL PLAN SUMMARY)

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 Compact Goal and the Implementation Documents; (b) shall not cause the amount of MCC Funding to exceed the aggregate amount specified in Section 2.1(a) of this Compact; and (c) 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	15,381,180*	49,389,652	79,422,986	38,834,682	869,196	183,897,696
2. Alatona Irrigation Project	21,971,279	65,417,249	66,815,632	54,197,204	26,207,104	234,608,468
3. Monitoring and Evaluation	1,500,000	520,000	655,000	705,000	1,525,000	4,905,000
4. 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	47,052,459	122,626,901	154,293,618	100,936,886	35,901,300	460,811,164

*Includes \$2,718,638 for feasibility studies related to an originally programmed industrial park project that has been subsequently removed from the Compact due to the results of such feasibility studies.

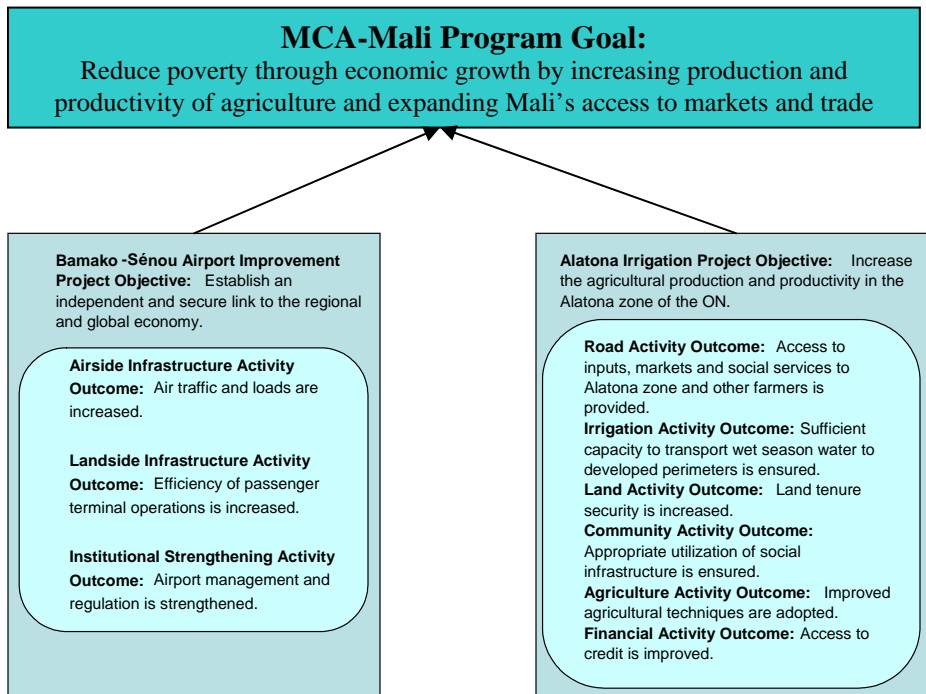
EXHIBIT C
ANNEX III (DESCRIPTION OF THE M&E PLAN)

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 Website and elsewhere. The Compact Goal, Objectives, and Outcomes of the Program can be summarized as follows:



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\$)
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

¹Data 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
Poverty rate of existing Alatona zone population (percent)	TBD ¹	TBD	TBD
Real income from irrigated agricultural production (US\$ per capita)	\$0	\$316	\$725

¹Baseline 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		
<i>Project Objective: Establish an independent and secure link to the regional and global economy</i>		
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)

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

²A 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			
<i>Project Objective: Establish an independent and secure link to the regional and global economy</i>			
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	Baseline	Year 5	Year 10
Weekly flight arrivals and departures (number)	87	97	106
Time required for passenger processing at departures and arrivals (minutes) ¹	TBD	Baseline minus 60 minutes	Baseline minus 60 minutes ²

¹A 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.

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

Alatona Irrigation Project Indicators and Definitions		
<i>Project Objective: Increase the agricultural production and productivity in the Alatona zone of the ON</i>		
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	Indicator	Definition of Indicator
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)
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

¹The 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.

²AADT: Annual Average Daily Traffic.

³Disaggregated by settlers, re-settlers, sex.

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

⁵Disaggregated by sex.

Alatona Project Indicators and Targets		
<i>Project Objective: Increase the agricultural production and productivity in the Alatona zone of the ON</i>		
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	Baseline	Year 5
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.

(d) 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.

(e) 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.