

No. 14378

**UNITED NATIONS
(UNITED NATIONS
CAPITAL DEVELOPMENT FUND)
and
MALI**

Grant Agreement — *Rural credit for Kaarta region (with annexes)*. Signed at Bamako on 15 October 1975

Authentic text: French.

Registered ex officio on 15 October 1975.

**ORGANISATION DES NATIONS UNIES
(FONDS D'ÉQUIPEMENT DES NATIONS UNIES)
et
MALI**

Accord de don — *Projet relatif au crédit rural pour la région de Kaarta (avec annexes)*. Signé à Bamako le 15 octobre 1975

Texte authentique : français.

Enregistré d'office le 15 octobre 1975.

[TRANSLATION — TRADUCTION]

GRANT AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE
REPUBLIC OF MALI (hereinafter called the Government) AND THE
UNITED NATIONS CAPITAL DEVELOPMENT FUND (hereinafter
called the UNCDF)

Project Number: MLI/74/C32

Project Title: Rural credit for Kaarta region

Approved:

[FOUNEKE KEITA]

For the Government

Date: 15 October 1975

[JEAN PIERRE SCHELLENBERG]

For UNCDF

Date: 15 October 1975

Article I. THE GRANT

Section 1.01. The UNCDF agrees to make a grant (hereinafter called the Grant) available to the Government, upon the terms and conditions set forth or referred to in this Agreement, in the amount of four hundred and sixty-five thousand United States dollars (\$US 465,000) as a financial contribution to the project (hereinafter called the Project) described in annex I to this Agreement.

Section 1.02. (a) The UNCDF shall open a grant account (hereinafter called the Grant Account) on its books in the name of the Government, and shall credit the Grant Account with the amount of the Grant.

(b) The table below sets forth the categories of items to be financed out of the proceeds of the Grant and the allocations of the amounts to each category.

<i>Categories</i>	<i>Amount of the Grant Allocated (In US dollars)</i>
(1) Credit Fund	465,000

(c) Disbursements shall be made from the Grant Account and the Project shall be administered in accordance with the conditions and provisions and by the organizations set forth or referred to in an Administration Agreement, which shall be agreed and signed by the UNCDF and the organizations executing the Project. A model Administration Agreement, marked annex II, is attached to this Agreement.

(d) Notwithstanding the provisions of paragraph *(c)* of this section, no disbursements shall be made in respect of:

(i) any expenditures prior to the date of this Agreement;

¹ Came into force on 15 October 1975 by signature, in accordance with article VI.

- (ii) payments for taxes and other charges imposed under the laws of the Government or laws in effect in its territories on goods or services, or on the importation, manufacture, procurement or supply thereof; and
- (iii) any expenditures except in cases where the prior conditions stipulated in paragraph (e) of this section are fulfilled.

(e) The prior conditions for any disbursement from the Grant Account are stipulated in annex III to this Agreement, it being agreed that the UNCDF may, by notice to the Government, declare this Agreement to be null and void if the prior conditions are not fulfilled by 31 October 1975.

Section 1.03. If the UNCDF has reasonably estimated that the portion of the Grant allocated to any category will be insufficient to finance the expenditures in that category, the UNCDF may, by notice to the Government, transfer to such category amounts allocated to any other category as in the opinion of the UNCDF are not required to meet other expenditures.

Section 1.04. If the UNCDF has reasonably estimated that the purchase of any goods and services included in any category is inconsistent with the procedures set forth or referred to in this Agreement, any expenditures borne for the payment of such goods and services shall not be financed out of the proceeds of the Grant and the UNCDF may, without prejudice to any other right, power or remedy to which it is entitled under the Grant Agreement cancel, by notice to the Government, such portion of the Grant as in the reasonable opinion of the UNCDF represents the amount of the expenditures that would otherwise have been eligible for financing out of the proceeds of the Grant.

Section 1.05. The UNCDF may by notice to the Government terminate the right of the Government to withdraw from the Grant Account any amount not withdrawn by 31 December 1975, or by such other date as shall be agreed between the Government and the UNCDF.

Article II. GENERAL PROVISIONS CONCERNING THE EXECUTION OF THE PROJECT

Section 2.01. The Government shall carry out the Project or, if another organization is designated for this purpose in this Agreement or in the attached annex, cause the Project to be carried out by such organization with due diligence and efficiency and in conformity with appropriate administrative, technical and financial practices, and shall provide, as needed, all funds, facilities, services and other resources required therefor.

Section 2.02. (a) Contracts for the goods and services required for the Project and to be financed out of the proceeds of the Grant shall be awarded under the procedures set forth in the Administration Agreement, marked annex II, attached to this Agreement.

(b) The UNCDF may in agreement with the Government take steps to ensure that, for the procurement of the goods and services needed for the Project, the Government is provided with aid that is compatible with the policy of the UNCDF.

Section 2.03. Except as the Government and the UNCDF shall otherwise decide, the Government shall cause all goods and services financed out of the proceeds of the Grant to be used exclusively for the Project.

Section 2.04. The Government undertakes to insure, or make adequate provision for the insurance of, the imported goods to be financed out of the proceeds of the Grant against all hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall

be payable in a currency freely usable by the Government to replace or repair such goods.

Section 2.05. The Government shall:

- (a) maintain records adequate to show the progress of the Project (including the cost thereof) and to identify the property and services financed out of the proceeds of the Grant, and to disclose the use thereof in the Project;
- (b) have such records audited every year and furnish to the UNCDF such records and the report of the audit thereof not later than six months after the end of the fiscal year of the Government;
- (c) enable the UNCDF's representatives to visit the facilities and construction sites included in, or relevant to, the Project, and to examine the property financed out of such proceeds and any relevant records and documents; and
- (d) furnish to the UNCDF all such information as the UNCDF may reasonably request concerning the Project, the expenditure of the proceeds of the Grant and the property and services financed out of such proceeds.

Section 2.06. Except as the Government and the UNCDF shall otherwise decide, the Government shall not create or permit to be created any encumbrance, mortgage, pledge, charge or lien of priority of any kind on the goods financed out of the proceeds of the Grant, provided, however, that the foregoing provisions of this section shall not apply to any lien created on property, at the time of purchase of such goods, solely as security for the payment of the purchase price of such property.

Article III. CO-OPERATION AND INFORMATION

Section 3.01. (a) The Government and the UNCDF shall co-operate fully to ensure that the purposes of the Grant will be accomplished. To that end, the Government and the UNCDF shall, at the request of any one of them:

- (i) exchange views through their representatives with regard to the progress of the Project, the benefits derived therefrom and the performance of their respective obligations under this Agreement and other matters relating to the purposes of the Grant; and
- (ii) furnish to the other Party all such information as it may reasonably request with regard to the progress of the Project, the benefits derived therefrom and the general status of the Grant.

(b) The Government and the UNCDF shall promptly inform each other of any condition which interferes with, or threatens to interfere with, the progress of the Project, the accomplishment of the purposes of the Grant, or the performance by any one of them of its obligations under this Agreement.

(c) After the completion of the Project, the Government shall make available to the UNCDF all such information as the UNCDF may reasonably request with regard to the benefits derived from the Project, including information necessary for the UNCDF to evaluate the Project or its assistance to the Government.

Article IV. SUSPENSION OR TERMINATION OF ASSISTANCE

Section 4.01. The UNCDF may by written notice to the Government suspend its assistance under this Agreement if in the judgement of the UNCDF any circumstance arises which interferes with or threatens to interfere with the successful completion of the Project or the accomplishment of its purposes. The UNCDF may, in the same or in a subsequent written notice, indicate the conditions under which it is prepared to resume its assistance under this Agreement. Any such suspension shall continue until

such conditions are accepted by the Government and the UNCDF shall have given written notice to the Government that it is prepared to resume its assistance under this Agreement.

Section 4.02. If any situation referred to in section 4.01 shall occur and continue for a period of thirty days after notice thereof shall have been given by the UNCDF to the Government, then at any time thereafter during the continuance thereof, the UNCDF may by written notice to the Government terminate its assistance under this Agreement and require that the Government reimburse to the UNCDF the amount of the Grant disbursed from the Grant Account. The Government shall promptly reimburse such amount to the UNCDF upon receipt of such request.

Section 4.03. The provisions of this article shall be without prejudice to any other rights or remedies that the UNCDF may have in the circumstances, whether under the general principles of law, the laws in effect in the territories of the Government or other legislation.

Section 4.04. No delay in exercising, or omitting to exercise, any right or remedy of the UNCDF under this Agreement shall be construed as a waiver thereof.

Article V. INTERPRETATION AND SETTLEMENT OF DISPUTES

Section 5.01. The provisions of this Agreement shall be interpreted in keeping with the relevant resolutions and decisions of the appropriate organs of the United Nations and any relevant matter for which no provision is made in this Agreement shall be settled by the Parties thereto in keeping with the said resolutions and decisions, each Party giving full and sympathetic consideration to any proposal advanced by the other Party under this section.

Section 5.02. Any dispute between the UNCDF and the Government arising out of or relating to this Agreement which is not settled by negotiation or other agreed mode of settlement shall be submitted to arbitration at the request of either Party. Each Party shall appoint one arbitrator, and the two arbitrators so appointed shall appoint a third, who shall be the chairman of the arbitration tribunal. If within thirty days after the request for arbitration either Party has not appointed an arbitrator or if within fifteen days after the appointment of two arbitrators the third arbitrator has not been appointed, either Party may request the President of the International Court of Justice to appoint an arbitrator. The procedure of the arbitration shall be fixed by the arbitrators, and the expenses of the arbitration shall be borne by the Parties as assessed by the arbitrators. The arbitral award shall contain a statement of the reasons on which it is based and shall be accepted by the Parties as the final adjudication of the dispute.

Article VI. DATE OF ENTRY INTO FORCE; TERMINATION

Section 6.01. This Agreement shall enter into force on the date of signature by the last Party.

Section 6.02. The obligations of the Parties under this Agreement shall terminate on a date three years after the date set forth in section 1.05 of this Agreement or three years after such other date as shall be agreed between the Government and the UNCDF in accordance with the provisions of the said section.

Article VII. REPRESENTATIVES OF THE PARTIES; ADDRESSES

Section 7.01. The Director-General for Co-operation, Ministry of Foreign Affairs, is designated as representative of the Government for the purpose of taking any action required or permitted to be taken under this Agreement on behalf of the Government.

Section 7.02. The UNCDF may by notice to the Government designate a person or persons as representative of the UNCDF for the purpose of receiving any documentation which is to be furnished to the UNCDF or of performing any act required or permitted to be performed by the UNCDF in accordance with the terms of this Agreement.

Section 7.03. The following addresses are specified for the purpose of transmitting any notice or request required or permitted to be given or made under this Agreement.

For the Government:

The Minister for Foreign Affairs
and Co-operation,
Bamako, Mali

For the UNCDF:

United Nations Capital Development Fund
c/o Resident Representative of the United Nations
Development Programme
B.P. 120
Bamako, Mali

IN WITNESS WHEREOF the Parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names and on the respective dates written above.

A N N E X I

DESCRIPTION OF THE PROJECT

The Kaarta region, with its 780,000 inhabitants, has been particularly badly affected by the drought. External assistance recently became available within the region. The UNCDF will finance the water-supply system for the chief town of the region, Nioro du Sahel (see UNDP Project MLI/74/C31), and the Canadian bilateral assistance programme is now studying a large multidisciplinary rural development project. The regional agency for rural development, Opération Mil Kaarta, was established at Nioro in May 1974. It is run by a director and a staff of five. By the end of the year, and within its annual budget of \$US 70,000, the staff will be expanded and will comprise 49 agricultural officers. The Office for Agricultural Credit and Rural Development (Service de Crédit Agricole et de l'Équipement Rural (SCAER)), the sole agency offering rural credit in Mali, uses agencies like Opération Mil Kaarta as a distribution network. SCAER provides credits in kind which are reimbursed from the proceeds of the sale of agricultural products under specified conditions. The UNCDF financing will make it possible to introduce, through SCAER, medium-term credit facilities in the Kaarta region for the purchase of ploughs, tools, carts and cattle.

A N N E X II

ADMINISTRATION AGREEMENT

Reference is made to the Grant Agreement between the Government of the Republic of Mali (the Government) and the United Nations Capital Development Fund (UNCDF) concerning the financing of agricultural credit in the Kaarta region. The purpose of this Administration Agreement is to stipulate the conditions for implementing the Grant Agreement by specifying the respective responsibilities of the Office for Agricultural Credit and Rural Equipment (SCAER), the Development Bank of Mali (BDM) and the UNDP Resident Representative (RESREP).

A. Responsibilities of the "RESREP"

1. The RESREP shall deposit with BDM the total amount of the Grant (\$US 465,000) as soon as the prior conditions stipulated in annex III to the Grant Agreement have been fulfilled.

2. The RESREP shall give his prior consent to any credit granted by SCAER amounting to one half of one per cent of the total amount of the Grant.

B. Responsibilities of "SCAER"

SCAER shall be responsible for:

1. taking the necessary steps to ensure that the prior conditions stipulated in annex III to the Grant Agreement are fulfilled;
2. granting credits in kind to farmers on the following terms: a down payment shall be made by the farmer amounting to 20 per cent of the total value of the credit granted to him, and the remaining balance shall be reimbursed within five years without interest;
3. using, in accordance with availability, the Special Account referred to in paragraph C.2 below to provide, on a non-reimbursable basis, subsidies to farmers for their production needs other than insecticides;
4. providing the RESREP with the following documentation:
 - (a) within 30 days after the end of every six months (for a period of 15 years) the detailed certified records of the credits granted and reimbursements received during the preceding six months;
 - (b) within 30 days after the end of every six months (for a period of 15 years) the detailed certified records of any use made of the Special Account referred to in paragraph C.2 below during the preceding six months;
5. purchasing any materials supplied in kind to the farmers and purchasing equipment supplied to farmers which is financed from the Special Account referred to in paragraph C.2 below, and furnishing the RESREP with the Certificates of Conformity relating to each of the purchases and based on the attached model.

C. Responsibilities of the Development Bank of Mali (BDM)

1. BDM shall make available to SCAER the proceeds of the Grant on the following terms: reimbursement within 15 years (including a 5-year grace period) without interest;

2. The proceeds of the Grant deposited with BDM for the account of SCAER shall receive interest at the normal rate offered by BDM. Any interest thus received shall be placed in a Special Account in the name of SCAER to finance the free distribution to the farmers in the Kaarta region of all necessary agricultural materials other than insecticides. The bank shall not be reimbursed for any use which SCAER makes of this Special Account;

3. Within 30 days after the end of every six months, BDM shall, for a period of 15 years, furnish the RESREP with the detailed certified records of any operation relating to the amount of Grant carried out during the preceding six months.

Approved:

The Government of the Republic of Mali

For the Government

Date:

United Nations Capital Development Fund

Permanent Representative of the United Nations
Development Programme (UNDP)

Date:

Office for Agricultural Credit and Rural Equipment (SCAER)

For SCAER

Date:

Development Bank of Mali (BDM)

For BDM

Date:

CERTIFICATE OF CONFORMITY

I the undersigned (*insert the title of the signer*), of the Office for Agricultural Credit and Rural Equipment (SCAER), hereby certify that the purchase made by SCAER, the invoices for which are attached hereto, using funds provided by the United Nations Capital Development Fund, was in strict conformity with the procurement rules and methods normally applied by SCAER.

.....
Signature

ANNEX III

The prior conditions for payment of the amount of the Grant by the RESREP to the Development Bank of Mali to which the RESREP shall state his agreement are the following:

1. that there shall be a free distribution to farmers in the Kaarta region of insecticides, spread over a period of four years and having a total value in CFA francs equivalent to at least \$US 280,000;
 2. that satisfactory proof shall be furnished that Opération Mil Kaarta has at its disposal a minimum budget equivalent to \$US 70,000 as well as adequate staff.
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