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INTERIM STRATEGY NOTE

FOR

THE REPUBLIC OF MALI

FOR THE PERIOD FY14-15

May 20, 2013

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Africa Region

International Finance Corporation
Africa Region

Multilateral Investment Guarantee Agency

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ABBREVIATIONS AND ACRONYMS

AAA	Analytical and Advisory Activity
ACDI	*Agence Canadienne de Développement International* (Canada Development Agency)
ACE	African Coast to Europe
AFD	*Agence Française de Développement* (French Development Agency)
AfDB	African Development Bank
AMADER	Malian Agency for Development of Rural Electricity
BCEAO	*Banque Centrale des États de l'Afrique de l'Ouest* (Central Bank of West African States)
CAADP	Comprehensive Africa Agriculture Development Program
CAS	Country Assistance Strategy
CDD	Community-Driven Development
CPIA	Country Policy and Institutional Assessment
CPPR	Country Portfolio Performance Report
CPS	Country Partnership Strategy
CSCRP	Strategic Framework for Growth and Poverty Reduction
CSO	Civil Society Organization
CT	*Collectivités Territoriales* (local administrative entities)
DPL	Development Policy Loan
DPO	Development Policy Operations
DSA	Debt Sustainability Analysis
EC	European Commission
ECOWAS	Economic Community of West African States
EITI	Extractive Industries Transparency Initiative
ESW	Economic and Sector Work
ERC	Emergency Recovery Credit
EU	European Union
FCFA	Franc of the African Financial Community
FDI	Foreign Direct Investment
FSAP	Financial Sector Assessment Program
FY	Fiscal Year
GDP	Gross Domestic Product
GPRSF	Growth and Poverty Reduction Strategy Framework
IDA	International Development Association
IDB	Islamic Development Bank
INSTAT	*l'Institut national de la statistique* (Mali's National Statistics Institute)
IFC	International Finance Corporation
IMF	International Monetary Fund
ISN	Interim Strategy Note
MDG(s)	Millennium Development Goal(s)
MIGA	Multilateral Investment Guarantee Agency
MTEF	Medium-Term Expenditure Framework
NGO	Non-Governmental Organization
NPL	Non-Performing Loan
NTB	Non-Tariff Barriers
ODA	Official Development Assistance
OP	Operational Policy of the World Bank
PAPU	*Plan d'Appui aux Priorités d'urgence* (Plan for the Emergency Priorities)
PCNA	Post Conflict Needs Assessment
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PER	Public Expenditure Review
PRG(s)	Partial Risk Guarantee(s)
PSD	Private Sector Development
PETS	Public Expenses Tracking System
PRED	*Plan de Rélance Durable du Mali* (Sustainable Recovery Plan)
PRODEJ	Justice Development Program
PRSP	Poverty Reduction Support Paper
PSPSDN	Special Program for Peace, Security and Development in the North
SAWAP	Sahel and West Africa Program
SDR	Special Drawing Rights
SDVM	*Stratégie de développement des villes du Mali* (Strategy for the Development of the Cities of Mali)
SIL	Specific Investment Loan
SLWN	Sustainable Land and Water Management
SME	Small and Medium Enterprises
SPF	State and Peace-Building Fund
RCF	Rapid Credit Facility
TAL	Technical Assistance Loan
UN	United Nations
UNICEF	United Nations Children's Fund
WAAPP	West Africa Agriculture Productivity Program
WAEMU	West Africa Economic and Monetary Union
WARCIP	West Africa Regional Communication Infrastructure Program
WBG	World Bank Group

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TABLE OF CONTENTS

EXECUTIVE SUMMARY ..... **vi**
I. INTRODUCTION **1**
II. COUNTRY CONTEXT **3**
A. General Economic and Political Context 3
B. Recent Political and Security Developments 3
C. Recent Economic Developments and Economic Outlook 5
D. Debt Sustainability 6
E. Poverty and Social Context 7
F. Gender and Equity 15
G. Governance 16
H. Regional Integration 18
III. WORLD BANK GROUP INTERIM STRATEGY **19**
A. Recent World Bank Group Engagement in Mali 19
B. Rationale for an ISN and Principles of Engagement 23
C. Resources and Instruments 32
D. Coordination and Partnership 34
E. Implementing the ISN 36
F. Monitoring and Evaluation of Bank Support 36
IV. RISKS AND RISK MITIGATION **37**
Annex 1: ISN Results Framework 40
Annex 2 - Country Assistance Strategy (FY08-FY11) Completion Report 42
Annex 3: Mali – FY08-11 - Country Assistance Strategy- Completion Report 84
Annex 4: IFC and MIGA Program 86
Annex 5: Consultations Summary 90
Annex 6: Joint IDA/IMF Debt Sustainability Report 93
Annex 7: Mali at a Glance 107
Annex A2 –Mali: Key Economic & Program Indicators - Change from Last CAS 109
CAS Annex B2 - Mali Selected Indicators* of Bank Portfolio Performance and Management 110
CAS Annex B3 Mali IBRD/IDA Program Summary 111
CAS Annex B3 Mali: IFC Investment Operations Program 112
CAS Annex B4 - Summary of Non-lending Services Mali 113
CAS Annex B6 – Key Economic Indicators – Mali 114
CAS Annex B8 (IFC) for Mali Committed and Disbursed Outstanding Investment Portfolio 117

TABLES

Table 1. Poverty trends 2001-2010 and Geographical Distribution……..……...10
Table 2. Estimated Poverty Headcount……...……..11
Table 3. MDG Status and Trends 13
Table 4. Priority Pro-Poor Public Expenditure, 2011-13 14
Table 5. Bank Portfolio under Implementation..... 22
Table 6. Planned Lending FY14-15…….……31
Table 7. Proposed AAA……...…….32

FIGURES

Figure 1: Mali World Governance Indicators 18
Figure 2: Donor-funded pre-crisis programs by region and number of activities 35

BOXES

Box 1: Key elements of the Government's Transition Roadmap 1
Box 2: Developing Statistics..... 7
Box 3: Portfolio Monitoring 20

MAPS

Map 1: Poverty Headcount Rate, at Department Level, 2009/10 11
Map 2: Mali (IBRD33443R)..... 118

EXECUTIVE SUMMARY

From 1991 to the coup of March 2012, Mali was considered a beacon of democracy and political stability. Following two peaceful democratic transfers of power during the past 20 years, the country was on track to organize a third presidential election. Mali's progress in building a democratic political system did not, however, translate into an effective and accountable governance system.

A complex crisis on three fronts (conflict and insecurity in the North, institutional and political turmoil in the South, and humanitarian and food insecurity across the country) has eroded the base of Mali's economy and society. In 2012, the country suffered from the effects of the 2011 drought, the conflict in the North and mounting political instability in the South. Prospects in 2013 appear brighter: the liberation of the Northern regions, with assistance from African and international forces, led by France and the swift adoption by the Malian authorities of a transition roadmap to restore democracy and peace have opened the door for the international community to resume development assistance.

Drivers of the conflict in Northern Mali are linked to long-standing problems in Mali's governance and social structures, however, the causes and consequences of the conflict also go well beyond the country's borders, extending to the whole Sahelo-Saharan area. Long-standing drivers of fragility in Mali are linked to problems in Mali's governance and social structures, but are also regional to a large extent, and as such they require responses that span the Sahel and neighboring countries, including in particular the Maghreb. The Bank's contribution will involve supporting national programs while facilitating regional cooperation on infrastructure, agriculture and knowledge sharing in poverty, statistics and analysis of fragility and disaster risk management. This will involve strengthening and working with regional organizations such as the Economic Community of West African States (ECOWAS) and West Africa Economic and Monetary Union (WAEMU). Innovative partnerships with national and regional think-thanks, coalitions and programs are also necessary. The World Bank Group (WBG), with International Finance Corporation and Multilateral Investment Guarantee Agency, will facilitate private sector investments, both in Mali and in the region, exploiting synergies to accelerate the recovery.

The Bank has continued to support the urgent needs of the Malian people throughout the 2011-12 events. It intends to accelerate its interventions and strengthen its focus on food security, equitable access to services, economic recovery for job creation and infrastructure development. The Bank's response has been articulated in four phases: (i) Temporary suspension of disbursements and lending activities, immediately following the military coup, in accordance with the relevant Operational Policy (OP7.30 on *Dealing with De Facto Governments*), until the reinstatement of an internationally recognized government; (ii) Immediate response after an assessment mission in June 2012, followed by a fiduciary assessment in August 2012 and preparation of re-engagement policy notes covering Poverty, Gender, Health, Education, Agriculture and Infrastructure. During this second phase, a Country Portfolio Performance Review (CPPR) was also conducted in December 2012. The Portfolio Review helped identify gaps in the ongoing program and activities to be restructured in light of the new country priorities, and it included a detailed Gender Portfolio Review to better integrate

the gender dimension into the ongoing program; (iii) Preparation, on a fast track basis, of new operations in education, agriculture, safety nets and a budget support operation, between March and June 2013, for a total of USD180 million; (iv) Formulation of a new strategic framework based on dialogue with Malian authorities, civil society and key bilateral and multilateral partners, including the United Nations. The strategic approach, program and monitoring framework proposed in this ISN build on the findings of the Gender Portfolio Review and present the gender dimension as a central element in all Priority Areas.

The two-year WBG ISN for FY14-15 proposes a selective program in support of post-conflict recovery and long-term development objectives, underpinned by a Fragility Assessment. This ISN program aims to both rapidly provide support to meet the needs of populations across the country and initiate new activities to better address long-term governance challenges. The WBG recognizes the centrality of the human development challenges that Mali faces in the aftermath of the 2011-12 period of conflict and insecurity and proposes a strong program focused on strengthening capacities and delivering basic services. The program is articulated around three priority areas: (i) laying the foundations for long-term accountability and stability; (ii) protecting human capital and building resilience; and (iii) preparing the conditions for economic recovery. In recognition of the national and regional dynamics that led to the instability, each of these priority areas will include a combination of programs with a national reach and targeted regional lending and non-lending programs to improve the knowledge base on the drivers and impact of the crisis.

I. INTRODUCTION

1. **In March 2012, a month before scheduled presidential elections, a military coup ousted the government in place since the 2007 democratic elections.** Following successful mediation under the auspices of the Economic Community of West African States (ECOWAS), a transitional Government of National Unity has been in place since August 2012, recognized by the international community, with a mandate of restore sovereignty over the entire territory of Mali and organize fair and transparent national elections by end of July 2013. With United Nations (UN) Security Council backing, a coalition of Malian and foreign troops launched military operations in Northern Mali in January 2013. A political roadmap identifying milestones to restore democratic order was adopted by the Parliament in January 2013. The roadmap envisages the establishment of an elected government and the re-building of trust in the Government of Mali (see box 1). A Commission on Dialogue and Reconciliation was established by the Council of Ministers in March 2013 comprised of a president, two vice presidents and thirty commissioners appointed by the Interim President.

Box 1: Key elements of the Government's Transition Roadmap

The Roadmap for the Transition in Mali aims to restore its territorial integrity and to organize free and fair elections. In addition, it suggests that the transitional government should deliver on the following objectives:

- Establish functioning institutions across the country.
- Establish a climate of peace and security in areas under government control and protect transitional institutions.
- Restore rule of law--fight against abuses and extrajudicial arrests and establish fair judicial treatment of all legal violations.
- Fight corruption, nepotism, exclusion and impunity.
- Prepare for the post-war return of displaced persons and refugees.
- Restore social cohesion and harmony between communities.

2. **The consequences of the March 2012 coup on the institutional, security and humanitarian fronts continue to affect Mali.** This Interim Strategy Note (ISN) proposes a two-year framework for the World Bank Group (WBG)'s post-conflict engagement in Mali. During FY14-15, the ISN will allow the WBG to support basic service delivery functions and activities, and economic rebound. These are essential for accelerating post-conflict recovery and creating the conditions for stability.

3. **The ISN program focuses on short-term actions in support of the priorities for the transition as articulated in the Plan for the Emergency Priorities (*Plan d'appui aux priorités d'urgence,* PAPU) and the Sustainable Recovery Plan (*Plan de Rélance Durable du Mali,* PRED).** While reaffirming the relevance of the Poverty Reduction Support Paper (PRSP) 2012-17 as the medium-term framework for resource mobilization and allocation in support of

growth and poverty reduction, the authorities also acknowledge through the PAPU the emergence of new realities and related implementation delays and difficulties. Thus, the PAPU combines programs from the PRSP (mostly aimed at preventing rapid deterioration of human development indicators) with transition–related actions from the political roadmap which were not contemplated in the PRSP. These notably include actions to restructure security services, promote reconciliation through dialogue between communities, facilitate and support the return of the government administration, refugees and displaced populations in Northern regions, organize elections, rehabilitate damaged infrastructure, encourage the development of labor intensive economic activities, and strengthen State legitimacy and the rule of law. Implementing the PAPU would cost FCFA2850 billion (USD5.7 billion) over the period 2013-14.

4. **To this end, the ISN program has a dual focus: it maintains the course of the ongoing engagement in support of urgent needs while scaling up efforts to target the longer-term drivers of the crisis.** The WBG maintained a continuous engagement throughout this period, and the existing portfolio plays a key role in supporting populations in those parts of the country not directly affected by the conflict. At the same time, the ISN recognizes that the portfolio is not sufficient to address the current challenges, and that a combination of restructuring certain ongoing programs and launching additional activities is required to more squarely address weak government legitimacy and lack of social integration in order to reduce the risk of a return to conflict in the future. This dual focus on short-term needs and longer-term structural issues allows the WBG to apply the necessary flexibility to support Mali's transition in the coming years while undertaking the necessary preparatory work and knowledge generation required for a more calibrated and ambitious country strategy to be launched after the ISN period.

5. **The elements of this ISN have been discussed with a wide range of stakeholders in Mali, including through formal consultations held in Bamako in March 2013**. These consultations brought together over one hundred and seventy stakeholders, including members of the government and elected representatives from the North: Gao, Kidal and Timbuktu. The National Assembly, minority leaders of the Tuareg and Bellah communities, heads and representatives of national institutions, academia, development partners, and civil society actively participated in the consultations.

6. **The WBG recognizes that the conflict in Mali was caused by a combination of national and regional dynamics, and that a solution will require both national and regional responses.** Mali is an integral part of the Sahel region, and the analysis and proposals in this ISN should be read in the context of the WBG's evolving strategy in support of stability and development in the region. Elements of the Mali ISN, and the projects and programs contemplated herein, will have development implications for other Sahel countries and vice versa. A fragility analysis of recent political, economic and sectoral developments supports the ISN, which should also be understood in the context of the evolving risk picture in Mali and the Sahel (as outlined in chapter 4).

II. COUNTRY CONTEXT

A. General Economic and Political Context

7. Situated in the heart of the Sahel, Mali is a vast, semi-arid, landlocked and lightly populated country with the largest territory in the ECOWAS community. With a high population growth rate but uneven population density[1], and relatively limited natural resources, Mali is extremely vulnerable to climate change. It is particularly affected by droughts and desertification. Uneven growth patterns and lack of a customized investment strategy in the Sahelian, desertic areas of the country with nomadic populations contributed to regional imbalances.

8. **The Malian economy is characterized by a narrow range of exports that are its main source of export earnings (gold, cotton)** and a rain-fed subsistence agriculture that provides income for a majority of the population. Excluding 2012, annual GDP growth averaged 5 percent in the last decade. This economic growth performance, compared to a population growth rate of 3.6 percent, has been too modest to reduce poverty. Given Mali's exposure to significant exogenous shocks, economic growth has been also volatile, making investment risky. Low aggregate private and public investments (at 15 percent of GDP in 2011, excluding Official Development Assistance (ODA) finance and gold-related investment projects) prevent deep economic diversification and the necessary productivity gains to reduce underemployment. Prospects for sustained growth and job creation will depend on increasing agricultural productivity, strengthening micro and macro-economic resilience, fostering regional integration, organizing the informal sector, and addressing population growth, malnutrition and gender disparities. This requires action in a number of areas, including irrigation, education and skills development, basic service delivery and safety nets, infrastructure, as well as continued improvements in the business environment and regional policy coordination.

B. Recent Political and Security Developments

9. **Mali has experienced conflict on a regular basis since independence in 1960.** The first rebellion took place in 1964. Since then, rebellions have been cyclical and recurrent. The last one of 2012 and the subsequent March coup have, however, resulted in unprecedented levels of insecurity and fragility. The conflict was triggered by a combination of regional events linked to the revolution in Libya and the returning fighters and heavy weapons, compounded by the presence of criminal networks and terrorist groups in the North. However, the conflict was primarily caused by long-standing problems in Mali's governance and social structures. Key among them are:

- **Limited state presence and institutional capacity, which seriously weakened the state's legitimacy and challenged the social contract.** In the North, the state remained almost entirely absent outside the main cities, deepening mistrust, resentment and a sense of alienation from the Malian state.

[1] Population density in Mali is 11 persons per km^2 on average and as low as 1 person per km^2 in the Saharan regions.

- **The consequent inability of the state to defend its territorial integrity and exert its presence across the country in the context of a gradual collapse of security**. This opened the door for organized criminals and terrorist networks to operate. The Malian army's performance was also weakened by internal tensions resulting from governance weaknesses.

- **The mounting tensions and prejudice that exist between social groups, even in the South.** The frequency of the rebellions, and the way they have been handled by the various Malian Governments, have negatively affected the relationships between regional and social groups. Tensions have also been exacerbated by perceived biases in interventions and opacity in management of post-conflict programs such as the Special Program for Peace, Security and Development in the North (PSPSDN in the French acronym).

- **High population growth linked to high rates of fertility, which aggravates malnutrition and poor health and sanitary conditions, and education failures.** High population growth linked to high rates of fertility aggravates malnutrition in mothers and children, which in turn exacerbates under-five mortality. The uneven geographic distribution of the population across the vast Malian territory stretches limited resources and poor public services, making it difficult to address these health challenges. Further, poor health conditions compromise human capital development, reducing economic productivity and growth, thereby trapping these populations in the vicious cycle of poverty. Human capital development is also compromised by the limited access to and low quality and relevance of education services which have resulted in lack of opportunities for the youth to meaningfully engage in society and lack of necessary skills for the labor market.

- **Climate change, repeated drought, food insecurity, and loss of livestock in the North, which have further stressed a volatile region.** Combined with poor progress in development in general, these factors have caused an increase in trafficking and criminal activity as a means of income, and have allowed criminal and terrorist networks to recruit from the region's large number of unemployed youth.

10. **Development partners did not fully anticipate the sudden collapse of the Central Government.** The Malian democracy was long hailed as a model in Africa and relatively a good performer in economic development. Extensive work and assessment on governance challenges did not translate into sufficient actions to combat corruption and nepotism. Simplistic approaches, portraying the Tuareg either as victims or as "terrorists", have disregarded the complexity of Mali's social structures, geographic difficulties and economic realities.

11. **Mali will likely remain fragile during the twenty-four month period of this ISN and beyond.** While the military intervention might have averted complete state failure, there is a heightened risk of resurgence of insecurity before the foundations can be put in place for sustainable peace. Two immediate drivers of fragility are particularly potent, each with the potential to rapidly destabilize Mali and the Sahel region if left un-addressed: (i) the risks

associated with the perceived lack of cohesion and integration of the population of the North, and (ii) the risks of a continued governance vacuum and the negative impacts that this will have on initial political and development efforts.

C. Recent Economic Developments and Economic Outlook

12. **The political and security crisis has had a severe economic impact, through the marked reduction of ODA and economic activity.** ODA disbursements were cut by FCFA299 billion (USD600 million) in 2012 compared with 2011, strongly reducing demand for investment goods and services, construction in particular. The deterioration of the security situation mainly impacted tourism (both in the Southern and Northern parts of the country) and the livelihood of Northern populations. Tourism, which brought in foreign currency receipts of FCFA150 billion in 2011 (3 percent of GDP) was put to a near standstill after the coup of March 2012. Other effects of security deterioration are more difficult to estimate, as they likely primarily affected the North for which there is little statistical information. With about 31 percent of the Northern population being displaced (including civil servants and their families who were redeployed to the South), one can roughly estimate that, besides tourism and administration, other economic activities such as trade, livestock, and rice cultivation in the North were cut by a third. Fortunately the economy also benefited in 2012 from improved terms of trade and good climatic conditions. All in all, Mali's GDP is preliminarily estimated to have contracted by 1 percent in real terms in 2012. However, the structural weaknesses of Mali's national accounts (see Box 2), and the difficulty in assessing the economic situation in the North make this estimate uncertain. Meanwhile, reduction in ODA, partially offset by positive terms of trade and moderate import demand, resulted in a balance of payment deficit of FCFA50 billion in 2012, financed through BCEAO reserves. A good agricultural harvest and contained aggregate demand lowered consumer price inflation to 2 percent year-on-year in December 2012.

13. **With lower aid resources and limited borrowing capacity on domestic and external markets, the Government chose to cut public investment expenditures (by FCFA279 billion) to protect current expenditures and debt service.** It also cut implicit subsidies on petroleum products and cooking gas, and accumulated arrears on domestic expenditures (for an amount estimated by April 2013 at FCFA30 billion). Civil servants' salaries were paid in full (including for those displaced from the North), and external debt service was mostly honored (but for a few creditors, in an amount of USD54 million), with a view to facilitating the swift resumption of ODA from 2013. Transfers and subsidies to electricity and agriculture were maintained, protecting in particular the preparation of the agricultural campaign 2012-13. The security sector (armed forces and domestic security) saw its budget grow from FCFA107 to 146 billion between 2011 and 2012.

14. **Already stagnant levels of employment and job opportunities in the formal and informal sector were reduced substantially, likely as a result of the conflict**. Even before the crisis, data were pointing to a significant decrease in the number of jobs created in both the public and private sector (comparing 2011 with the 2008-2010 period).[2] This trend is likely to have worsened with the crisis further hampering economic and social recovery.

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[2] From about 30,000 per year new jobs to less than 20,000 new jobs (see CSLP data).

15. **Although positive, for the present the macro-economic outlook remains highly uncertain.** In 2013, GDP growth is projected at 5 percent, owing to conservative assumptions regarding external factors (terms of trade, gold production, climate volatility, foreign aid) which should allow for closing part of the output gap through a better mobilization of existing productive capacities. But this outlook remains uncertain. Besides traditional sources of vulnerability (drought, commodity prices), which the Government is less well-equipped today to address, political and security developments will significantly influence the resumption of aid and economic activity. In particular, the pace of stabilization following the military intervention in Northern Mali and the capacity of the Transition Government to organize fair and transparent elections will be important variables affecting the outlook. Reliable information is still lacking or preliminary on the true state of the economy. The impact of public arrears on the financial and operational capacity of companies to resume activity (in particular for hardest hit sectors such as construction, public works, and tourism), banks' balance sheets coupled with depleted capacity to extend their credit to the private sector,[3] and the extent of human and physical damage in the North still remain to be assessed. These difficulties add to the structural weaknesses of the private sector in Mali.

D. Debt Sustainability

16. **Through its 2013 Budget Law, the Government adopted a prudent strategy.** The budget was built on the assumption of no resumption in ODA and very limited access to private financing. Accounting for likely sources of foreign assistance (including from the Bank),[4] the International Monetary Fund (IMF) adopted a more positive outlook, allowing a larger deficit (3.5 percent of GDP against 0.0 percent in the Budget Law 2013) to primarily finance additional public investment expenditures and to clear expenditure arrears. The materialization of higher official assistance than expected in the Budget Law could prompt the authorities to submit a revised Budget Law to Parliament in 2013. The prudent and responsible macroeconomic management by authorities since March 2012 was acknowledged in January 2013 with the approval of a Rapid Credit Facility (RCF) by the IMF Board of Executive Directors.

17. **The implementation of the Government's macro-economic program should minimize risks of external debt distress.** A Joint Bank-Fund Debt Sustainability Analysis (DSA) was conducted in early 2013[5]. By the end of 2011, Mali's external and domestic public debt stood at 28.1 and 4.7 percent of GDP, respectively. Mali's external debt is entirely public and the bulk of it is with multilateral creditors, the International Development Association (IDA) and the African Development Bank (AfDB) in particular. Most of Mali's domestic public debt is with the Malian banking sector. Accounting for recent developments in 2012 (low external borrowing, good export receipts) and medium-term prospects (a return to a steady 5 percent

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[3] By March 2013, it was estimated that the deterioration of the security situation in the North had cost FCFA18 billion to banks (0.3 percent of GDP), in the form of stolen cash (FCFA4 billion), non-recoverable loans (FCFA12 billion) and physical damage to bank agencies (FCFA 2 billion). At the national level, the quality of assets had also deteriorated, with 21.3 percent of loans being considered non-performing, against 18.5 percent by end 2011.

[4] From FCFA60 billion in 2012 (and FCFA360 billion in 2011), authorities and IMF estimate that ODA disbursements could amount to FCFA330 billion in 2013, half of which would be in the form of budget support.

[5] Mali: Joint IMF and World Bank Debt Sustainability Analysis, IMF and IDA, January 28, 2013, Washington D.C.

GDP growth and a progressive decline in gold net export receipts: due to a decline in known gold reserves, gold production is projected to decline by 2 percent each year from 2014 onwards), the DSA continues to assess Mali's external risks of debt distress as "moderate". Looking forward, the DSA identifies gold price volatility and fewer concessional financial resources as the two main sources of potential vulnerability.

E. Poverty and Social Context

18. **A recent report from the World Bank[6] underscores the poverty reduction progress made by Mali in the last decade.** Between 2001 and 2010, the poverty rate declined from 55.6 to 43.6 percent. These results are in line with Sub-Saharan Africa trends. Compared with poverty reduction in other African countries, Mali enjoyed a very pro-poor ("inclusive"), albeit very slow, per capita economic growth. High inclusiveness in Mali results mainly from the fact that the majority of the poor derive most of their income from agriculture and consume most of it as subsistence farmers. Between 2001 and 2010, subsistence farming (including rice) grew annually by 9 percent on average (and from 9.4 to 13.0 percent of GDP). Related to that trend, the severity of poverty almost halved during the same period.

Box 2: Developing Statistics

Mali's statistical development has been guided by the *Schéma Directeur de la Statistique* (SDS) 2008-2012. Barring 2012, Mali recorded good progress since 2008 in improving its institutional framework (creation of the statistical institute, *l'Institut national de la statistique* (INSTAT), and the sectoral planning and statistical cells, *Cellule de planification et de statistique* (CPS)) and data production (population census of 2009, migration of national accounts to SNA93 starting in 2014, inception of quarterly households surveys, demographic and health survey 2013), with the assistance of donors. Yet, the Malian statistical system still faces problems similar to most African statistical systems: low national budget for statistics, high turnover of specialized staff, poor incentives, outdated technologies, low access to data, and absence of data quality control. Acknowledging delays in implementation of the SDS 2008-12 with the political crisis, an interim SDS 2013-14 was developed by INSTAT to rehabilitate and normalize essential INSTAT and CPS statistical functions. The interim SDS also lays the groundwork for the establishment of a new SDS from 2015, through the identification of data demand from various users and supply constraints. In support of the SDS 2015 design, a Country Statistical Assessment will be prepared by the World Bank in FY14. The assessment will include: (i) an evaluation of existing statistics for all sectors; (ii) an assessment of the main constraints to statistical development; (iii) a review of the implementation of the NSDS, including existing and planned programs; (iv) a review of development partners' activities, including those of the Bank; and (v) an identification of activities that the Bank could support (financing, knowledge, partnership). The assessment could pave the way for the preparation of an IDA project in FY15 to be financed with the Statistical Capacity Building Trust Fund.

[6] World Bank (2012), Republic of Mali: Poverty and Gender Notes, December, Washington D.C.

19. **The decline in the poverty rate was not sufficient to significantly reduce the number of the poor.** Between 2001 and 2010 the number of the poor increased from about 5.7 to 6.4 million. High fertility rates (6.7 children per woman) strongly hamper poverty reduction, by producing high dependency ratios, worsening maternal mortality, and maintaining gender imbalances in various areas. High fertility rates also exert enormous pressure on the capacity of the State to deliver basic services (education, health, social protection, security) to all citizens and on the capacity of labor markets to absorb new entrants (300,000 every year). Rural and urban under-employment is pervasive, particularly affects youth and significantly contributes to maintaining households in a state of poverty and vulnerability.

20. **While detailed figures are not yet available, it is likely that the conflict has had a severe social impact in the North.** The conflict has caused the internal displacement of 260,000 people (the "displaced") and another 170,000 (the "refugees") have fled to neighboring countries, leaving behind their farms and livestock. The total number of the displaced and refugees is equivalent to about one third of the population of the three Northern Provinces of Timbuktu, Gao and Kidal. Agricultural output in the North has been impacted by the disruption of farming activities, marketing channels, inputs and financing. At the same time, the displacement puts increased pressure on the already stressed infrastructure and livelihoods of host communities. The water supply networks in Timbuktu, Gao and Kidal have become unstable as a result of the lack of fuel, electricity, spare parts, water treatment chemicals, and personnel. In rural areas it has been reported that water supply systems have been vandalized, with solar panels and pumps stolen. Schools have also been damaged, pillaged and occupied, with the loss of materials and furniture. Some mobile phone network assets have been destroyed and technical teams have been withdrawn. Transport and trade facilities have also been impacted, with much of the equipment and vehicles used by customs to facilitate movements along key transit corridors stolen or vandalized.

21. **Poverty rates in Mali continue to exhibit geographic disparities.** While all regions recorded declines in poverty rates between 2001 and 2010, some regions still stand out as much poorer than others (Table 1 and Map 1). Interestingly, the Northern regions of Mali (Timbuktu-Gao-Kidal) were among the richest regions in the country in 2010, after the capital city Bamako, even if, over time, the contribution of Northern regions to national poverty increased, as it also did in Sikasso and Mopti-Ségou. Alternative poverty measures (based on asset ownership – fridges, cars, etc. – for instance, or based on nutrition outcomes), however, portray a different geography of poverty. Based on asset ownership, the Northern regions appear to be the poorest in Mali.[7] Based on chronic malnutrition indicators, Northern regions, along with Kayes, Koulikouro and Mopti-Segou, do not significantly differ from the Mali average. Only Bamako and Sikasso look significantly richer and poorer, respectively, based on these indicators.[8]

22. **Since 2010, poverty has likely increased as a result of the drought of 2011 and the political crisis of 2012**. The poverty rate is roughly estimated to have increased from 43.6 percent in 2010 to 46.1 percent of the population by end 2012 (Table 2), or 7.2 million poor. In the South, the poverty rate is estimated to be 46.2 percent, including displaced populations. In

[7] World Bank (2012), Republic of Mali: Poverty and Gender Notes, December, Washington D.C.
[8] World Bank (2012), Republic of Mali: Reengagement Notes, September, Washington D.C.

the North, the poverty rate is estimated to be 44.3 percent, including refugees. These estimates account for the fact that refugees' poverty situation in neighboring countries is likely to be much more severe than that of populations displaced in the South. Field post-conflict assessments and the resumption of quarterly household surveys, which started in 2011 but were stopped in March 2012, will be critical to confirming these estimates.

Table 1: Poverty Trends 2001-10 and Geographical Distribution (%)

	Population	Poverty Rate	Contribution to national poverty
	2001		
Area			
Urban	24.9	27.7	12.4
Rural	75.1	64.8	87.6
Region			
Kayes-Koulikoro	30.2	65.1	35.4
Sikasso	18.4	80.1	26.5
Mopti-Ségou	31.9	51.9	29.8
Timbuktu-Gao-Kidal	8.8	30.8	4.9
Bamako	10.7	17.6	3.4
National	100.0	55.6	100.0
	2006		
Area			
Urban	24.7	18.5	9.6
Rural	75.3	57.0	90.4
Region			
Kayes-Koulikoro	29.5	44.6	27.6
Sikasso	18.0	80.8	30.6
Mopti-Ségou	34.0	48.7	34.8
Timbuktu-Gao-Kidal	8.3	29.7	5.2
Bamako	10.2	7.9	1.7
National	100.0	47.5	100.0
	2010		
Area			
Urban	22.0	18.9	9.5
Rural	78.0	50.6	90.5
Region			
Kayes-Koulikoro	31.5	35.5	25.6
Sikasso	17.5	83.8	33.6
Mopti-Ségou	30.2	46.8	32.5
Timbuktu-Gao-Kidal	8.5	28.9	5.6
Bamako	12.3	9.6	2.7
National	100.0	43.6	100.0

Source: World Bank (2012), Republic of Mali: Poverty and Gender Notes, December, Washington D.C.

Map 1: Poverty Headcount Rate, at Department Level, 2009/10

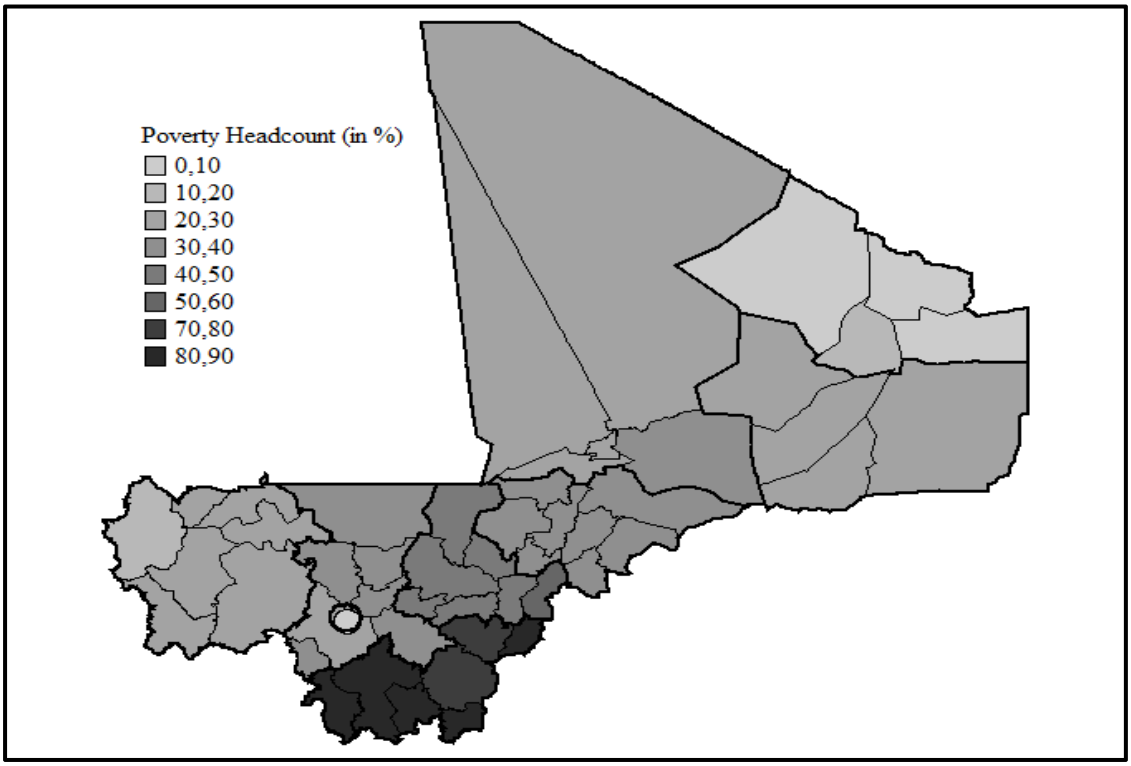

Table 2: Estimated Poverty Headcounts (proportion of poor in population)

	2010*	**2012****
North	28.9%	44.3%
South	45.0%	46.2%
Total	43.6%	46.1%

Sources: (*) ELIM 2009/10; (**) World Bank staff calculations
Source: World Bank calculations using the ELIM 2009/10 survey and the 2009 Population Census.

23. **Mali's human development outcomes are very poor.** The primary education completion rate in 2010 was only 58.1 percent compared to a Sub Saharan Africa average of about 70 percent. The quality of learning is also low. Results obtained from the 2010 national student assessment show that only 41 and 38 percent of second grade students in Mali perform satisfactorily in reading comprehension and in math, respectively, while the results of sixth grade students are 48 percent in French and 31 percent in math. Gender inequality also remains high with fewer than eight girls for 10 boys enrolled in basic education. With an infant mortality rate of 191 per 1,000, Mali ranks the third to last for under-five mortality, and the maternal mortality ratio is high at 540 deaths per 100,000 live births. The country also has among the highest rates of chronic malnutrition (stunting), with close to 38 percent of under-five children stunted. Although there seems to have been a very modest improvement between 2001 and 2006, data from the 2012 Demographic and Healthy survey are still awaited.[9] Malaria is endemic in Mali and is the primary cause of morbidity and mortality for vulnerable groups (children under five years of age and pregnant women), with the availability of mosquito nets insufficient. The long-term consequences of these high levels of malnutrition and ill-health, in terms of losses in learning outcomes in school and productivity and incomes as adults, will trap Mali in a vicious cycle of poverty. Current estimates show that annually Mali loses over USD235 million in GDP due to vitamin and mineral deficiencies alone. As a result, none of the human development related Millennium Development Goals (MDGs) is expected to be achieved by 2015 (Table 3).

24. **The crisis has further aggravated the human development outlook.** The conflict has resulted in a large displacement of people from the Northern provinces to neighboring countries (170,000 people) and to the Southern Provinces (more than 200,000 people, including more than 35,000 students)[10], resulting in a strain on social services in the South. No firm data exist on the current situation in the North, but the rebel occupation is expected to have created significant constraints to school attendance and access to health care, in particular for girls, caused by infrastructure damage, the shortage of learning materials and drugs, and the exodus of qualified teachers and doctors. Initial data point to a drop in the basic education gross and net enrollment rates (with notably only about 28 percent of the children moving to the South managing so far to be enrolled in a school and about 20 percent of the children remaining in the North having access to a school), a slight increase in the share of children with very severe malnutrition in the South (from 2 to 3 percent), a growing number of children (now reaching 45,000) in the North at risk of severe malnutrition[11], and worsening health outcomes in areas of communicable diseases (however, the malaria and cholera outbreaks reported soon after the March coup have now been contained). Another effect of the crisis is its impact on the financing and management of the education sector. While it is important to recognize that pro-poor expenditures have been generally protected (see Table 4 on pro-poor expenditure), the political instability led to reduced overall public investment in social sectors as a result of the cuts in external aid.

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[9] The need to monitor malnutrition makes the regional Sahel study on an ICT-enabled early warning system for nutrition and food security very relevant to the Mali case.
[10] Mopti, Segou, Koulikoro, Bamako, Douentza, Sikasso and Kayes.
[11] Standardized Monitoring and Assessment of Relief and Transitions (SMART) 2012 survey.

Table 3. MDG status and trends

	Latest year		Earlier years (up to 2)			
	%	Year	%	Year	%	Year
Poverty headcount (<$1.25 a day)	50.4	2010	51.4	2006	61.2p	2001
Proportion of children <5 underweight	26.6	2006	29	2001	23	1995-96
Proportion of children <5 stunted	37.7	2006	42.4	2001	30	1995-96
Primary Completion Rate	59.1	2010	55.7	2009	30.8*	2000
Gender Ratio in Primary and Secondary	78.4*	2009	69.5*	2000	57.6*	1991
Under-5 Mortality rate (per 1,000)	191*	2009	194*	2008	217*	2000
Maternal Mortality ratio (per 100,000 live births)	540**	2010				

Source: Demographic and Health surveys/WHO Global database on nutrition; Ministry of Education; (*) WB Africa Development Indicators; WB POVCAL for poverty estimates; (**) WB HNP stats and 2010 WHO figure.

25. **Continued investment is required to meet targets for water supply and sanitation.** Access to safe drinking water in Mali is estimated at 73 percent of the population (77 percent in urban areas, 71 percent in rural areas). Sanitation is lagging with only one third of households having access to improved sanitation services in rural areas, and 45 percent in urban areas. In order to achieve the MDGs, Mali needs to increase access to safe drinking water and improved sanitation services for, respectively, 420,000 and 710,000 additional people annually. Rapid urban growth poses a particular challenge in Bamako, where eradicating recurrent water shortages in most neighborhoods of the capital city will require doubling of the water production capacity, as well as expansion of the network.

26. **The rapid rate of urbanization is not being matched by an expansion in delivery of services.** At present, Mali's cities host about one third of the total population with an urban growth of 5.1 percent against a national rate of 3.6 percent per annum. Despite the existence of some urban planning tools, management of urban growth remains poor, and is exacerbated by low levels of public urban investments. As transfer of responsibilities from central to local authorities has not been accompanied by a commensurate transfer of resources as set forth in the National Decentralization Policy Framework (adopted in 2005), development of local capacity and effective delivery of local services have been constrained. Moreover, efficacy in collection of local governments' own resources remains poor. These constraints, together with weak civil society participation to hold urban local governments accountable, have produced an increasing backlog in already low levels of basic services delivery. As a result, cities are failing to contribute to poverty reduction and growth as contemplated in the Government's Strategy for the Development of the Cities of Mali (*Stratégie de développement des villes du Mali* (SDVM) - 2009). Instead, increasing urban poverty poses a growing threat to security and social cohesion.

27. **Despite public investment, agricultural productivity remains low.** In recent years, Mali has been one of the few West African countries to have met the Comprehensive Africa Agriculture Development Program's (CAADP's) goal of allocating 10 percent of the national budget to agriculture. However, yields have been relatively stagnant or even declining from already low levels, with the exception of rice. Despite the adoption of Agriculture Master Law (Loi d'Orientation Agricole), followed by the approval of a National Strategy for Agribusiness

Development, most farms remain under-equipped to adopt modern practices and mechanization levels are low. Livestock rearing is widespread, but use of animal power is common only in cotton production. Use of agricultural inputs such as improved seeds, fertilizers, agrochemicals for crop protection, vaccines and other animal drugs, is largely limited to cotton and rice production. Post-harvest losses remain high and agricultural processing is underdeveloped, with private investment in agriculture very low.

28. **Land degradation is severe** because of factors related to increased population pressure, depletion of soil fertility, restriction of rangeland and pastoralism areas, and loss of vegetation coverage. The total annual cost of this phenomenon is estimated to be around 8 percent of GDP. While there remain pockets of fertile land mainly in the central and southern parts of the country, particularly along the Niger River and the Lake Faguibine ecosystems, population displacement southward exacerbated by conflict in the North is putting additional pressure on natural resources (land, water, forests) in this zone, where population density is already the highest in the country. As a consequence, remaining fertile areas in the South are now under increased threat of degradation.

Table 4: Priority Pro-Poor Public Expenditure, 2011-13

(FCFA billion)

	2011		2012		2013
	Budget Law	Execution	Budget Law	Execution	Budget Law
Priority Pro-Poor Expenditures	370.7	360.0	426.6	312.6	373.0
Percentage of Total Expenditure	28.0	28.9	29.8	29.8	36.3
Percentage of GDP	7.4	7.2	7.7	6.0	6.7
Basic Education	165.9	159.3	181.4	146.8	164.2
Post Basic Education	77.8	73.4	90.9	67.5	90.0
Social Protection	39.8	45.9	45.2	44.7	41.0
Health	87.2	81.3	93.9	53.6	77.8
Salaries	149.4	141.7	179.2	149.6	173.4
Other Current	164.0	159.4	183.3	152.1	175.5
Investment	57.3	58.9	49.1	10.9	24.1
Total Expenditure	1323.5	1246.3	1432.8	1050.5	1026.5
Gross Domestic Product	5032.0	5028.0	5556.0	5243.0	5583.0

Source: Government of Mali and World Bank staff calculations.

29. **Reducing vulnerability and increasing future competitiveness of Mali's economy will depend in large part on improving the quality and efficiency of its transport system.** Governance constraints hamper the development of a competitive transport sector, which is currently characterized by limited competition and high barriers to entry. Road transport accounts for 85 percent of the movement of freight, but less than 7 percent of the road network is paved. While continued efforts are needed to improve the funding and maintenance of the road

network, restructuring of the Bamako-Dakar railway concession is essential for reducing the reliance on road transport for the movement of goods within Mali. Furthermore, inland water transport should also be revitalized to be able to provide an alternative to road transport for the movement of bulk commodities.

30. **Over the last decade, Mali has managed to significantly increase access to modern energy services in spite of significant structural handicaps.** Petroleum products are entirely imported, and rural populations are poor and dispersed, making it very challenging to extend access to electricity in a financially sustainable manner. In spite of these structural handicaps, and beginning with the commissioning of the Manantali regional hydropower plant, Mali has managed to aggressively increase access to electricity over a 10-year period, with consumption growing at around 8 to 10 percent per year. Mali has achieved an overall rate of access to electricity close to 20 percent of its population, with the state-owned power company, *Energie du Mali SA*, reaching over half the urban population. A particular success has been increased access in rural areas through local small-scale operators supported by the Malian Agency for Development of Rural Electricity (AMADER), now reaching some 13 percent of the rural population.

31. **However, the sustainability and affordability of the energy sector development strategy are increasingly in doubt.** Around 2006, the growth in domestic electricity demand resulted in Mali absorbing the entirety of its share (50 percent) of generation from the Manantali hydropower scheme. To meet further growth in demand, the Government adopted a strategy combining more expensive short-term domestic thermal generation with longer term regional solutions that would result in lower generation costs, including the construction of an interconnection with Cote d'Ivoire, and development of Mali's hydropower potential, estimated at about 1,000MW. Of this potential, about 250MW has been developed so far at the Selingué and Sotuba dams on the Niger River, and the Manantali dam on the Senegal River. Also on the Senegal River, the Félou hydro plant is nearing completion and will bring about 135GWh of additional generation for Mali. Implementation of the sector strategy has not, however, been accompanied by adequate adjustments to electricity tariffs to reflect the short-term increase in the share of thermal generation and higher oil prices, putting the finances of the sector in an increasingly untenable position.

32. **The success in expanding mobile phone access needs to be matched by internet service provision.** Mobile penetration in 2011 was 81 percent (up from 50 percent in 2010), clearly above the ECOWAS average of 64 percent. Despite this performance, the sector still suffers from very low internet penetration and high costs of broadband service. Significant progress was recorded in the telecom sector reform with Bank support, since 1998. This partnership resulted in the award of the first telecom and ICT license to a private firm followed by the adoption of a new telecom law, including the establishment of the regulatory framework, and the first phase of the privatization of the incumbent Sotelma.

F. Gender and Equity

33. **Gender differences are pervasive in Mali in key social and economic areas**. In particular, in education and health; in labor force participation and economic activity; in legal

capacity, status, and rights; in access to property and other assets; in the experience of violence, conflict, and insecurity; in political participation and decision-making; and in family responsibilities and unpaid care work. Poor reproductive health and high fertility rates contributing to high population growth, gender gaps in education, and rural women's livelihoods and agricultural productivity are urgent challenges that, if addressed, would have considerable impact on access to services as well as on economic growth. Major disparities exist between the fertility rates for women in rural areas (7.2 percent) and those in the capital city (2.8 percent) and female genital mutilation is widely prevalent in Mali and represents a serious health issue.

34. **Women's labor force participation rate is much lower than men's – 38 percent against 67 percent.** Women have less time to engage in income generating opportunities due to disproportionate domestic work burden, which contributes to women spending half the time that men do on market-based activities. Improving women's productivity in agriculture is essential for ensuring household food security. Around 75 percent of economically active Malians work in the agriculture sector, including 74 percent of economically active women. Women are concentrated in small-scale animal husbandry, and the processing and selling of fish. Women are largely excluded from the ownership of profitable cattle, owning only 9 percent of it. While women are present throughout the entire agriculture sector, they suffer from poor access (compared to men) to various productive inputs (land, machinery, credit) reducing their ability to scale up production and improve their livelihoods. In 2009, only 20 percent of women were thought to have access to land. This represents a slight increase from 17 percent in 2007, which may be a result of the application of the Agriculture Master Law. While the law officially recognizes equal access to land for women and men, traditional practices still have a strong and negative influence over women's access.

35. **Women's health and time-poverty is disproportionately affected by poor access to electricity and to clean, modern fuels for cooking**. The use of wood as a cooking fuel also impacts women's time-poverty as Malian women face a disproportionate burden for fetching fuel wood. Due to deforestation women travel further and further from their homes in order to find such fuel wood. The government has started to invest in renewable energy and expects these investments to bring benefits for women.

36. **The current political instability is likely to worsen the gender situation in Mali**, due to a combination of higher exposure of women to the direct consequences of violence and exclusion, and reduced government ability to provide basic services. Property and other rights have also been affected by the crisis and due to their greater vulnerability, such rights violations may particularly affect women.

G. Governance

37. **Important governance reforms have been implemented over the last five years in public financial management (PFM), public procurement, and decentralization, with significant results**. Yet, the 2012 crisis has governance roots. The Country Policy and Institutional Assessment (CPIA) index has seen a growing discrepancy between what can be described as good macro-economic management performance and slight declines since 2007 in three of five indicators for public sector management and institutions.

38. **The Government of Mali has rolled out a comprehensive PFM reform program over the past decade.** Due to reforms, between 2007 and 2011, public expenditure and financial accountability (PEFA) scores improved markedly in several areas, particularly in upstream functions including: (i) budget credibility, (ii) comprehensiveness and transparency of budget management, and (iii) policy-based budgeting. While these reforms have profoundly improved PFM rules, systems and institutions, a lot remains to be done to translate these improvements into the critical behavioral changes at the line ministry and district levels, which are needed to ensure improved sector outcomes. Implementation of downstream PFM functions, including budget execution, procurement, internal controls, accounting, and audit follow-up, is often weaker. As a result, sector ministries have yet to derive the full benefits, in terms of greater transparency, efficiency and effectiveness of public spending, of the investments made in PFM reform at the central level.

39. **Reforms initiated before the crisis in tax and natural resource management contributed to Mali reaching compliant status under the Extractive Industries Transparency Initiative (EITI)** in August 2011. Still, tax collection remains an important challenge, which the government is planning to address, in particular by reducing tax exemptions, adjusting domestic energy prices, and reforming tax and customs administrations.

40. **Mali has also implemented an important decentralization process since 1992, with the first local elections held in 1999, though challenges remained at the time of the March coup.** Mali is divided into eight regions and the district of Bamako, 49 districts and 703 municipalities (*Collectivités Territoriales,* CT). The central government is also represented at the sub-national level by decentralized institutions. The division of roles and coordination between decentralized and local authorities remains to be clarified and transfers of skills and resources from the central to local government is still required. One of the major weaknesses of the decentralization scheme in Mali is the inherent conflict in the position of the Mayor of the commune, as he represents both the citizen and the Ministry of Local Administration.

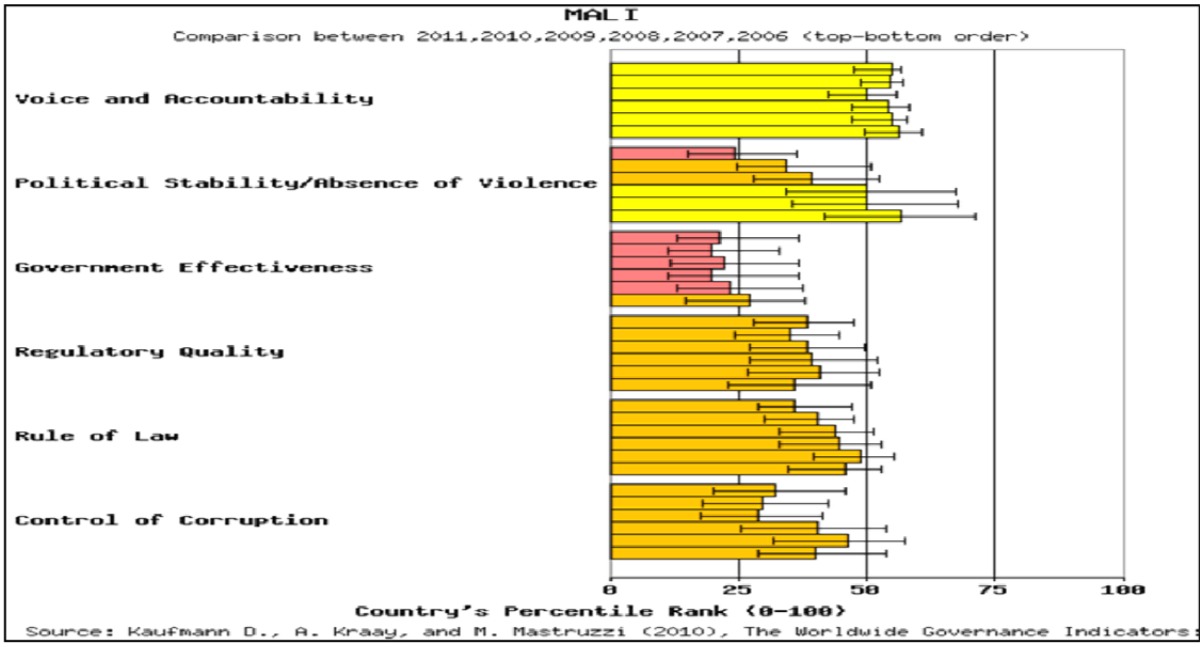
41. **Progress in public administration and human resources have been moderate.** Internal management capacity in public administration at the central government level has been limited due to effectiveness and transparency challenges in recruitment and promotions, unfavorable contract terms and low salary scales. Capacity to coordinate public sector human resources at the local level is limited.

42. **Similarly, access to justice remains uneven due to long distances between the population and the courts in rural areas, a limited number of attorneys, and unaffordability.** The judicial system is also inefficient, suffering from corruption, inefficienty and lack of capacity challenges. The country has however adopted a ten-year judiciary development plan (PRODEJ). In addition, new legal aid entities (*Cliniques Juridiques*) have been created by specialized civil society organizations to assist citizens with navigating the court system.

43. **The crisis should be seen as a manifestation of deeper governance challenges; its impact means that re-establishing state institutions and systems will be more complicated.**

It is too early to say how many of the above reforms have been reversed by the conflict, but the physical destruction of offices and infrastructure in the North means that it will be very difficult for an elected government to increase its own presence and legitimacy in the near future. The social tensions that have been created by the crisis, as manifested in reports of retribution attacks and displacement, will also take time to negotiate.

Figure 1: Mali World Governance Indicators



H. Regional Integration

44. **As a small and landlocked economy, Mali has a keen interest in regional integration**. Most of the ongoing Bank-supported regional initiatives in which Mali participates relate to the accelerated and shared growth agenda. They aim to improve the country's competitiveness and diversify its production base. These programs complement and strengthen national activities. Key programs for Mali include connection to the West Africa Power Pool, harmonization of countries' policies and regulatory frameworks (telecommunications, agriculture and financial services), and water resources development of the Niger and Senegal Rivers.

45. **Mali's imports and exports are heavily dependent upon neighboring countries' overland rail and road transport corridors**, as well as seaports and to some extent, air transport services. Good transport infrastructure is critical for the competitiveness of Mali's export goods, such as cotton, which makes up 85 percent of export tonnage. Key challenges for the road network include resource mobilization for maintenance and connecting agricultural production centers with urban areas and export markets. In addition to investments in physical infrastructure, action is urgently needed to reduce the Non-Tariff Barriers (NTBs), with Malian regional transport corridors being rated among the worst in West Africa in terms of number of NTBs, controls, level of bribes and delays. While rail is necessary to reduce reliance on the road

network, the Bamako-Dakar rail operator (Trans-Rail) is currently under bankruptcy protection and a new concession framework remains critical to ensuring the long-term sustainability of railway transport in Mali.

46. **Increased regional integration will help Mali keep up with the increase in demand for electricity**, which represents a significant challenge for the energy sector. Mali's electricity grid is already connected to Mauritania and Senegal, and an interconnection with Cote d'Ivoire is under construction. Increased regional integration could lower the cost of power in the medium term by allowing Mali to purchase power from Cote d'Ivoire (hydro and gas-fired power plants), Mauritania (gas-fired power plant) and Senegal (coal-fired power plant).

47. **The high costs of transportation and high dependence on neighboring seaports limit international trade and communications**. Mali has expressed an interest in participating in the regional connectivity project, West Africa Regional Communications Infrastructure Project (WARCIP), and is seeking support to build missing links for the regional backbone, in particular from Bamako to the border with Guinea, and between Gao and Mopti to connect with Niger. The Government of Guinea and private operators are currently assessing financing options for a link from the African Coast to Europe (ACE) submarine cable landing station to interconnect with Mali, and the Government of Niger and private operators have confirmed that an additional fiber link to interconnect with Mali is required.

III. WORLD BANK GROUP INTERIM STRATEGY

A. Recent World Bank Group Engagement in Mali

48. **The Bank's current portfolio in Mali** comprises 18 projects totaling a commitment of USD718.39 million, including trust funds for about USD9.7 million. It is composed of eight IDA projects, six regional projects and four Trust funds. The undisbursed balance amounts to USD384.65 million, including trust funds for USD8.6 million. The portfolio is dominated by investments in agriculture and energy (those two sectors absorb more than 50 percent of the current IDA commitments). The remaining envelope benefits mainly governance and public sector management, human development, infrastructure development and transport.

49. **In the past, weak project management capacity in some implementing agencies caused substantial execution delays, further aggravated by the crisis.** Following the gradual removal of the suspension of disbursements under OP7.30, the disbursement ratio improved from 3.2 percent in November 2012 to 7.4 percent at end of February 2013. The disbursement flow from November 2012 to February 2013 amounted to USD80.15 million. Thanks to sustained implementation support provided by Bank's staff in the field, overall portfolio performance is rated moderately satisfactory. This rating is affected by the poor performance of two projects representing about 40 percent of the total undisbursed balance (Energy Support and Agricultural Productivity). As part of the outcomes of the Country Portfolio Performance Report (CPPR) 2012 it was decided to proceed with restructuring.

Box 3: Portfolio Monitoring

Since 2008, the Country Office and the Government have organized at least one CPPR every year. The purpose is to jointly assess progress of, and impediments to, program execution and results. The main output of the CPPRs is an action plan summarizing key actions to be taken and a calendar for their completion. The action plan is monitored through regular mini-CPPRs, organized on a quarterly basis. To ensure ownership, the Ministry of Finance has recently decided that the General Directorate for Public Debt will be in charge of the organization of the quarterly review. The Bank Country Team meets also on a monthly basis to discuss ways to boost implementation and achieve results.

50. **The IFC** has aggregate commitments of USD36.0 million as of March 31, 2013, of which USD14.3 million is undisbursed. This commitment includes investment in the financial sector (USD13.1 million) mainly through guarantee products (trade finance and risk-sharing facilities), which has allowed the provision of loans to more than 300 small and medium enterprises (SMEs) and guaranteed around USD40 million of trade transactions. The undisbursed amount is high because such guarantees were rarely called. The IFC's portfolio also comprises investment in infrastructure projects (IFC through IFC Infraventures intervenes as a co-developer with the Government of Mali to develop the Kenie hydropower and Scatec Solar projects) and manufacturing projects, including two agribusiness projects (commitment amounting to USD21 million, which is a portion of a total investment of €65 million). In respect of advisory services, IFC's activities focused on (i) investment climate reform (Doing Business indicator-based advisory and OHADA process), which has led to Mali becoming the seventh best reformer in the world in the period 2005-2012; (ii) leasing (Africa Leasing Program), which has trained 52 officials and professionals including judges, magistrates, lawyers, notaries, and certified accountants on leasing jurisprudence and best practices; (iii) index-based insurance for low-income farmers (Global Index Insurance Facility Program), which has been launched with the maize products in Mali and covered 13,711 farmers in 2012; and (iv) health services (Health in Africa initiative) (see details of IFC activities in Annex 4).

51. **MIGA**'s portfolio of guarantees includes one project in telecommunication with coverage to *Société Nationale de Télécommunications du Senegal*, for its USD18 million equity investment in Ikatel SA of Mali. The 15-year coverage provides protection against the risks of expropriation, war and civil disturbance, and breach of contract. The project was damaged in the conflict. MIGA does not have an immediate pipeline, although new guarantee requests are considered likely, considering current risk levels are high and MIGA's product is ideally suited to support investors with high risk perceptions entering or re-entering the country.

52. **Prior to the crisis, the Bank's engagement with Mali was outlined in a country assistance strategy (CAS) for the period FY08-11**[12]. The CAS, the first results-based strategy with Mali, was aligned to the second PRSP (2008-2011) entitled Growth and Poverty Reduction Strategy Framework (GPRSF). Following the CAS Progress Report[13], the CAS was extended by

[12] World Bank Report No. 41746-ML, discussed by the Board in February 2008.
[13] Report No. 61307-ML, in April 2011.

one year to bridge the delay recorded in the delivery of the GPRSF 2012-2017. Implementation of Bank activities was affected by the March 2012 coup d'état and the ensuing political and security instability through a temporary suspension of disbursements and the rapid shifting of program priorities. Following the March 2012 coup d'état, the Bank triggered OP7.30 on *Dealing with De Facto Government.* An assessment mission in June 2012 triggered the resumption of ongoing operations and the approval of new lending on a case-by-case basis. A fiduciary review conducted in August 2012 confirmed that ongoing projects and disbursements could resume. Overall disbursement therefore increased by 52 percent from mid-December 2012 to mid-January 2013, from 37.6 to 57.2 million. The Bank Country Office continued to operate regularly throughout the crisis, with a strengthened business continuity and security contingency plan in place which included limiting missions to Bamako. A series of Guidance Notes issued by the Country Director guided operations and dialogue throughout the period of instability. The UN has in the meantime suspended all non-humanitarian missions and embassies and international organizations continued to operate either with full staffing or with essential staff and missions only.

53. **Activities under preparation were reassessed with a focus on emergency interventions that could be easily scaled up in the North, as soon as the situations would allow it.** In September 2012, the Bank prepared a set of Policy Notes for the interim authorities, focusing on key areas and suggesting critical actions for the post-crisis recovery, including strengthening food security, ensuring strong preparation for the 2012-13 agricultural season with quality seeds and fertilizer distribution, stabilizing the fiscal framework, and reaffirming the role of the public administration in contributing to investment and service delivery.

54. **Donors are gradually resuming aid. By end 2012, major international organizations, including the IMF, the AfDB and UN agencies had resumed their operations and programs in Mali**. The adoption by Malian authorities in January 2013 of a roadmap for the transition government to restore democracy and stability has opened the door to re-engagement for the European Commission (EC) and European Union (EU) member countries, especially France. EU and the AfDB have announced the preparation of budget support operations. Other bilateral donors have re-engaged, and Canada and the Netherlands are setting-up multi-donor trust funds to finance selected expenditures in the 2013 national budget. In January 2013, the IMF Board of Executive Directors discussed the Article IV Consultation and approved a request for disbursement under the RCF of Special Drawing Rights (SDR)12 million.

Table 5: Bank portfolio under implementation

Project Name	Original Amount (USD Millions)	Undisbursed (USD Millions)	Approval Date	Actual Closing Date	Outcome rating[i] (Bank Performance)	Restructuring	Rationale for Restructuring
IDA – National Operations							
Strengthening Reproductive Health	30	30	20-Dec-11	28-Feb-17	S – (S)	Yes	To address emerging issues in Health Services access
Urban Local Government Support	70	61.42	7-Jun-11	30-Jun-17	S – (MS)	Yes	To scale-up to the North
Governance and Budget Decentralization - TA	12	9.69	28-Apr-11	15-Dec-14	MU - (MS)	Yes	To adjust to the post-crisis context
Fostering Agricultural Productivity	70	53.76	3-Jun-10	30-Sep-16	MS - (MU)	Yes	Stronger focus on irrigation
Mali Energy Support	120	109.21	18-Jun-09	30-Sep-14	MS - (MU)	Yes	To support improved Access to Rural electricity
Second Transport Sector Project	23	21.26	5-Jul-11	31-Dec-14	MS - (MU)	No	
Second Transport Sector Project	90	16.49	24-May-07	31-Dec-14			
Agricultural Competitiveness and Diversification	46.4	4.77	5-Jul-05	30-Jun-13	S – (S)	No	
Rural Community Development	11.2	4.84	30-Sep-10	17-Jun-13	S – (S)	No	
Rural Community Development	60	1.15	15-Sep-05	17-Jun-13			
Sub Total 1	532.6	312.59					
Trust Funds – National Operations							
Mali Sustainable Land Management	6.2	5.79	19-Jun-10	30-Sep-16	MS - (MU)	No	
GFDRR- Mainstreaming Disaster Reduction in Mali	1.26	1.26	17-Jan-12	23-Nov-13	Nd	No	
Piloting Effective Early Childhood Development Services	1.75	1.13	19-Sep-11	31-Dec-13	S – (S)	No	
Using Diaspora to Transfer knowledge in Higher Education	0.49	0.49	19-May-11	19-May-14	Nd	No	
Sub Total 2	9.7	8.67					
IDA Regional Operations							
West Africa Regional Transport and Transit Facilitation	40	24.64	19-Jun-08	31-Mar-14	MS - (MU)	No	
West Africa Agricultural Productivity Program	15	0.93	29-Mar-07	30-Jun-13	S – (S)	No	
Niger Basin Water Resources Development and Sustainable Ecosystems Management	18	12.13	3-Jul-07	31-Dec-14	MS - (MS)	Yes	To speed up implementation and results on the ground
WAPP APL 2 - OMVS Félou Hydroelectric	42.5	19.43	27-Aug-09	30-Jun-13	MS - (MS)	No	
WAPP APL 2 - OMVS Félou Hydroelectric	25	0	29-Jun-06	30-Jun-13			
Senegal River Basin Multi-purpose Water Resources Development	30.08	6.1	8-Jun-06	31-Mar-13	S – (S)	No	
West and Central Africa Air Transport Safety & Security	5.51	0.16	27-Apr-06	30-Jun-13	S - (MS)	No	
Sub Total 3	176.09	63.39					
Overall		**384.65**					

B. Rationale for an ISN and Principles of Engagement

55. **The ISN is considered the appropriate strategic instrument in light of the triple crisis that Mali is facing**. In particular, the ongoing constitutional crisis, lack of territorial control, and prospects of a peacekeeping mission will have a tremendous impact on the political situation in Mali for the period to come, and thus on the ability of the Bank to plan for the longer-term. At the same time, the impact of the conflict is already weighing heavily on the population, and a rapid scale up of critical Bank activities is necessary to avoid any additional negative consequences. Similarly, a restructuring of existing programs and rapid initiation of new activities to more explicitly address the underlying causes of the crisis will be a critical addition to the Bank's portfolio.

56. **The Bank Group's post-crisis engagement has been articulated in four phases:** (i) Temporary suspension of disbursements and lending activities, immediately following the military coup, in accordance with OP7.30 on *Dealing with De Facto Governments*, until the reinstatement of an internationally recognized government; (ii) Immediate response after an OP7.30 assessment mission in July 2012, followed by a fiduciary assessment in August 2012, and preparation of re-engagement policy notes covering Poverty, Gender, Health, Education, Agriculture and Infrastructure sectors. A CPPR in December 2012 helped identify gaps in the ongoing program and activities to be restructured, and included a detailed Gender Portfolio Review that identified areas for further strengthening of the gender dimension in the ongoing portfolio; (iii) Fast track preparation of four new operations in basic education, agriculture, safety nets and a budget support operation, between March and June 2013, for a total of USD180 million; (iv) Formulation of a new strategic framework based on dialogue with Malian authorities, civil society, the UN and other key development partners, reflected in this ISN, prepared between February and June 2013. The gender dimension represents a central element of the ISN Results Framework.

57. **Guiding principles for the ISN.** The selection of activities and implementation of the proposed ISN program will be guided by the principles of: (i) Selectivity, to respond effectively to the drivers of fragility, as outlined in Section A and further elaborated in the risk section below; (ii) Flexibility, to adapt to the volatile and rapidly evolving context, as well as to the different needs of Mali's population; (iii) Realism, to take into account the institutional, fiduciary and logistical constraints in the design and implementing of operations; and (iv) Gradualism, to allow for a sequenced approach that can evolve with the country's immediate transition and respond to changes in the political and implementation environment.

58. **The spatial coverage of the ISN program reflects the geographic distribution of poverty (see Table 2) and pressure on social service delivery as emerged from the conflict, complementarity and synergies with other partners; its focus in the medium term is on building national institutions and capacities to address the governance and human development causes of the conflict.** The strategic choices of the ISN reflect the findings of the fragility assessment, in particular the need to improve governance and efficiency of service delivery, with a focus on the areas where poverty and exclusion are more acute, as well as the urgent need to address demographic growth and land degradation. The *Agricultural*

Competitiveness and Diversification Project covers the regions with the highest poverty rates (Mopti, Sikasso-Segou), where constraints to agricultural activities and private sector development are highest. The pressure on service delivery in Bamako has increased with incoming displaced persons and requires urgent investments and institutional reforms to ensure sustainability, which can then be scaled up to the rest of the country. The *Urban Local Governments Support Project* is being restructured to extend its geographic coverage to Northern cities. The *Emergency Social Safety Nets* operation aims at building a national safety nets system, starting from the areas where the incidence of poverty is highest to scale up the program nationwide. At the same time, long term institutional and capacity building will cover the entire territory: the *Governance and Budget Decentralization TA Project* is being restructured to address the pressure on cities, in both the North and South, to deliver services. New operations like the *Reconstruction & Economic Recovery* under preparation will focus specifically on reconstruction and economic recovery in the conflict-affected North.

59. **The ISN adopts an approach aimed at both addressing the drivers of fragility and transition priorities and scaling up immediate support in the areas of human development and economic recovery.** It furthermore proposes to both focus on national programs and activities that can be scaled up and implemented across the country and a set of regional activities that address the need for integration and cross-border engagement. Delivering on these different objectives will be a tall order, and the ISN proposes three priority areas as starting points for the Bank's engagement over the next two years: (i) Laying the foundations for long term accountability and stability; (ii) Protecting human capital and building resilience; and (iii) Preparing the conditions for economic recovery. This approach will hopefully help create short-term stability and generate space to start building the foundations for peace and stability.

60. **A key underpinning element will be the strong focus on knowledge sharing, recognizing that the crisis has also challenged the Bank's understanding of Mali and the Sahel.** A significant amount of data and information will need to be gathered during the lifespan of the ISN to inform Government's plans to prioritize the reconstruction efforts, strengthen partnerships on the basis of comparative advantage and to underpin new operations in support of the recovery and beyond. To this end, a series of analytical and advisory activities (AAA) is being proposed – these activities are clustered under each of the three priority areas for ease of reference but should be understood as a package of information/economic and sector work (ESW) that would inform the Bank's longer-term engagement in Mali.

Priority area 1: Laying the foundations for long term accountability and stability

Outcomes	Indicators
Local entities - regions, districts, municipalities - are provided with timely information on the allocations to be transferred from the central level.	Predictability of budget allocations transferred to local entities
Quality of internal and external budget control has improved	PEFA grades on internal and external audit have risen

61. **Restoring the authority, legitimacy, and capacity of the state will be critical to reset Mali on a sustainable development path.** Despite the decentralization process begun since 1992, budget and governance systems remain highly centralized. Transfers of skills and resources from the central government to local authorities has been lacking, hampering the development of governance capacity at the local level. At the same time the central Government's budget execution and fiduciary functions have been weak due to corruption and transparency issues. Restoring state legitimacy and capacity requires supporting meaningful decentralization efforts, while strengthening the state's ability to both respond more directly to the needs of citizens for basic service delivery and to guarantee an overall environment of accountability and stability. In this respect, civil society involvement and awareness will be critical.

62. **The ISN will contribute to rebuilding the knowledge base to inform the future directions of the Bank's engagement**. As a starting point, the Bank will conduct analytical work to address key drivers of fragility and long-term recovery priorities where existing knowledge proved inadequate to anticipate the current crisis. The findings of this work will inform the restructuring and scaling up of the broader governance and decentralization project, and will also inform the development of a broader regional approach to governance in the Sahel.

63. **As regards to the program, the Bank will focus on a combination of strengthening economic governance reforms, understanding how gains made in governance have been reversed as a result of the conflict, and identifying more appropriate remedies to the challenges and causes of the 2012 crisis.** It will be critical to pursue economic governance and structural reforms, and restore the presence of the state in the North, particularly in order to ensure relevant conditions for service delivery. This will be particularly challenging given the destruction of physical infrastructure in parts of the country, and because insecurity is likely to persist in the North, preventing more direct support from donors. Once a certain degree of stability is established, Mali will have to address the challenges of political leadership, enhanced security, and stability in the Northern regions. The country will also need to improve overall efficacy and efficiency in management of public resources, while being more committed to fighting impunity and rewarding merit. In this respect, the Bank will provide support through the *Recovery and Reform Support* budget support operation.

64. **A restructuring and possible scaling up of the ongoing *Governance and Budget Decentralization project* will be undertaken, informed by the above mentioned AAA.** The objective will be to better support timely, effective and sustainable reform implementation and address the demand side of PFM, and to contribute to building statistical capacity. The restructured project will support the engagement of a range of stakeholders in the roll-out of PFM reforms to foster greater transparency, accountability and strengthen trust between the Government and the citizenry. A more in-depth understanding of how this affects service delivery will be obtained by ESW on *PFM/procurement impediments to service delivery in key sectors*. In addition, the Bank's assessment of the fiduciary impact of PFM and procurement weaknesses will be updated through a Country Integrated Fiduciary Assessment which will include PFM, procurement, and governance aspects (FY15).

65. **The collapse of the security sector was an important cause and consequence of the crisis, and its restoration will be critical to the future stability of Mali.** Recognizing the limitations to its mandate in this regard, the Bank will still support future stability through a Public Expenditure Review (PER) aimed at providing a comprehensive view to overall resource allocation, including in the critical area of efficiency of budget allocation for the security sector. Through the production of bi-annual economic updates, the World Bank will seek to stimulate open debates on social and economic structural issues and the reform agenda.

Priority area 2: Protecting human capital and building resilience

Outcomes	Indicators
Increased primary education enrollment	Number of additional students enrolled in targeted areas increased
Improved maternal health	Pregnant women who have at least 4 antenatal care visits
Improved resilience of vulnerable social groups resulting from implementing a cash transfer program	Poorest households benefitting from cash transfers program
Pro-poor growth protected	Share of priority pro-poor expenditures to total expenditure in GDP

66. **The impact of the conflict has been felt across the country and has adversely affected the poor.** The resulting fiscal contraction and suspension of aid programs constrained service delivery, further burdening populations who already struggled to make ends meet. In addition, the social tension that has been brought to the forefront will likely increase in the lead-up to elections, putting further strain on the country's social fabric. The ISN recognizes the immediate risks involved and will explicitly support efforts to immediately restart and increase activities aimed at protecting human capital and building resilience. It also recognizes that an integrated approach to human development will be absolutely critical to supporting Mali's transition, which will require clustering projects in a comprehensive way.

67. **Mali needs an ambitious human development strategy to face its multiple challenges.** At the core of this plan should be a comprehensive and synergetic approach to human capital development focused on: (a) acting early through a combined action on improving the education, health and nutrition of infants and children, and also tackling fertility issues; and (b) providing key core skills to improve the productivity and employability of youth, with an aim to setting in place systems which mitigate risks and build resilience.

68. **As such, the Bank plans to support the Government's priority to protect human capital and build resilience with a mix of investment and policy lending and non-lending activities.** The ongoing *Strengthening Reproductive Health* investment operation (IDA, USD30 million), which became effective recently, is expected to increase access to health care and family planning services and build a foundation for improved reproductive health policies. A *Regional Demographic Study* (FY14-15) is underway with the objective of mapping out all the

policies that can help or hurt the possible capture of the demographic dividend and to do so for select Sahel countries. This is especially critical for many, if not most, Sahel countries given the stagnation in the decline of the birth/fertility rate.

69. **The recently approved *Emergency Safety Nets project* (IDA, USD70 million) will provide cash transfers to alleviate poverty and food insecurity, building the foundations for a safety net system able to cover the whole country**. The recently approved *Basic Education project* (Global Partnership for Education) will support higher access to education services and better learning environment in schools in the selected provinces. The *Recovery and Reform Support* budget support operation will also support authorities' efforts to protect priority pro-poor expenditure in a context of lower available fiscal resources and additional needs, security notably. In line with the World Development Report of 2011 on Conflict, Security and Development, this is recognition by authorities that both types of expenditure matter for poverty reduction.

70. **The lending program will be anchored and guided by multi-sectoral analytical and advisory work.** An evaluation of the impact of the crisis on human development sectors is under way. This effort will be complemented by an ESW on the *Geography of Poverty*, to update and analyze the distribution of poverty after the conflict. While building on the impact of the crisis work, a second ESW/technical assistance will document key bottlenecks in the social services delivery.

71. **The ISN also proposes a new *Skills Development Operation* (FY14).** Over 60 percent of the youth between 15 and 24 are out of school and have very limited qualifications and skills for employability. While recent household survey data are not available, this proportion is likely to have increased following the conflict. The Skills Development Operation would focus on developing technical, core and soft skills for the formal and informal sector and support youth employment.

72. **A *Social Sector Support Operation* (FY15)** would address service delivery failures in light of low-quality or destroyed school and health facilities, and demand side constraints linked to poverty and lack of awareness. Human development outcomes have likely become even worse after the crisis, as indicated by initial estimates reported in the main text of the ISN. To get back on track the country needs a combined multi-sector supply-demand approach focused on results on the ground.

Priority Area 3: Preparing the Conditions for Economic Recovery

Outcomes	Indicators
Improved access to finance for agricultural women	Percentage of women benefitting from access to finance through sub-projects increased
Improved road network between Central and North East Mali and between Mali and Burkina Faso and Ghana	Number of Km of roads of selected routes upgraded

Access to electricity in rural areas increased	Number of electricity connections increased (utility and rural mini-grids)
Water supply coverage increased	Number of people with access to potable water

73. **The Bank intends to redouble efforts to support immediate post-conflict recovery, as well as long-term, sustainable resumption of economic activities in key productive areas**. Interventions will continue to support the resumption of investments in key infrastructure as well as the creation of basic conditions for a private sector-led economic recovery that can help generate jobs. The *Recovery and Reform Support* budget support operation will also support authorities' efforts to improve public investment project selection, attract private sector investments in irrigation in the Office du Niger area, and restore *Energie du Mali*'s financial capacity to invest in electricity infrastructure extension and modernization. Addressing the structural vulnerability to climatic shocks will require both long-term institutional and infrastructure investments and short-term measures aimed at building a resilient economy. Analytical work will contribute to building Bank and partners' knowledge in key underlying causes of fragility using the Bank's comparative advantage in analyzing resource management. With the revitalization of the harmonized budget support structure, a new DPO programmatic series could be started in FY14.

74. **Recovery and development of the private sector are keys** to accelerating economic growth, creating much-needed employment for the growing population, and diversifying sources of export and tax revenue which now largely hinge on the gold and the cotton industries. The development of new sources of growth in the medium term may include exploitation of agribusiness potential, mining diversification, the development of services to the mining industry, the construction sector, and the resumption of tourism and hospitality when the security conditions allow. The WARCIP project will boost regional connectivity and accelerate broadband internet, enabling Mali to reap the benefits of the ICT revolution in terms of growth, job creation and regional integration.

75. **IFC strategy will focus on encouraging entrepreneurship** by providing integrated support to MSMEs (capacity building, leasing, access to finance) through financial intermediaries, and supporting projects in sectors where private participation is low, particularly infrastructure (including ongoing InfraVentures hydro and solar power projects) and agribusiness. IFC will also seek to improve the investment climate at sector, country and regional levels.

76. **Reconstruction and economic recovery at the local level are at the core of a new lending operation designed in response to the crisis.** Through the transparent provision of basic services and infrastructure that respond to local priorities, this operation will aim to meet immediate local needs while at the same time rebuilding the social contract between communities and government at the local and national levels. This support will draw on experience under the Rural Community Development Project in the participatory identification of local priorities, and will complement the *Urban Local Government Support Project* in strengthening the performance and accountability of local governments. It will also build on the

achievements of the Bank-funded *Governance and Budget Decentralization TA Project*. Both operations will be restructured in FY14 to align them with the new country priorities.

77. **Supporting the expansion of energy services in a financially sustainable manner to promote economic growth.** The Bank will continue to support improved access to, and efficiency of, electricity services in Bamako and in other targeted areas of the country through the ongoing *Energy Support Project.* Reflecting the delays in implementation as a result of the 2012 coup, this operation will be restructured and scaled-down, with the funds being reallocated to a new rural electrification project. Rural electrification has proven benefits in terms of social welfare, but also in terms of generation of economic activities in rural areas. The new rural electrification project will support the introduction of hybrid photovoltaic/diesel technologies in order to reduce the exposure of private local energy service providers to the high cost and volatility of imported diesel oil.

78. **In addition, the Bank will provide political risk mitigation (Partial Risk Guarantees, PRGs)** to support the expansion of grid-connected private power generation with the objectives of: (i) leveraging private investment in the sector; (ii) reducing the share of costly domestic thermal generation in the total generation mix; (iii) diversifying the generation mix and strengthening security of supply; and (iv) facilitating the electricity tariff adjustment process towards cost-recovery. The PRGs would complement a pipeline of Independent Power Projects supported by the IFC. These Projects include: (i) the Kenie Hydropower Project located near Bamako, which will generate 35 MW of low-cost and clean hydro, and (ii) a 20 MW grid connected photovoltaic solar project. MIGA may also provide support through PRGs to facilitate investors' involvement.

79. **Increasing agriculture performance and improving resilience to weather-related shocks are urgent priorities to ensure the resumption of economic activity.** To this end, the additional financing for the *Agricultural Competitiveness and Diversification Project*, as well as support under the ongoing *Agricultural Productivity* operation, with a strong focus on supporting women in agriculture, will address (i) the lack of productive infrastructure, especially for irrigation, post-harvest management, processing operations, and market access; (ii) low-intensity techniques, very limited use of fertilizers and improved seeds, and little access to financing, in particular for women in agriculture; and (iii) the lack of coordination in the sector, leading to many fragmented and scattered interventions with limited impact at the national level. Resilience would also be promoted by the continued promotion of Sustainable Land and Water Management techniques. In addition, the Global Index Insurance Facility Program, established by IFC and IBRD in 2009 to assist with the development of index-based insurance for natural disasters and weather risks in developing countries, aims to improve smallholder farmers' resilience to weather-related risks in Mali.

80. **Support will also be provided to enable Mali's participation in *West Africa Agriculture Productivity Program (WAAPP)***, a key regional initiative that aims to: (i) make agriculture more productive and sustainable to improve food security, reduce poverty and contribute to economic growth, and (ii) support regional integration. Mali's participation is not only important for the country due to benefits from improved technologies emerging from the project's eight centers of specialization (e.g., livestock in Niger, fruits and vegetables in Burkina

Faso), but also because Mali would host the regional center of specialization for all rice research activities.

81. **Financially sustainable expansion of access to water supply in Bamako for continued economic growth and better social governance through impact on health and education.** Although a major potential engine of economic growth, rapid urban expansion poses a serious challenge in Bamako, where eradicating recurrent water shortages in most neighborhoods will require doubling of the water production capacity, as well as expansion of the network. These shortages affect in particular the poorest communities on the right bank of the Niger River, where growth rates are estimated at about 6 percent. Representing more than half of urban water activity in Mali, addressing the needs of Bamako in a financially sustainable way will provide the foundation for sector-wide reforms that will support the expansion of urban water supply services nationally. These reforms will not only improve operational performance, but will restore financial autonomy to the sector based on a tariff policy not reliant on subsidies. The proposed IDA will contribute to the USD300 million *"Kabala"* priority investment program involving a dozen development partners. The Kabala is part of a broader FCFA240 billion (USD480 million) program for 2012-16 including investments of USD70 million in cities in the North, in particular Mopti, Gao, Timbuktu and Kidal, as well as USD22 million committed for cities in the Center and the South, including Kayes, Koutiala, Kati and Sikasso. In addition, USD2.4 million in EU and French Development Agency (AFD) funding for 2013 will complement support to the North. Increased access to potable water is expected to have considerable positive externalities on Mali's social governance, thanks to positive impact on the vulnerable population's health and education.

82. **During the period of the ISN, the Bank will contribute to building the knowledge base and establishing priority actions to help build resilience in a changing climate and to start addressing vulnerabilities specific to the dry lands**. To build institutional capacity and knowledge for increased resilience to climate change, the Bank is preparing an operation financed by IDA and the Global Environmental Facility to strengthen capacity to manage natural resources. The *Mali Natural Resources Management and Climate Change Project* will include support for income generating activities of vulnerable groups of people, such as displaced poor households, sheepherders and fishing communities, poor smallholder farmers, with a priority to women and youth. These micro projects will help enhance the resilience of beneficiaries while reducing pressure on natural resources. This builds on the ongoing *Disaster Risk Management and Climate Adaptation Project*, which is assisting the Government of Mali in implementing a coherent disaster risk management and climate change adaptation strategy. Further analytical support will be provided by the new regional flagship report on the economics of resilience in the dry lands of Sub-Saharan Africa.

Table 6: Planned Lending FY14-15 (FY13 deliveries and ISN program)

Operations planned by Fiscal Year (FY)	Source of Financing (USD million)			ISN Priority Areas			Expected outcomes
	IDA	TF	IFC[14]	Priority Area I	Priority Area II	Priority Area III	
Immediate Response FY13							
AF-Agricultural Competiveness & Diversification	20					X	Consolidating key achievements of the ACDP in promoting SME in agribusiness focusing on women entrepreneurship
Emergency Social Safety Nets	70				X		Providing cash transfer to targeted vulnerable households and laying foundation for a sustainable social safety net system
Emergency education EFA - FTI Grant		41.7			X		Increasing access and improving learning environment for beneficiary students
Recovery & Reform Support Credit (DPO)	50			X	X	X	Strengthening public finance governance; to preserve pro-poor growth and to support reforms in irrigation and electricity
Total Immediate Response	**140**						
FY14							
Bamako Water Supply Project	70				X	X	Supporting access to clean water and MDGs
Reconstruction & Economic Recovery	70				X	X	Addressing long standing development gaps as well as emerging needs in conflict affected areas in the country more broadly
Natural Resources Management in a Changing Climate	6	6				X	Expanding the adoption of sustainable land and water management practices in targeted Communes in Mali
Rural Electrification Hybrid System	20	15				X	Consolidating the HEURA[15] achievements in terms of Rural electrification and universal access to basic services
Skills Development and Youth Employment	50				X		Competencies development and Youth employment initiative in conjunction with support to policy reform
Provision of basic services and infrastructure at the local level	TBD					X	Rebuilding the social contract between communities and government at the local and national level through meeting local needs
DPO	50			X	X	X	To be decided based on policy dialogue
Sub-Total FY14	**266**						
FY15							
Social Service delivery	30				X		Improved access to and quality of basic social services (Health & Education)
DPO	50			X	X	X	To be decided based on policy dialogue
Energy PRGs	10					X	Guarantees on IFC investment on energy production
Regional Program							
WARCIP Mali	21					X	Improving regional connectivity
WAAPP[16]	TBD					X	Regional Centers for excellence (rice in Mali)
Senegal River Basin	20					X	Regional integration in water resource management
Sub-Total FY15	**131**						
Overall ISN FY14 - FY15 (only confirmed projects)	**397**						

Table 7: Proposed AAA

[14] IFC program is not yet available
[15] Household Energy and Universal Access Project (P073036) closed in June 2012
[16] These resources will be made available, depending on the availability of regional IDA resources to complement the financing.

C. Resources and Instruments

AAA	ISN Pillars and Foundation			Expected Outcomes
	Priority Area I	Priority Area II	Priority Area III	
FY14				
Global Partnership on Social Accountability (GPSA)		X	X	Analyzing the impacts of social accountability
ESW – Service Delivery in low-density areas	X	X		Informing the restructuring and scaling up of the broader governance and decentralization project, and also informing the development of a broader regional approach to governance in the Sahel
ESW – Geography of Poverty		X		Analyzing the distribution of poverty after the conflict
ESW-Security PER	X			Providing a view of efficiency of budget allocation for the security sector
TA – Deepening Telecom Sector Reform			X	Providing technical assistance to deepen telecom sector reform
ESW – Regional Demographic Study		X		Mapping out the policies that can help or hurt the possible capture of the demographic dividend
ESW – Regional Sahel sources of fragility	X	X	X	Identifying key drivers of fragility and long-term recovery priorities
Regional Directives and Country Systems	X			Analyzing the effects of regional directives on country systems
FY15				
Country Statistical Assessment	X	X	X	Contributing to building statistical capacity
TA – HD Impact of the crisis		X		Evaluating the impact of the crisis on health, nutrition, education and social protection
ESW – Social Sectors Delivery Review		X		Documenting bottlenecks in social service delivery
ESW Demand for jobs/sources of growth		X	X	Analyzing the demand for jobs/sources of growth
ESW Impact on PSD and FS			X	Analyzing the impact of the conflict on PSD and FS
ESW-PFM/Procurement impediments to service delivery in key sectors	X			Identifying PFM/procurement impediments and proposing solutions to improve social services delivery
ESW- Macroeconomic Recovery Notes	X			Post-conflict macroeconomic and fiscal assessment
ESW-Country Integrated Fiduciary Assessment	X			Assessing the impact of PFM and procurement weaknesses
TA-Mineral Assessment		X	X	Providing technical assistance to support the mining sector
ESW-Regional Public Investment Value Chain			X	Analyzing the regional public investment value chain

83. **Bank instruments to implement the ISN will include a blend of IDA credits and grants, allocated in policy-based and investment operations, in support of both national and regional programs; Global Environmental Facility trust funds, and other trust funds administered or funded by the World Bank; analytic and advisory services.** In the immediate aftermath of the conflict, the Bank quickly prepared four operations, including additional financing in agriculture (IDA, USD20 million), an *Emergency Social Safety Nets* project (IDA, USD70 million), an education operation (Global Partnership for Education (USD41.7 million) and a budget support credit (IDA, USD50 million). This initial phase of the Bank's response to the crisis will be implemented in the course of the ISN period (see Table 6, Immediate Response). The ISN proposes a confirmed lending program for the first year of strategy implementation, and a flexible program during the second year, which will fall during the IDA17 period. These operations are listed in the Table 6. The FY15 financing will be defined based on performance of the FY14 program, a further stabilization and solution of the crisis, the Government's request, resource allocation under the IDA17 round and coordination with other partners. It is envisaged that the ISN program will include one development policy operation and one investment operation per year.

84. **The indicative IDA allocations for Mali are SDR101.2million in FY14 and SDR115.8 million in FY15.** Mali also has access to unused IDA16 resources estimated to amount to SDR87 million. The IDA allocations for FY14 and FY15 are indicative. Actual allocations may vary depending on: (i) total IDA resources available; (ii) the country's performance rating, GNI per capita, and population; (iii) the terms of IDA assistance (grants/credits) and the allocation deductions associated with Multilateral Debt Relief Initiative annual debt service foregone; (iv) the performance, other allocation parameters, and IDA assistance terms for other IDA borrowers; and (v) the number of IDA-eligible countries. The FY15 allocation will depend on the above factors, as well as on the overall size of the IDA17 replenishment.[17]

85. **In addition to Trust Funds under implementation,** the Bank could also leverage financing from the State and Peace Building Fund (SPF) as well as other development partners whose financing and technical assistance complements the Bank's programs. In particular, funding under the SPF would be sought to implement recipient-executed activities to enable the Bank to operate in areas outside the security perimeters allowed under the current conditions, and to more actively engage in solving the likely coordination challenges that will come with the post-conflict period. Multi-sectoral activities task-managed in Bamako may include sector assessments as part of a coordinated Post Conflict Needs Assessment; field-based analysis in the context of specific AAA; as well as pilot programs that would enable the Bank to scale-up ongoing activities in the communities most affected by the conflict, where regular missions would not be feasible.

[17] Also, IDA allocations are made in SDRs based on performance. While the US dollar equivalent amount is provided at the exchange rate of USD1.50233/SDR, the final exchange rate for each operation depends on the applicable prevailing rate at the time of approval.

D. Coordination and Partnership

86. **Prior to the crisis, a relatively well-functioning donor coordination mechanism was on the ground.** A Joint Assistance Strategy between the Government and 14 donors, including the Bank, is still in place to regulate coordination, although the results have been better in terms of harmonizing policy than investments. Joint studies or missions have rarely been conducted. Multilateral donors, including the AfDB, EU, some UN agencies, and the World Bank, operate through a framework aligned with the Mali GPRSF. But the diversity of the implementation duration as well as the variable implementation space has made coordination weak and thus not well tailored to respond to the recent crisis.

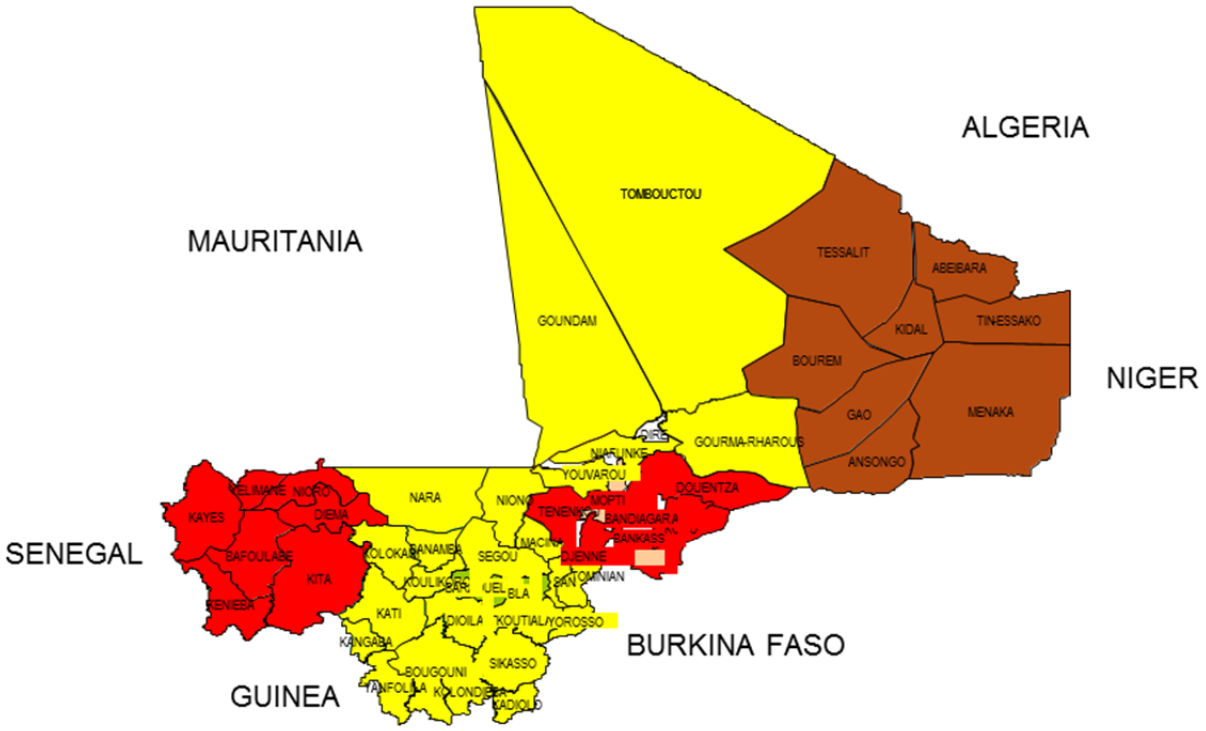
87. **Ongoing partnerships and co-financing arrangements include** the Global Partnership for Education project, the result of a strong partnership in the education sector with all the main donors engaged in Mali, including the Netherlands (lead donor), Canada Development Agency (ACDI), AFD, United Nations Children's Fund (UNICEF), United Nations Educational, Scientific and Cultural Organization, and international non-governmental organizations (NGOs). All donors meet regularly to discuss issues in the education sector. Key partners in health are Canada, France, the United States, the Netherlands, Sweden, AfDB, Islamic Development Bank, and the UN system led by United Nations Development Program. The health sector donor coordination group is very dynamic and meets on a monthly basis, as agreed in the International Health Partnership Compact signed in June 2009. A group meets weekly on health emergencies, since the crisis started in May 2012. Similarly, the Emergency Safety Net Project has been prepared with input from UNICEF, the main strategic partner in the sector in Mali.

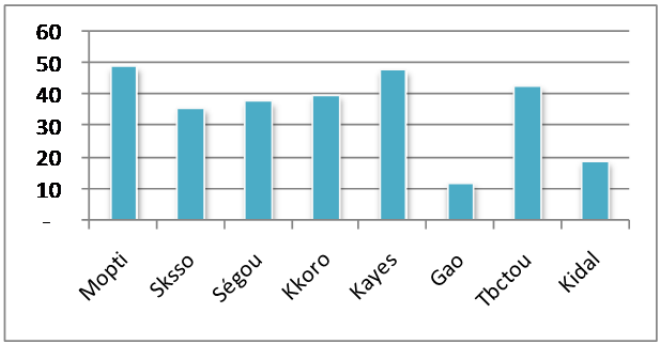
88. **Coordination mechanisms were reinforced during the conflict.** The Bank is a member of a Troika of donors also including Denmark and Germany, and will assume the chairmanship of this group during the second half of 2013. The Troika acts as liaison between the broader donor coordination working group and the government to ensure alignment between donor-funded programs and government priorities. It will likely assume an important role both as the coordinating body for development support to implement the transition roadmap and in terms of establishing links between the development community and the peacekeeping mission and humanitarian actors. Further coordination and program monitoring mechanisms may follow the High Level Conference on Mali co-hosted by the EU and France in Brussels in May 2013, during preparation of the ISN.

Figure 2: Donor-funded pre-crisis programs by region

(source: Mali Aid Harmonization Secretariat, SHA)

≤ 20 programs
≤ 10 programs
≥ 40 programs





89. **Throughout the period of instability, the Bank has actively participated in coordination mechanisms** aimed at establishing joint financing. Donors not involved in budget support are establishing a multi-donor trust fund for the reconstruction. The Bank is also consulting partners within the framework of the 2008 Tripartite Declaration on contributing to a PCNA, should the Government express a demand for such an instrument, based on its comparative advantage and security and logistical constraints. This would primarily be an opportunity to fill key information gaps and establish a shared analytical framework that could be used to guide development activities going forward. In this context, the Bank is in close dialogue with the UN, the EU and other partners and has actively participated in international conferences on Mali post-crisis recovery and reconstruction.

90. **A calibrated international response is critical during the immediate post-conflict phase.** The ISN responds to the need to strike a balance between immediate support to meet urgent needs and the need to lay the foundations for longer-term peace and stability. Yet, early reengagement will take place in the context of a constitutional crisis caused by the military coup and lack of elected authority, which carries a heightened risk of failure, unless recovery and development activities can be linked to attempts to engage the Government in a dialogue around longer-term reconciliation. Drawing on global practice, the Bank is exploring opportunities to support this dialogue through technical discussions and analysis, together with other partners and within the framework of its institutional mandate and comparative advantages.

E. Implementing the ISN

91. **Operationalizing this ISN will be challenging.** The security situation in the North will likely continue to impose constraints on monitoring and supervising project implementation. In addition, the physical destruction of government infrastructure and systems in urban centers in the North will have a direct impact on the speed of recovery that will allow for recipient-executed activities.

92. **Global practice shows that implementation is still possible despite the security and institutional challenges of the current Malian context.** Use of operational modalities, such as third-party monitoring, as well as adapting fiduciary arrangements to a high-risk environment will be critical going forward, as will investing in learning and coordination among partners.

F. Monitoring and Evaluation of Bank Support

93. **The ISN is expected to deliver limited outcomes at the completion of the short period of its implementation**. In light of the important ongoing program, a Results Framework has been included in this Strategy as a monitoring tool for the ongoing portfolio and the activities expected to become effective in the course of ISN implementation. Progress towards the

Outcomes will be measured against Milestone indicators selected from the ongoing activities. In particular, the indicators included in the CAS Progress Report have been selected, where applicable, to ensure continuity with the previous CAS. The matrix includes gender specific indicators based on the gender assessment of the portfolio that was completed in 2013. The design of the new projects will be simplified to ensure smooth implementation and regular reporting on results. In addition, the Bank will continue to provide implementation support and encourage project oversight by the client and, where possible, by the beneficiaries.

IV. RISKS AND RISK MITIGATION

94. **Mali will still be vulnerable even after the end of the crisis.** Given the severity of the challenges and the time it will take to address them, well customized quick actions and quick wins are essential for sustainable peace and stability. Recent international attention nonetheless opens the door for proactively addressing the main drivers of fragility in Mali going forward. Three clusters of risks should be considered, related to the country context, international engagement, and internal World Bank risks.

95. **Risks associated with the deterioration or the partial resolution of the ongoing crisis.** Two immediate country risks stand out, each with a potential to rapidly destabilize the country and Sahel region if ignored:

- **Lack of cohesion and integration of the population of the North risks increasing in the aftermath of the conflict.** The recurrent conflict shows how fundamental the Northern regions are for national stability and development. The antagonism between different social groups is already evident, and there is a real risk that this tension will further escalate in the run-up to elections. While the main cities in the North have been stabilized, the majority of the territory remains lawless, and criminal networks will likely resist any attempts by the Government to re-establish any meaningful presence. Elections might also fuel further resentment if not combined with real reconciliation and dialogue. Similarly, and because most of the destruction has taken place in the North, there is a risk that larger reconstruction programs will add stress by giving the impression of a continued positive discrimination of the Northern regions. The Commission on Dialogue and Reconciliation established by the Council of Ministers in March 2013, for which a president, two vice presidents and thirty commissioners have been appointed by the Interim President, represents a critical step towards mitigating this risk.

- **Elections might reinstate democracy, but will not provide a lasting solution to the failure of governance.** The lack of a functioning social contract and Bamako's loss of legitimacy will persist as long as Northern population groups do not feel the presence and benefit of the state. The collapse of the security sector and lack of an effective judiciary also heightens the chance of impunity for eventual revenge attacks. There is a risk of an entrenched governance failure if the peace and state building challenge in the North is not given enough time and effort. It will take decades to reestablish a governance presence in the North and there is a real risk that early elections will exacerbate rather than appease

the situation in the short-term if the Northern regions feel they are not listened to as part of a new political settlement.

96. **Risks associated with the overall international support to Mali going forward.** Several observers have noted that the crisis over the last year put significant strain on existing donor coordination mechanisms, which is now manifesting itself as donors are looking for ways (and mechanisms) to reengage. These risks will become part of the World Bank's responsibility as it prepares to take on the role as the next chair of the Troika and Local Donors Group. There is a risk of fragmentation and duplication of instruments and of de-facto separation of interlinked security, political, humanitarian and development objectives. The high focus on the North also risks exacerbating the prevalent feeling in the South of positive discrimination and favoritism of the Northern regions. Talks about a possible PCNA might offer a welcome opportunity for the big development institutions to develop a coherent analytical framework and strategy to guide development support, yet previous experience with such exercises show that they can become an end unto themselves unless carefully managed.

97. **Risks associated with the World Bank portfolio and operations.** Three risks are worth mentioning:

- **Fiduciary Risks.** Despite recent reforms aimed at strengthening public financial management and improving transparency, fiduciary risk remains substantial due to widespread corruption in different areas of the public sector. The Bank plans to mitigate these risks through (i) implementation support to projects' teams and effective monitoring of all the PFM reforms with other donors; (ii) risk management and problem solving with intensive hands-on support and increased public service delivery ownership by all stakeholders; and (iii) implementation of anti-corruption measures.

- **Reputational risks.** A large body of evidence shows the significant reputational risks to the Bank of overpromising what it can deliver in the short term. There are real operational challenges when engaging in high-risk contexts and significant lead time is required for establishing functioning financing and delivery mechanisms in places where government institutions are absent. It will be important to clearly communicate the likely outputs that Bank programs might deliver in the short term.

- **Weak Implementation Capacity.** The ongoing crisis has further reduced the limited capacity of the government to implement projects and programs. The relocation of civil servants in the Northern areas affected by the conflict, coupled with added pressure on constrained government human resources to deliver services in the context of the crisis, has stretched government capacity. Integration in the design of projects of a program management (including technical assistance) set-up with enhanced integration across all sectors and all geographical levels will mitigate the risk.

98. **Most of the risks that the Bank will face in Mali cannot be eliminated.** An effective Bank engagement will be one that increases its flexibility to engage in what will remain a fluid situation, while balancing risks against opportunities and one set of risks against another. Yet, the highest risk facing the Bank will be to take no risk. The examples of South Sudan and earlier

lessons from Iraq highlight the reputational risk of taking no action and of maintaining business as usual.

99. **A calibrated ISN should help decrease all three clusters of risks, but focus should be primarily on addressing the country risks.** This will be particularly challenging given the ongoing constitutional crisis and lack of elected authority. Key questions that the Bank should ask itself as it reviews its activities and prepares for re-engagement include:

- How activities and investments will be balanced across regions,
- How investments in the North might be scaled up rapidly despite the continued security challenges,
- How existing and new activities will help decrease the above mentioned risks, and
- How the Bank might use its upcoming role as chair of the Troika to improve coherence and coordination of the donor response.

100. **Rather than adopting a portfolio that aims at a one hundred percent satisfactory rating, the ISN proposes to mitigate specific risks on a case-by-case basis.** Overall mitigation measure include: (i) ensuring that recovery and development activities explicitly support implementation of the Government's own reconciliation and dialogue process; (ii) spelling out how initial activities might mitigate any effects; (iii) encouraging frequent information sharing and joint analysis of different types of risks (with links to the broader regional dynamics); and (iv) emphasizing effective donor coordination based on a joint understanding of the risks involved and how these can be managed. In addition, the Bank will adopt a different approach to address some of the most urgent implementation challenges, as outlined in the section on implementing the ISN. The ISN results framework also provide further details on how each activity will help decrease the overall risk picture in Mali over the coming years.

Annex 1: ISN Results Framework

Country level development goals *[Government's documents: CSCRP, PAPU, PRED]*	**Related development challenges/issues**	**Outcomes directly influenced by the program**	**Instruments**
Priority Area I. Laying the foundations for long-term accountability and stability			
Improve governance through decentralization for balanced country development and ongoing public service reform	*Highly centralized resources and governance system: limited decentralization to regions, districts and municipalities; weak budget execution and fiduciary functions.* *Centralization of budgets contributes to regional divisions and fragility.*	• Local entities - regions, districts, municipalities - are provided with timely information on the allocations to be transferred from the central level. *Indicator*: Predictability of budget allocations transferred to local entities: [Baseline 2012: operational budget allocations transferred to local entities in the first quarter of the year, investment budget transferred by the fourth quarter. Target 2014: investment budget allocations transferred to local entities by the second quarter]	**Ongoing** - Governance and Budget Decentralization – TAL - Urban Local Government Support **Pipeline** - Recovery & Reform Support Credit **AAA** - Country Statistical Assessment - PFM/Procurement impediments to service delivery - Country Integrated Fiduciary Assessment - Security PER - Public Expenditure Tracking in key sectors **Regional** - Regional Directives and Country Systems ESW - Regional Public Investment Value Chain ESW
Improved transparency		• Quality of internal and external budget control has improved *Indicator:* PEFA grades on internal and external audit have risen [Baseline: D+ in [insert year]. Target: B in 2014]	

Country level development goals *[Government's documents: CSCRP, PAPU, PRED]*	**Related development challenges/issues**	**Outcomes directly influenced by the program**	**Instruments**
Priority Area II – Protecting Human Capital and Building Resilience			
Develop human resources and increase equitable access to quality social services (maternal and child health, education, social protection in particular)	*Very low human development outcomes* *Impact of the crisis on social cohesion, vulnerability and human development outcomes*	• Increased primary education enrollment *Indicator*: Number of additional students enrolled in targeted areas increased [Baseline: 0 in 2013. Target: 40,000 in 2015] • Improved maternal health *Indicator*: Pregnant women who have at least 4 antenatal care visits [Baseline: 37.80% in 2010. Target: 40% in 2015] • Improved resilience of vulnerable social groups resulting from implementing a cash transfer program. *Indicator*: Poorest households benefitting from cash transfers program [Baseline: 0 in 2012. Target: 30,000 households, equal to 200,000 people, in 2014]	**Ongoing** - Strengthening Reproductive Health - Education for All Emergency Project - Emergency Social Safety Nets Project - Piloting Effective Early Childhood Development Services (TF) - Using Diaspora to Transfer Knowledge in Higher Education (TF) **Pipeline** - Skills Development and Youth Employment - Social Service Delivery - Recovery & Reform Support Credit **AAA** - Service Delivery in Low-density Areas - Global Partnership on Social Accountability (GPSA) - Geography of Poverty - Demand for jobs/sources of growth - Impact of the crisis on HD sectors - Social Sector Delivery Review ESW **Regional** - Regional Demographic Study ESW - Regional Sahel Sources of Fragility ESW
Pro-poor expenditure preserved in the budget	*The crisis has put pressure on budget making it difficult for the Government to maintain expenditures in critical social sectors.*	• Pro-poor growth protected *Indicator:* Share of priority pro-poor expenditures to total expenditure in GDP [Baseline: 6.0% in 2012. Target: 6.7% in 2013]	

Country level development goals *[Government's documents: CSCRP, PAPU, PRED]*	**Related development challenges/issues**	**Outcomes directly influenced by the program**	**Instruments**
Priority Area III – Preparing the Conditions for Economic Recovery			
Supporting accelerated growth , sustainable, pro-poor, jobs creation and promoting income generating activities	*Large part of poor population depends upon low productivity in agriculture* *Agricultural productivity suffers from use of old techniques, lack of water, and limited irrigated areas*	• Improved access to finance for agricultural women *Indicator*: Percentage of women benefitting from access to finance through sub-projects increased [Baseline: 32% of beneficiaries in 2012. Target: 40% of beneficiaries in 2015]	**Ongoing** - Rural Community Development Project - Agricultural Competitiveness and Diversification Project (ACDP) - ACDP Additional Financing - Second transport sector project - Energy Support Project **Pipeline** - Reconstruction & Economic Recovery - Rural Electrification Project - Energy Sector PRGs - Bamako Water Supply **AAA** - Impact of the Crisis on private and financial sector - Mineral Assessment TA - Deepening Telecom Service Reform **Regional** - West Africa Transport & Transit Facilitation Project - Niger Basin Water Resources Development and Sustainable Ecosystems Management - West Africa Regional Communications Infrastructure Project (WARCIP) - WAAP - Senegal River Basin - OMVS Felou Hydroelectric Project (West Africa Power Pool)
Improved connectivity to stimulate economic growth and help unite the country	*Lack of modern road network and modern transportation facilities hinder economic activity and accentuate regional divisions*	• Improved road network between Central and North East Mali and between Mali and Burkina Faso and Ghana *Indicator*: Number of Km of roads of selected routes upgraded [Baseline 92 km of rural roads in 2010. Target 295 km in 2015]	
Improved efficiency and service delivery in energy and water	*High regional inequalities in infrastructure and services contributes to sense of inequity and fragility* *Energy services are inefficient and limited in coverage and face*	• Access to electricity in rural areas increased *Indicator*: Number of electricity connections increased (utility and rural mini-grids) [Baseline: 360,000 at the end of 2012. Target: 410,000 by June 2015] • Water supply coverage increased *Indicator*: Number of people with access to	

Country level development goals *[Government's documents: CSCRP, PAPU, PRED]*	**Related development challenges/issues**	**Outcomes directly influenced by the program**	**Instruments**
	serious sustainability issues since before the conflict *Potable Water supply is constrained by inefficiency of existing system and limited coverage* *Conflict destruction remains to be assessed and priorities defined and costed*	potable water [Baseline: 780,000 in 2013. Target: 880,000 in 2015]	

Annex 2 - Country Assistance Strategy (FY08-FY11) Completion Report

Covering the period before the crisis June 29, 2012

Note: Draft not yet sent for IEG evaluation. The Final Completion Report will be submitted to IEG once a new full CAS has been finalized.

I. Introduction

1. This Country Assistance Strategy Completion Report (CASCR) was prepared before the crisis erupted in early 2012 and it was meant to be included in the new Country Partnership Strategy. The CASCR assesses the IDA strategy for Mali for the period FY08-12. The strategy for FY08-FY11 is spelled out in the report of December 2007 (Report No. 41746-ML). A CAS Progress Report, which extended the program by one year, was completed in April 2011 (Report No.61307-ML). The CAS covered activities of IDA and the International Finance Corporation (IFC). This Completion Report describes the support provided through a package of financial and knowledge services and (i) reviews the progress made toward achieving the country-level goals as defined by the Government; (ii) evaluates the CAS program performance; (iii) reviews the Bank performance, and (iv) presents key lessons and suggestions for the next CAS. The information and data contained in this report is that which could be gathered prior to March 2012, when the democratically-elected government was overthrown in a military coup which has led to considerable instability. The conflict has not yet been resolved.

A. Economic and Social Background

2. Mali is a vast, semi-arid, landlocked country with low population density (11 persons per km2.) and relatively limited natural resources. It is the largest country in the Economic Community of West African States (ECOWAS) by land area and is located in the heart of the Sahel, a region threatened by drought and desertification. The vast majority of the people are directly dependent on herding, farming or fishing for their livelihoods. Total population was 14.5 million in 2010 and is growing at an annual rate of 3.6 percent; high population growth has made the provision of services to the population increasingly difficult. The country has untapped potential in intensive commercial agriculture in the Niger River basin; some gold and other minerals, and important cultural sites with tourism potential.

3. Despite adverse external shocks in 1994-2006, Mali was able to achieve an average annual GDP growth of 5 percent during the period. This performance has been attributed to political and social stability since the transition to electoral democracy in 1992, effective implementation of financial stabilization and economic liberalization policies, and a large influx of external assistance. This resulted in modest increases in per capita incomes and some improvements in human development. Mali remains dependent on gold exports (73 percent of total exports in 2008-2010), and rain-fed agriculture, which is subject to sharp variations in rain patterns. Despite progress on the macroeconomic front, the provision of social services lagged, and in 2008, Mali ranked 168 out of 179 countries in the UNDP Human Development Index. Poverty had declined, although the poverty head count was still 43.6 percent in 2010. In spite of progress on the macroeconomic front and some reduction in poverty levels, successive

governments found it difficult to introduce policies that would have resulted in structural changes to the economy.

4. There were four presidential elections since 1992; the last one was in April 2007, when President Amadou Toumani Touré won a second and last five-year term and his party a substantial majority in parliament. Elections were scheduled for April and May 2012. A referendum on a constitutional reform package, which included the creation of an upper house of Parliament and an audit court, was to have been held together with the elections.

5. Over the last few years, security sharply deteriorated in the northern part of the country, a semi-desertic, lightly populated area with few development solutions and thus susceptible to illicit economic activity. Insecurity resulted from a confluence of illicit trafficking, global and regional terror networks and armed groups which were connected indirectly or directly to a legacy of armed insurgencies in the region. The area has historically depended on trans-border flows of goods and people, in particular with Algeria, Mauritania and Niger. Mali's geographic position explains the presence of al-Qaida in the Islamic Maghreb in Northern Mali. To overcome the growing problems in the North, Mali emphasized the need for a regional "Sahelo-Saharan" solution combined with well-targeted development programs tailored to the specific needs of the North of Mali.

6. The political crisis in Libya and Côte d'Ivoire made Mali even more vulnerable to conflict and insecurity. Before the 2011 events in Libya, the country had a strong presence in Mali and played a prominent role in the economy with major investments in several sectors, including banking, tourism, and agriculture. Also, in the past, Libya's mediating role was instrumental in resolving the conflict between Mali's central Government and the Tuareg communities in the northern part of the country. In addition to their common membership in ECOWAS and the West African Monetary Union (WAEMU), Côte d'Ivoire and Mali maintained strong economic, social and cultural relationships. Côte d'Ivoire was Mali's biggest partner in the sub-region and its corridor was the channel for about 40 percent of Mali's trade. In addition, there were a significant number of Malians living in Côte d'Ivoire.

B. World Bank Program of Support

7. The CAS for FY08-FY11 was discussed by the Board of Directors of the Bank in February 2008. The Progress Report of the CAS, which extended the assistance program to FY12, was approved by the Board of Directors in May 2011.

8. The CAS strategic objectives were in line with the second poverty reduction strategy of the Government, known as the Growth and Poverty Reduction Strategy Framework, GPRSF, for the period 2007-11. The Bank's strategic priorities were informed by the Government's GPRSF, the lessons learnt from the implementation of the previous CAS (FY04-FY06), and from the results of a Client Survey conducted in 2007. During the CAS implementation period, the Bank followed essentially the overall thrust of the CAS but increased lending to respond to the food and fuel crisis in 2008. The 2011 CAS Progress Report includes a discussion of the growing tensions in Northern Mali. CAS objectives were not substantively modified in the Progress Report although some indicators were modified.

Summary of CAS Program Performance

9. The CAS program contributed to the maintenance of macroeconomic stability and to improvements in public finance management. The CAS was relevant, and aligned with the Government's GPRSF. The CAS period was characterized by external shocks such as the world financial crisis and high fuel prices and unfavorable weather conditions which affected food production and supplies. However, record high gold prices, Mali's primary export, helped mitigate the effects of the international crisis at least in terms of macroeconomic stability. The Bank increased its lending for FY08-FY11from the programmed USD462 million to USD582.2 million; some of the additional financing was designed to mitigate the effect of the food and fuel crisis. Over the period FY08-FY11, IFC invested in the financial sector, agribusiness, services and infrastructure. The commitment of these projects amounted to US$45.7 million. A military coup which overthrew the democratically elected government has affected Bank/IFC activities.

10. The CAS, a joint Bank/IFC document, had two strategic aims: to promote rapid and broad-based growth and to strengthen public sector performance. In 2007-10 the economy grew at an average annual rate of about 5 percent (below the 7 percent target), and there was some decline in the poverty headcount (47.5 percent in 2006 to 43.6 percent in 2010). Growth was in some measure the result of record high prices for gold, the main source of Mali's export revenues and of cotton, the second most important export.

11. CAS outcomes are rated moderately unsatisfactory. Despite the lack of monitoring indicators previewed in the CAS Results Matrix, based on dialogue and ongoing program it is assessed that there was a lack of progress on structural reforms in the cotton and electricity sectors, two key areas which directly impact the Government's ability to reduce poverty and improve macroeconomic management. Lack of progress in these two areas counterbalances the steady progress made in other areas which affect the first CAS strategic objective of promoting private sector-led growth, and in the second strategic objective of strengthening public sector performance and service delivery.

12. There was progress in achieving the CAS objectives on agricultural diversification, improving transportation networks, and in the provision of financial services which should help facilitate investment and growth. CAS targets in these areas were partly met. The telecommunications sector was opened and there was an important increase in access to services, a CAS objective. Changes were also made to business regulations and institutions were created to service private enterprise which should improve the investment climate over time. Achievements were counterbalanced by a lack of progress in two key areas. There was a lack of action on cotton sector reforms which directly impacted the wellbeing of the rural population and may partly explain the modest decline in poverty. Also, electricity rates were not adjusted to take into account increases in fuel prices and therefore there was no progress on energy sector sustainability, a CAS objective. Lack of action resulted in the electricity company running operating deficits that had to be funded by the central government budget. This directly impacted on the government's poverty and social programs as it curtailed available resources.

13. The second strategic objective of the CAS was to strengthen public sector performance where outcomes were partly achieved. The CAS aimed to advance the public expenditure reform

agenda, support decentralization and to deliver results in key social sectors. There was steady progress in improving public financial management although many of the CAS indicators were not met. The analytical and project work which resulted in the introduction of reproductive health issues in government plans is notable given Mali's demographic issues. Social sector targets were affected by an underestimation of population growth and most were not met. However, there was progress in meeting the education targets in terms of enrollment although the quality of education remains poor and the CAS target was not met. Some health targets on service delivery were partly achieved and targets for vaccination coverage were met.

14. Bank performance is rated moderately satisfactory. The CAS was generally aligned with the priorities of the Government in the GPRSF. It included a combination of programmatic lending and assistance through project lending (power and telecommunications) which in the past has shown to be an effective approach to supporting structural reforms. The CAS aimed to be selective although it included objectives in 18 sectors and cross cutting areas; indicators to measure progress in key areas were not included. The CAS identified key risks, including the risk, which materialized, that internal vested interests would slow reforms, and proposed intensive consultations with the Government on difficult policy issues. The Bank may have overestimated its ability to influence policy decisions particularly in light of the support enjoyed by Mali among donors because of its democratic track record. The Bank was proactive and increased lending to help address the food and fuel crisis and responded quickly to requests to increase the analytical work and technical assistance on key issues such as women and youth education; electricity pricing policies, demographic and health issues and public administration reform.

II. Progress towards achieving the GPRSF Country Goals

15. Mali's Second GPRSF provided the basis for the development and poverty reduction program of the Government for the period 2007-11. The GPRSF was prepared after consultations with stakeholders, and was submitted to the National Assembly in December 2006. The GPRSF was designed as the first phase of the action plan to achieve the Millennium Development Goals (MDGs) and was part of the government's long term strategy "Mali 2025".

16. The GPRSF had two main objectives: (a) promote strong growth of 7 percent through wealth generation and employment creation; and (b) strengthen public sector performance through deepening of ongoing reforms. The GPRSF was articulated around three strategic pillars: (i) developing infrastructure and the productive sectors by improving the business environment; (ii) consolidating the public sector structural reform agenda and (iii) strengthening the social sectors. The GPRSF did not include details on plans to reach the stated objectives, which was noted in the CAS and in the 2007 Joint IDA-IMF Advisory Note (JSAN) on the GPRSF. In their report, the Bank and the IMF assumed that growth would be lower that the Government projected given the trends and undefined government plans.

17. In 2007–11 the economy grew at an average annual rate of about 5 percent, a good performance in the context of international crisis, but short of the 7 percent objective. Even though progress was made in social indicators, Mali would not meet most of its MDG objectives. At the end of June 2011, Mali had met all but one indicative target in the IMF program. They exception was the floor on priority spending, which was missed by 0.4 percent of GDP due to the

overall under-execution of public spending (IMF Seventh Review of the Extended Credit Facility, 2012).

Selected Economic and Financial Indicators

	2008	2009	2010	2011
National Income and prices				
Real GDP growth (percent)	5.0	4.5	5.8	2.7
Consumer price inflation (average - percent)	9.1	2.2	1.4	3.1
External sector				
Terms of trade (deterioration -) (percent)	36.3	15.9	-9.0	-7.9
Money and credit (contribution to broad money growth)				
Credit to Government	3.2	-13.9	2.5	5.1
Credit to the economy	5.2	7.2	8.4	15.7
Broad money (M2)	0.5	16.0	9.0	15.3
Investment and saving (percent of GDP)				
Gross domestic investment	19.1	20.3	18.4	20.4
Of which : government	7.5	10.8	7.9	8.9
Gross national savings	6.9	14.2	11.0	10.2
Of which : government	0.6	0.5	1.6	2.5
Central Government Finance				
Revenue (percent of GDP)	13.3	17.1	17.3	17.5
Grants (percent of GDP)	3.4	4.6	2.9	3.9
Total expenditure (percent of GDP)	21.2	25.9	22.9	25.1
Basic fiscal balance (WAEMU def.)	-0.3	-0.1	-0.1	-1.1
External sector				
Current external balance, excluding official transfers		-9.3	-14.8	-12.2
Exports of goods and services	29.2	23.7	25.9	25.7
Gold as percent of exports	68.8	75.9	76.0	80.0
Cotton as percent of exports	9.7	8.0	7.6	8.5
Debt service to exports of goods and services	3.7	5.5	4.5	4.0
Memorandum items:				
Nominal GDP (FCFA billion)		4,233	4,657	4,997
Overall balance of payments (USD million)		535.1	-41.3	40.6
Money market interest rate (percent end of period)		4.0	4.1	3.3
Gold price (USD/fine ounce London fix)		973	1225	1569
Petroleum price (crude spot) (USD/bbl)		61.8	79.0	104.0

Sources: Data from IMF Seventh Review under the Extended Credit Facility, February 2012 and Malian authorities. WAEMU definition of basic balance: total revenue (including grants) less current noninterest spending and net lending, externally financed capital expenditures and HIPC-financed spending.

18. Mali made some progress towards poverty reduction. Poverty headcount declined from 55.6 percent in 2001 to 47.5 percent in 2006 and 43.6 percent in 2010 although there continued to be clear regional variations. The pace of poverty reduction slowed from an annual average of 1.6 percentage point in 2001-2006 to one percentage point in 2006-2010. This resulted from the lower than projected growth while population growth, at 3.6 percent for 1998-2009, was higher than expected. Several key poverty indicators did not improve as much as expected. Acute malnutrition and emaciation (a low weight: height index) declined marginally over the GRSF period, affecting 8.9 percent of children under five in 2010, against 15.2 percent in 2006.

19. Growth was relatively stable at 5 percent in 2008, 4.5 percent in 2009 and 5.8 percent in 2010 although it fell to 2.3 percent in 2011. Growth resulted from several years of favorable rainfall, and record high prices of gold and cotton – the two main export products. Inflation declined after the hikes associated with the fuel and food crisis and was 1.4 percent in 2010

below the 3 percent WAEMU (West Africa Economic and Monetary Union) ceiling. The Table 1 below gives selected economic and financial indicators for 2008-2011.

20. The Government managed reasonably well its public finances during the CAS period. In 2010, Mali met five of the eight WAEMU convergence criteria on inflation, public debt to nominal GDP, payment of arrears, wage bill to tax revenue; investment financed from tax revenue and the external account balance to GDP (Annex 1b gives status of convergence criteria). The 2010 overall fiscal deficit (including grants) was 2.7 percent of GDP compared to 4.2 percent of GDP in 2009 and the basic fiscal balance deficit also decreased suggesting continued government discipline in managing composition of expenditures. Fiscal revenues, which were about 14.6 percent of GDP in 2010, were below the WAEMU average (17 percent). The stagnation of tax revenues was the result of delays in introducing changes in tax policy and in tax and customs administration, and the government's reluctance to adjust domestic oil prices to international oil prices levels out of concern of social tensions. The government also controlled increases in wages and salaries (around 5.5 percent of GDP) and goods and services (around 4.6 percent of GDP) over 2010-2011.

21. Progress under the GPRSF is summarized in the paragraphs that follow.

Pillar I: Developing infrastructure and strengthening the productive sectors

22. Objectives under this pillar related to food security and rural development, infrastructure, business environment, financial sector performance; and strengthening regional and sub-regional integration.

23. The Government sought to increase food security and promote rural development. As a response to the 2008 food crisis, it launched an initiative to boost rice production, the main urban staple food by providing subsidies for fertilizers to producers. The scheme has proven successful and was extended to maize, sorghum. Grain production has increased substantially as a result. There was also an increase in fruit and vegetable production, many under programs funded by the Bank and discussed below.

24. Cotton sector reform was not discussed in the GPRSF. Cotton was traditionally the main cash crop. Although its share in exports had declined to 15 percent in 2007, it continued to employ a large percentage of the rural population. Cotton reform was central to meeting the objective of ensuring food security and the government had started a reform process in 2001. CMDT (the Malian Textile Company), a public sector monopoly, was charged with providing inputs, collecting and ginning the cotton. Production fell steadily in the past decade, principally because of CMDT's poor management which led increased overheads, lack of cost controls and inappropriate investments. The Government adopted a number of measures in 2007-2009, including the restructuring of farmer's organizations; and the creation of inter-professional association to help regulate the sector. The privatization of the ginning facilities, a central feature of the plan, was started in 2011 after substantial delays and never completed. In the end, an unfavorable international environment at the time of the tender for the ginning facilities contributed to the lack of interest in the companies. However, Government hesitation probably

stalled the process in the preceding decade, and the Government vision for the sector remained unclear.

25. In infrastructure, the GRSPF called for extension and better management of the feeder road network and restructuring of public enterprises. In the roads sector, some 85 percent of the road program was implemented, and as a result, 65 percent of the main road network is now in fair to good condition. Access to electricity and to telecommunications services increased during the CAS period. However, subsidies in electricity have put a heavy burden on the budget (electricity and telecommunications are discussed in the CAS outcomes section).

26. The Government has introduced some reforms to improve the business environment. Specifically, it introduced measures simplify investment approvals and business registration. In addition, the Government adopted a Private Sector Framework Law (LOSP); made operational institutions supporting business, including an Export Promotion Agency and other institutions with the support of the Bank, again discussed in the section on CAS outcomes. The investment code has not yet been modernized as expected. Business indicator data shows that Mali is relatively efficient in granting building permits and transfers of ownership. Mali performed relatively worse on indicators relating to the payment of taxes and investor protection

27. The Government took measures to strengthen the viability, reach and performance of the banking sector, through the sale and liquidation of weak banks, much with support from the Bank and the IMF (discussed under CAS outcomes). The Government also took measures to strengthen the microfinance sector, and the share of the labor force belonging to microfinance institutions increased to over 19 percent in 2010. Measures were taken to strengthen the microfinance sector included enactment of legislation regulating decentralized financial systems (Law 10-013 of May 2010), and of procedures for implementation of the law (Decree 10-315/P-RM of June 2010), and enactment of new accounting guidelines for decentralized financial systems (January 2010).

Pillar II: Pursuing and consolidating public sector structural reforms

28. In public administration reform and deconcentration, the Government implemented an Action Plan to Improve and Modernize Public Financial Management for the period 2005-2010 (PAGAM). There was progress in enhancing the credibility of the budget; making the budget comprehensive and transparent; introducing policy-based budgeting; increasing the predictability and controls in budget execution; improving accounting, recording and reporting; and improving external scrutiny and audits. By the end of 2010, most ministries had prepared sectoral programs, and medium-term expenditure frameworks serve as inputs to the budget although the budgetary allocations are not yet fully aligned with them. Lastly, the Government adopted a new code for public procurement although the new code has some important omissions that were to have been corrected. In 2010, the second phase of the Action Plan (PAGAM II) for the period 2011–15 was launched, and the final version incorporated the findings of the 2010 Public Expenditure and Financial Accountability Report prepared jointly by the Government with the European Union (EU) and the Bank. The plan which includes a rolling three-year program, called for the development of a budget/program-type expenditure system; reform of executive, legislative, and judicial controls; and the transfer of competencies and resources to local governments. In the

area of decentralization and devolution, the Government prepared and began implementing plans to transfer competencies and resources to local governments for most ministries, including Health; Education and Economy and Finance.

29. The Government began to put in place instruments to help combat corruption. A national action plan was adopted in February 2010, and a monitoring committee comprising of representatives of civil society, the private sector, and the administration established.

Pillar III: Strengthening the social sectors

30. In spite of substantial expenditures in social services, Mali was not likely to achieve the MDGs at the planned date of 2015. There had been progress in the areas of schooling, vaccination and access to drinking water, and access to HIV/AIDS treatments (discussed under CAS outcomes below), but there are still important challenges most importantly the high population growth resulting from declines in mortality but continued high birthrates over the past 20 years. The Government was slow to recognize the demographic problem and in taking action to improve the provision of health services for women and on family planning in general. In 2011 the Government invited development partners to join public debates on demographic growth. Key representatives of civil society, private sector and religious leaders agreed that the issue has to be addressed to improve the socio-economic prospects of the country and reproductive health was included in the most recent government programs.

31. The Government increased expenditures in education during the period and some 1,400 classrooms were constructed; and 6, 000 teachers and 3,000 community teachers trained. Community schools were fully subsidized to reduce out of pocket expenses for poor families. In spite of expenditures, there has been little improvement in the access to education over the GPRSF period, in part because of the high unit costs of investments (classrooms' buildings and textbooks), and the increase in population growth. The gross enrollment rate was 75.4 percent in 2010 and largely unchanged since 2006, although enrolment ratios varied considerably between regions and the quality of education remains poor.

32. The provision of health services improved but did not match government objectives. The number of operational community health centers increased from 785 in 2006 to 1,050 in 2010, against a forecast of 1,070. Demographic growth prevented an appreciable increase in the share of the population with access to a health center. The share of the population located less than 5 km from a center providing the Minimum Activity Package remained virtually the same between 2007 and 2010 (from 58 percent to 59 percent). The detection rate of tuberculosis improved modestly between 2004 and 2010 (from 18 percent in 2004 to 26 percent in 2008 and 29 percent in 2009). The objective of 80 percent of the coverage of malaria treatment was not achieved. Only 19 percent of all malaria cases were diagnosed by biology (microscope or test) because of the inadequacy of the rapid detection tests and the insufficiency of trained staff; only 23 percent of malaria cases in children under five were treated within 24 hours

33. The HIV/AIDS prevalence rate dropped from 2007 and 2010. There was also an improvement on access to care with the establishment of 311 prevention of mother-to-child transmission locations and community and referral health centers and 74 treatment centers (many

of which provide pediatric care), and this helped increase the number of patients initiated to antiretroviral (ARV) treatment from 9,750 in 2007 to 31,000 in 2010 (i.e., 87 percent of the objective set).

III. CAS Program Performance

A. Overview

34. The CAS was to selectively support key GPRSF objectives. The CAS strategic objectives were to (a) promote rapid and broad-based growth which was linked to the first GPRSF pillar, and (b) strengthen public sector performance and service delivery, linked to the second and third GRPSF pillars. The Bank would focus on private sector-led growth by addressing key constraints such as energy and finance, and by linking the country to the rest of the world and improving public sector performance. The Bank program was to be guided by the principles of selectivity, promoting aid effectiveness and donor collaboration; and strengthening World Bank coordination and regional integration. The CAS included outcome indicators which measured progress under some of the objectives. Progress achieved under the CAS outcome indicators is given in Annex I. The Bank and IFC lending and non-lending activities are given in Annexes II-IV. Outcomes are similar to those noted by IEG in a 2007 Country Assistance Evaluation for Mali covering the period 1995 to 2005. The evaluation noted that Mali had made progress in macroeconomic stability and strengthened public finance management and primary school enrollment but these had to be weighed against the lack of progress in other key areas, including electric power, cotton and the quality of education.

35. CAS outcomes are rated moderately unsatisfactory. The rating is based on the lack of progress in cotton sector reform and electricity reform, two key areas which directly impact on the Government's ability to reduce poverty and improve macroeconomic management. This rating takes into account progress made in other aspects of the first CAS strategic objective which focused on promoting private sector-led growth and as well as in the strategic objective which focused on strengthening public sector performance and service delivery.

B. Progress by CAS Strategic Objective

36. The objectives discussed below are those in the 2009 CAS. The 2011 CAS Progress Report did not introduce substantive changes to the CAS objectives although some indicators were changed or dropped (e.g., tourism). The CAS results matrix did not include indicators to measure the outcome of key objectives such as cotton reform and electricity sector sustainability. Annex 1 includes progress in meeting the CAS indicators. The discussion in this section generally follows the order of the topics in the matrix in Annex 1.

Strategic Objective I. Promote Rapid and Broad-based Growth

37. Rapid and broad-based growth was to be accomplished by supporting (a) increased agricultural productivity and competitiveness and accelerating cotton sector reform; (b) improving integration of Mali with regional and global markets by increasing efficiency of transport operators in roads, railway and air and increased access to telecommunications; (c) reducing the deficit of basic infrastructure and increasing the availability of critical factors of

production (power, financial services; business regulation); and (c) improving the performance of non-agricultural sectors such as tourism and mining and targeting micro, small and medium enterprises (MSME's). The tourism target was dropped at the time of the 2011 Progress Report given the deteriorating security conditions in northern Mali.

- Increase agricultural productivity and competitiveness (partly achieved) and accelerate cotton reform (not achieved)

38. Bank financial assistance included a new operation to improve agricultural productivity and ongoing operations on agricultural competitiveness/diversification and rural development. IFC invested in two agribusiness companies and has developed an index-based insurance for low-income farmers project (Global Index Insurance Facility Program). The policy dialogue on the cotton sector was carried out in the context of the PRSCs. On agricultural competitiveness, there was some success in the development of new crops such as soybeans and mangos. Dissemination of selected cowpea seeds raised yields from 250 to 750 kg/ha in 2011, higher than the CAS target; grower networks are in place for potato/cowpeas and farmers are adopting new technologies. Private operators and producers of fruit and vegetables had organized which contributed to increased efficiency and professional entities were established for a number of products, including cotton and mangoes. Mango exports grew from 5 to 490 thousand tons in 2007- 2011, surpassing the CAS target. Supply chains and diversification were supported by the ongoing Agricultural Competitiveness and Diversification Project. Changes were slowly being introduced in the Governance of the Ministry of Agriculture. An Agricultural Fund had been put in place to be used as a channel for disbursement by donors. However, donors had not been able to use it as it did not meet fiduciary standards.

39. In cotton, the CAS called for the creation of an effective regulatory framework and the creation of private companies following the privatization of the cotton company, CMDT. The CAS did not include indicators to measure outcomes in this area. In 2007-2009 farmers' organizations were restructured and an inter-professional association to help regulate the sector established. Parliament approved the privatization of the cotton company following extensive consultations in Mali. Regulatory and other reforms were never implemented as the privatization of CMDT was not completed (discussed under GPRSF progress above). The CAS indicator relating to increased cotton productivity was not achieved as programs to increase productivity funded by the Bank could not be started until the CMDT issue was resolved.

40. Donor coordination groups met regularly on general agricultural issues. Cotton sector reform was discussed in a group consisting of the Bank and the French Government; a group on food security focused on food aid to the northern region and on the management of the national food security stock.

- Improving integration of Mali with regional and global markets by increasing efficiency of transport operators (partly achieved) and increased access to telecommunications (achieved).

41. **Transport.** Bank financing in the transport sector included the Transport Sector Project, which included a rural and urban mobility component, additional financing for the Second Transport Sector Project and a Transport Corridor Project that closed in 2009. Support was also

provided under the regional West Africa Air Transport Security Project and the West Africa Transport and Transit Facilitation Project. IFC invested in the privatization and restructuring of Air Mali, which together with Air Burkina Faso and Air Uganda form an integrated regional airline grouping the same owners AKFED[18]. Outcomes relating to the reduction of transport costs were not achieved, those relating to improved road transport were partly achieved, and those relating to air transport were achieved.

42. Transport costs of containers from ship to final destination have remained unchanged in real terms, and the CAS target calling for a 50 percent reduction in costs was not met. Costs were affected by external factors such as problems of transiting through Côte d'Ivoire during the period, the spike in oil prices and limited progress in increasing efficiency of the Transrail Concession. Similarly, the tonnage of freight moved by rail has not increased to meet the CAS indicator target; available data in 2010 suggests that freight traffic declined during the period. The Bank's intervention in the railway sector was limited to the financing of rail equipment and spare parts under the Transport Corridor Project and not significant enough to have influenced railway concession planned operational and financial outcomes. CAS targets on improving access in rural areas and condition of roads were achieved (40 percent of the population in the Bank project impact areas had access to all weather roads at end 2010 and some 65 percent of main roads were in good condition in 2011). Air transport security was improved and CAS targets were met; air transportation was supported by the Regional Air Transport Security Project and by the Millennium Challenge Corporation which financed a new airport in Bamako. In general, there was good coordination among traditional donors who had agreed to carry out joint supervision missions and the use of the same procurement procedures. Collaboration was less successful in the case of the Bamako airport.

43. **Telecommunications.** The Bank program of support included the Growth Support Project which provided financing for the technical work related to privatization. Policy dialogue on the sector was carried out in the context of the PRSC (the nomination of the council members of the telecommunications regulatory agency was a prior action under PRSC III). The national telecommunications company (SOTELMA) was privatized in 2009 and a second operator (mobile) licensed. A tender for a third license was initiated in 2011. The CAS indicator was surpassed with teledensity reaching 68 percent in 2011 from 2.5 percent in 2005.

- Reduce the deficit of basic services and increase availability of critical factors of production (electricity not achieved; financial sector and business environment reform partly achieved)

44. **Electricity.** The Bank program included an Energy Support Project approved in FY09; additional financing for an ongoing Household Energy Project and for the Felou Regional Hydroelectric Project (total financing of USD149.2 million). Energy sector reform, particularly the issue of tariff and subsidy policy was discussed in the context of the PRSCs. The CAS objectives were to improve power system reliability; interconnection to the regional networks;

[18] Air Mali has, since the political coup in March 2012, experienced significant setbacks. As a result, AKFED decided in December 2012 to proceed with a liquidation of Air Mali, following a Safeguard Plan implemented in June 2012 in consultation with Malian authorities. The airlines' fleet is currently operated by Air Burkina (although one aircraft is still registered in Mali to facilitate the restoration of the airline when the political situation improves).

restructuring of the power company to achieve financial viability and complete decentralized energy expansion programs. The target of improving the viability of the power company, the key objective in the sector, was not achieved. Inaction has had an adverse effect on the government budget and thus on the Government's ability to finance poverty alleviation programs. The unsatisfactory and deteriorating financial situation of the power company (Energie du Mali - EDM) is partly attributable to significant operating inefficiencies, but mostly to inadequate tariff levels and to the absence of tariff adjustment mechanisms. Except for a small adjustment in 2009 at the time of the approval of the Energy Support Project, no electricity tariff adjustments have been implemented to reflect the considerable increase in fuel expenses for EDM resulting from higher oil prices and an increasing share of thermal generation. Nominal electricity tariffs in Mali remain below their level in 2003. Some progress has been achieved with regard to the institutional dimension of sector reform. In particular, water production and distribution which were formerly under the responsibility of EDM have been legally and operationally transferred to separate entities – an operating company and an asset-holding company – in order to create more operational and financial autonomy as well as accountability for the water sector and facilitate the mobilization of financing for investments. However, the absence of reform in the area of tariffs has led to increasing operating losses for EDM which had to be financed with government subsidies (some FCFA 20 billion in 2011, and a forecast of FCFA 41 billion for 2012 before the March 2012 political crisis). The Government adopted a strategic note on tariffs and subsidies in March 2009, but the reforms of the tariff levels, adjustment mechanisms and structure which were required to permit EDM to reach financial equilibrium were not implemented. Currently, some 50 percent of Mali's power supply generation is thermal. Delays in introducing tariff adjustments will continue to impact on the government budget and/or threaten security of supply. The Government delays in introducing reforms were associated with political considerations and concerns regarding the social impact of reforms particularly in urban areas.

45. The CAS target of meeting additional thermal capacity by 2011 to increase power system reliability was achieved with the completion of two thermal power stations near Bamako. This has helped meet increased demand for electricity, driven in large part by very significant progress on energy access through EDM. Also, the CAS target on rural electrification appears to have been achieved with an estimated 17 percent coverage in rural areas. On the other hand, technical and non-technical losses, indicating operational efficiency, a CAS indicator, remained unchanged between 2006 and 2010. Investments in the transmission and distribution system funded under the ongoing power project are only expected to have effect beginning in 2013. The target of increasing the interconnection with neighboring countries was also not achieved, in large part due to the political situation in Cote d'Ivoire. The physical construction of the interconnection is however advanced. Before the March 2012 political events, Malian authorities were confident that the commissioning of the Transmission line with Cote d'Ivoire would intervene during or before the fall of 2012.

46. **Financial Sector.** The CAS objective of increasing the efficiency of the financial sector and private sector credit was partly achieved. Bank support included Financial Sector Reform Project that closed in FY08 and the Growth Support Project which closed in March 2012. The Bank and the IMF prepared a Financial Sector Assessment in 2009. IFC invested in two banks, Ecobank Mali and Bank of Africa Mali, mostly through trade lines and risk sharing facilities.

The banking sector is well capitalized, with a capital adequacy ratio of about 15 percent in the first half of 2011, above the 8 percent minimum required. The CAS indicator of a drop in non-performing loans in the total portfolio was not met. The share of nonperforming loans to total loans declined over the period but was 20 percent in 2011, higher than the 10 percent target, although banks are increasingly provisioning for losses in the non-performing portfolio, as required by banking regulations. The CAS original targets on banking sector performance -- increase in the share of private sector credit in total credit and the decline of interest margins -- were achieved. Credit to the private sector fluctuated but tended increase during period (66 percent of total credit in 2006 to 78 percent in 2010) while the spread between average lending and deposit rates declined from 5.04 percent 2006 to 4.49 percent in 2010. Credit and bank margins tend to be long term trends and would not be attributed to a Bank project, but the Bank and IMF Financial Sector Reform agenda which included the restructuring of the banking sector and led to the closure of bankrupt institutions and the entry of new banks likely contributed to sector efficiency.

47. **Business Environment.** Progress was made towards the CAS objective of improving the quality of the business environment. One of two revised CAS "doing business" targets was achieved (number of days for property registration) and the second one (time taken to approve new investments) was partly achieved. The CAS program relied on the Growth Support Project to provide support in the area of business environment and institutions servicing the private sector and MSME support (with IFC). IFC also provided technical assistance in investment climate reform. With support from the Growth and Competitiveness Project, the Government established the Investment Promotion Agency (API Mali), and a one-stop shop for business transactions (Guichet Unique). The CAS indicator of reducing the time taken to approve new investments was partly achieved; with measures introduced in 2008, the time taken to approve a new investment declined from 45 days in 2006 to 26 days. The time taken to register a business fell from three to one day. A better indicator of investment not included in the CAS is the number of firms that registered in the one-stop shop, which more than doubled in 2006-2011 rising from 2032 to 5223.

- Improving the performance of non-agricultural sectors and targeting MSME's (partly achieved)

48. In the **mining sector**, the CAS indicator relating to increased small-scale mining activities was partly achieved with three new investments before the end of 2010, the last year for which information was available. Mali complied with the standards of the Extractive Industries transparency initiative (EITI) in 2010 which should help improve investor confidence in the future (a PRSC prior action).

49. The CAS also sought to increase in the performance of Bank-supported programs which provided technical assistance to MSME's. Turnover in participating firms through a support and training for entrepreneurship program (STEP) more than doubled in the 2006-2010 period, increasing from FCFA 5 million in 1995 to 12 million in 2010 (CAS indicator: turn-over increase of 25 percent)

Strategic Objective II - Strengthen public sector performance

50. The CAS aimed to advance the public expenditure reform agenda, support decentralization and deliver results in key social sectors.

- Improve public financial management (partly achieved)

51. The Bank program included the preparation of a Public Expenditure and Accountability Report in 2010, a follow-up to the 2006 report. Public expenditure management was the subject of prior actions under the PRSP series The CAS objective to improve public financial management system and strengthen the medium term expenditure frameworks to improve quality of service delivery to the population and governance was partially achieved. However, most indicators, which were probably optimistic, were not met. Progress in the area of public financial management is described in the Section on the GRSPF above. The CAS indicator on the quality and timelines of budget execution reports was not met, although the quality of the reports has improved. Budget execution laws are filed at the Accounts Section of the Supreme Court, but still with substantial delays. Limited progress was also made on procurement, reflecting delays in implementation of approved reforms and the CAS target was not achieved. A new code which was expected to be approved in 2012 included provisions to comply with the WAEMU directive calling for limitations to the use of procurement methods other than competitive bidding

52. The rating for indicators on external audits and for the effectiveness of internal audits, CAS indicators, remained unchanged for the period FY08-FY11 and the CAS target not achieved. Improvements in this area required changes to the constitution; the introduction of constitutional reforms approved by the legislature in 2011 would have led to improvement in these indicators.

53. The Government made progress on the development and link of Medium Term Expenditure Frameworks, a CAS objective. The CAS indicator relating to the percentage of expenditures subject to MTEF was met. An alternate indicator, the share of budget executed investments in education and health, key sectors for which there is a MTEF increased from 24.7percent in 2007 to 29.8percent in 2010.

- Support decentralization (partly achieved)

54. The CAS objective was to increase resources available to local governments and communities and build capacity of local administrations. The indicator on resources was dropped in the Progress Report so as to focus on systems development. In 2010 some 18 percent of the government budget was transferred to the local communities or some FCFA 1,875 and progress had begun to be made in transferring functions to agencies/local governments.

- Deliver results in key social sector strategies (partly achieved)

55. The CAS aimed to improve the access and quality of education, and provide more balanced opportunities among genders; the CAS targets were not achieved, although some progress was made. The Bank program included support for basic education through the Second Education Sector Investment Program which closed in December 2010, and contributed to

improved access to basic education, enhanced decentralization in the sector, and focused the Government on quality improvement. The Bank discussed education expenditures in the context of the PRSP series. At the request of the Government, the Bank assisted in the preparation of a youth policy framework and a national policy for girls. Bank interventions also supported better understanding of skills requirements with studies on Skills Development for Growth and Competitiveness and an Education Sector Review. These studies were used in the preparation of the third phase of the government's education sector strategy. A Higher Education Project which was to have begun addressing skills issues was to have been presented to the Board in FY12. Progress was made in improving the primary completion rates, but is below the 2011 target (67percent CAS target compared to actual 58.5 percent target). In 2011, girls represented 45.7 percent basic school population, below the 50percent target. Target figures for education such as percentage of total enrollment were affected by population growth as these targets had underestimated the size of the school-age population. Quality of education continues to be poor and the CAS target was not met (projected 70percent of primary students reaching the average score in key subjects against the actual 30percent). The base year data is not given but if Mali is to meet the MDGs more efforts should be made in improving quality of learning, financial management and budget allocation, as well as teachers' qualifications. There was good cooperation among donors in the sector, and Memoranda of Understanding were signed in 2006 and March 2010. The last [pre-crisis] joint donor mission in June 2010 endorsed the third phase of the government sector program.

56. The CAS objective to increase the use of health services; improve the quality of HIV/AIDS-related services and to address the high population growth rate by improving understanding of demographic patterns were partly met. The program included an ongoing Multi-sectoral HIV/AIDS project while the PRSC series was used to address various health system issues such as posting skilled health personnel in rural areas, promoting the decentralization of financing and decision-making in health facilities, and reducing the price of drugs in primary health care outlets. The Bank also emphasized analytical work and policy dialogue which led to the preparation of a Health and Poverty Country Status Report, and a widely-discussed report on Mali's demographic challenges, which helped advance the debate on the issue. The Bank also provided capacity-building for the production of National Health Accounts, and a review of the private health sector. The analytical work formed the basis of a Reproductive Health Project approved in FY12 which aims to support the 2012-2016 programs in the health sector; reproductive health is now a major component of the national health plan.

57. The CAS outcome indicator on immunization coverage was met, and the percentage of children under the age of one immunized with DPT3 rose from 68 percent in 2006 to about 100, the CAS target, by 2009. Health coverage indicators were also affected by the population census results. Direct investment from donors supported the immunization program implementation, but the PRSC may have contributed to focus attention on immunization. CAS outcome indicators with respect to population covered by a health mutual and use of contraception were partly achieved. However, the number of births assisted by qualified personnel remains low at 57 percent and the 70 percent CAS target was not met. There was also progress in the services provided for HIV/AIDS and CAS targets on the number of patients covered under the national voluntary counseling and testing (VCT) drug and counseling programs were met (93,800 as opposed to the targeted 55,000). The Bank and donors worked with the Government to promote

alignment with the Paris Declaration principles of donor coordination in the health sector which led to the signing of a Compact in the context of the International Health Partnership.

- **Aid Harmonization** (partly achieved)

58. A CAS objective was to improve donor collaboration and aid effectiveness. The CAS outcome indicators were partly achieved. A first joint donor assistance strategy for 2009-2011 was signed by 14 donors and focused on results and linkages to the GPRSF. Achievements included improved disbursement predictability; reduction in the total number of budget support triggers; increased number of donors using direct budget support; and progress towards more programmatic approaches in some sectors (water, decentralization, transport, and to some extent agriculture). Country-led aid management was being strengthened with the creation of a Harmonization Secretariat. Donor assistance was better coordinated at the sector level and the education and health sectors were covered by sector budget support. The Bank chaired the donor working group on macro-economic issues, and progress was made in terms of quality of the joint budget review. Efforts to harmonize the conditionality framework had reduced the joint trigger matrix to 39 triggers in 2010. Analytical work by donors in key sectors such as health and education was complementary. A CAS outcome indicator relating to the reduction of the number project implementation units proved difficult to achieve given the weak government administrative structures. However, the effectiveness of donor working groups in ensuring synergies among the programs of different partners remained limited in some areas, such as the collaboration between the Bank and the Millennium Challenge Corporation (MCC) on the Bamako airport. The MCC approved USD60 financing for the construction of a new airport after the Bank had approved the financing for the rehabilitation of the existing airport under the Growth Project; the Bank airport rehabilitation component in the Growth Project was cancelled in 2009.

- Cross-Cutting Issues: Governance and Capacity Development

59. The CAS aimed to consolidate and deepen the Government's reform program in the area of governance and capacity development although it did not include indicators to help assess progress in these areas. One clear success was the support provided to strengthen the management capacity and governance of the mining sector, which enabled Mali to be compliant with EITI. The Bank also carried out governance assessments of the energy and transport sectors. The energy assessment identified measures to deal with losses in the electricity company, which were integrated into the design of the Energy Support Project, and the transport analysis served as the basis for discussions on the controls faced by the transport sector. Public expenditure management reform aimed at improving public procurement for greater transparency, discussed above. In addition, the PRSC series and the Capacity Building Project emphasize accountability in public expenditure management while the Urban Local Governments Support Project will support strengthened institutional capacity of five targeted local governments.

60. In the area of capacity building, the Bank, using an approach sponsored by the World Bank Institute, prepared action plans on public procurement, regulatory framework in the energy sector, and public revenue administration and monitoring and evaluation. The monitoring and

evaluation plan was implemented with assistance of an IDF to strengthen the GPRSF results framework while the findings of the other CD action forms were used for procurement training sessions and embedded in the Energy Sector Support Project and two successfully. Statistical capacity development was provided through household survey analysis under the Belgian trust fund.

IV. Review of Bank Performance

61. **Bank performance is rated moderately satisfactory.** The CAS was in line with government priorities. The CAS intended to be selective but in fact covered 18 sectors and cross-cutting areas; indicators in key areas were not included. The program was implemented largely as planned, and the Bank was responsive to Government requests for technical assistance and analytical work and increased financing to help address the effects of the food and fuel crisis of 2008. However, there was little progress in two key policy areas.

CAS Design

62. The CAS was generally aligned with the priorities of the Government in the GPRSF. The CAS was optimistic on the prospects for structural change as it was written shortly after the election of President Touré to a second term in office when his political coalition had won a majority in Parliament. The CAS included a combination of budget support and assistance through project lending in power and telecommunications which in the past has shown to be an effective approach to addressing structural reforms; the approach was effective in telecommunications. The Bank did not have an investment operation which would have provided technical support to the cotton sector reform program. The CAS team decided not to include macroeconomic objectives. The CAS did not include specific outcome indicators or milestones in key areas (power sector sustainability and cotton sector) which were priority reform issues and were highlighted in the PRSC series because of their impact on poverty and directly on the budget. The PRSC focus on public finance reform and on health issues such as vaccination programs contributed to raising awareness of the need for reform in these areas. The Bank recognized the importance of donor coordination and gave it priority in the CAS. The CAS identified the risk that internal vested interests would slow reforms and proposed intensive consultations with the new government on difficult policy issues. The Bank may have overestimated its ability to influence policy decisions particularly in light of the support enjoyed by Mali among donors because of its democratic track record. Lastly, the CAS did not explicitly identify government implementation capacity in the section on risks, and in facto government capacity led to delays in project implementation, although it lists strengthening capacity as an objective under the second strategic objective.

63. The CAS aimed to be selective although it included objectives in 18 sectors/cross-cutting areas; the outcome matrix covered 13. The 2011 Progress Report discussed nine sectors/cross-cutting areas. The Bank program for FY08-11 included new operations in energy, agriculture and urban development in addition to the PRSC series; the FY12 program included operations in health and education and one additional PRSC. Analytical work and technical assistance was included in rural finance, health, demography, education, governance, environment, and business

environment. The CAS also aimed to promote aid effectiveness, support regional integration, strengthen World Bank Group coordination and develop a knowledge program which in retrospect may have been too many areas of focus

64. Over 10 percent of the indicators dealt with the business environment and financial sector development; interventions in the financial sector were coming to an end at the beginning of the CAS period and results could be shown. Many of the CAS indicators were directly linked to operations in the program. In addition to the lack of indicators in some key areas, there were problems with others: there was no direct relationship between the CAS activities and the outcome (total agricultural credit; transmission interconnection with Cote d'Ivoire), some had no base year data (quality of education); some were the outcome of projects which were in the program and could not realistically be achieved within the CAS period (electricity); or were not regularly monitored (agricultural credit). In public finance, some targets were probably optimistic, given that the changes envisaged entailed constitutional amendments and that reform in public administration generally take a long time to put in place.

65. The CAS emphasized the importance of monitoring, and arrangements were made for monitoring the government's program and the PRSP series, but these did not include the CAS indicators. The CAS covered IDA and IFC activities and the programs were complementary. The outcomes of IFC operations were not spelled out explicitly in the CAS, but IFC activities were incorporated in the results matrix.

Implementing the Strategy

66. The Bank program followed the overall thrust of the CAS. All lending operations in the original program were approved. Planned assistance was expanded to include additional budget support under the Global Food Crisis Response Program for PRSC II and PRSC III. Most planned analytical and advisory services, has been completed.

67. Some of the risks identified in the CAS were well managed. The CAS anticipated that external shocks such as the effect of the world economic downturn, and food crisis and in response, the Bank increased its budget support with financing form the Global Food Crisis Response Program (GFCRP) (USD20.5 million). The Bank was not able to mitigate the political problems of the cotton sector reform and electricity tariffs, and the remedial measure which entailed consultations did not prove effective. A mid-term review was not carried out, but a Progress Report was prepared in 2011 which assessed progress under the CAS and extended the program by one year.

68. The Bank surpassed its lending objectives in FY08-11. IDA financing totaled USD582.2 million against a programmed USD462 million. The FY08-11 included three investment projects (energy, urban and agriculture and one governance/budget technical assistance project for a total of USD272 million and additional financing for three operations, transport, HIV/AIDS and household energy for a total of USD64 million. The additional allocation of USD45 million for the energy operation was the largest increase with respect to programmed lending. FY08-11 financing lending also included four budget support operations (PRSC II-V) for a total of USD232 million. IDA approved additional financing for one regional project (USD14.2 million)

and other financing (GEF and Global Food Crisis Response Program) for USD39.9 million of which USD20.2 million was budget support. The Bank was responsive to the Government's request to help it meet new challenges, and supported it in the preparation of a youth policy and a policy on girls' education; provided technical assistance and carried out analytical work on public finance and health and demographic issues.

69. Bank lending has been suspended following the March 2012 coup, and the FY12 lending objectives were not met. Lending included one health investment project for USD30 million against a programmed USD150 million. Trust fund financing for the ongoing Household Energy project was also approved.

70. IFC committed USD45.7 million for seven companies in agribusiness, services, banking and infrastructure during the CAS period. In addition, IFC provided advisory services on investment climate reform, capacity building and in promoting leasing. Bank and IFC programs were complementary, particularly in the area of business environment where IFC provided most of the technical assistance and in the financial sector where IFC supported two new banks.

71. Follow up of the Bank program entailed regular supervisions with most of the staff working on Mali assigned to Bank offices in the sub-region. The number of projects in the portfolio remained unchanged at 11 the FY08-12 period, and net commitments in FY07-11were in the range of USD658.4 million (2007) to 706.9 million (FY11) in all years but FY08 (USD 477.3 million).

72. In addition to the country program, Mali benefitted from six regional projects which were under implementation; additional financing was approved for the Felou Hydroelectric project during the CAS period. These included two projects in transportation (Air Transport Safety/Security Project and Transport/Transit facilitation); two in agriculture (West Africa Agricultural Productivity and Africa Stockpile program); two natural resource management (Senegal River Basin and Niger River Basin) and one in electricity (Felou Regional Hydroelectric). Starting in 2013, the Félou Project is expected to increase available generation for Mali at considerably reduced costs compared to thermal generation, but this will not eliminate the dependence in thermal generation to meet growing demand and the need for tariff increases. The development outcome of all regional projects is rated either satisfactory or moderately satisfactory.

73. CPPRs were conducted yearly and until mid-2011 there were monthly discussions of the resident mission staff with each project unit. The program entailed some difficult reforms especially in cotton and electricity which required sustained involvement of senior technical staff. The logistics of this support were probably complicated particularly in cotton as there was no investment operation associated with the cotton reform process. The Growth Project was substantially restructured in 2009, but in the end the project was closed six months early in March 2012.

74. As of May 2010, Mali's portfolio included 11 projects; the portfolio performance was slightly worse than for Africa as a whole. Some 20 percent of the commitments were at risk, higher than the 16 percent for Africa and the number of problem projects accounted for 19

percent of the portfolio, compared to 13 percent for Africa. It took an average of 6.7 months to declare effective the projects in the portfolio.

75. Five investment projects exited the portfolio in FY08-11 (National Rural Infrastructure; Financial Sector Development; Transport Corridors; Agricultural Services/Producer Organizations and the Second Education Investment Program). The Growth Support Project and the HIV Project were closed in March 2012 and PRSC V was disbursed in December 2011. The final rating for the Growth Support Project and for the PRSC V was moderately unsatisfactory. The final rating for the HIV/AIDS operation was satisfactory. ICRs for the Growth operation and that for PRSC III-V are under preparation.

76. ICRs for seven operations were prepared during the period (five investment and two PRSCs); the outcome of all investment projects was rated moderately satisfactory except for the Rural Infrastructure Project which was rated satisfactory. Bank performance was rated moderately satisfactory in all investment operation ICRs except Education (moderately unsatisfactory). The ICR for PRSC I and II rated outcome and bank performance moderately unsatisfactory.

77. IEG reviewed all but one of the operations for which ICRs had been prepared. IEG downgraded the outcome of four of the six operations it reviewed. IEG rated only two of the six operations it reviewed as moderately satisfactory (Financial Sector and Rural Infrastructure). All four others were rated either moderately unsatisfactory or unsatisfactory.

78. The ICRs rated Bank performance moderately satisfactory in four out of six operations and moderately unsatisfactory in the two PRSCs. IEG downgraded Bank performance in three of the six operations it reviewed to moderately unsatisfactory or unsatisfactory (one investment operation to moderately unsatisfactory and the two PRSCs to unsatisfactory).

V. Lessons Learned and Recommendations

79. The lessons drawn from the review of the FY08-12 CAS and recommendations for the future CAS are summarized below.

80. **Political support is needed for successful CAS implementation**. Implementation of the CAS has confirmed the importance of government commitment to major structural reforms. Reforms in the cotton sector entailed a long consultative process and decisions in the electricity sector were delayed because of their political and social ramifications. Because of the difficulty in taking difficult political decisions, it may be desirable to have irreversible measures taken on key sectors before proceeding with programmatic lending.

81. **The rationale for key policies such as electricity and cotton reforms** needs to be understood and supported by all stakeholders. It is not clear that the government fully understood or accepted the need for reforms in these sectors, given its resistance to introducing changes. In electricity, making the Government pay the power utility directly in 2011 and 2012 (as opposed to letting the utility accumulate losses which would lead to a bail-out in the future) was a positive step as it forced the Government to recognize the cost of its electricity tariff policy.

82. **The demographic problem undermines efforts to reduce poverty and needs to continue to be given priority.** The Bank's continued work in reproductive health issues seems to have contributed to a better understanding of the problem.

83. **Need for continuous sector dialogue and investment.** Success in some reforms entails considerable expenditures in technical assistance, equipment, physical infrastructure and time. This is true in capital intensive sectors such as transportation but applies particularly to the social sectors, notably population control programs where a continuous dialogue is critical. Budget permitting, consideration should be given to sector operations where continuous dialogue is possible and expected to yield results.

84. **Coordination of donor programs increases efficiency of assistance.** The reform agenda in the PRSCs was supported by other donors. Donors coordinated their financial and non-financial assistance particularly in the social sectors which proved effective. However, the effectiveness of donor working groups in ensuring synergies among the programs of different partners remained limited in some areas, for instance, the collaboration between the Bank and the Millennium Challenge Corporation (MCC) on the Bamako airport.

85. **The mix of policy-based operations and investment operations can be an effective approach to country programming.** In general, investment/technical assistance operations and policy reforms operations should be complementary to strengthen their impact. This approach was effective in telecommunications but did not help in electricity.

86. **Define adequate indicators.** Outcome indicators for the CAS are an important element in defining the CAS objectives and judging the quality of the program, but their design and measurement continues to be difficult. All key reforms should include indicators. Use indicators that are already tracked at the time of the CAS and attributable to ongoing Bank-supported activities. Including the CAS indicators in the monitoring tables of the Government could usefully be set up prior to the approval of the CAS.

SUMMARY OF CAS PROGRAM SELF-EVALUATION (Indicators updated with most recent information)			
Original CAS Outcomes and Indicators	**Revised CAS Outcomes and Indicators** *(If applicable)*	**Progress Towards CAS Outcomes**	**WBG Support**
CAS Strategic Objective 1. Promote rapid and broad-based growth			
1.1 Agricultural Productivity and Competitiveness Increases			
Agriculture productivity increases for specific crops in targeted areas: • Cotton yield increases by 15percent from its 2005/06 level (950t/ha) by 2011. • Cowpeas yield increases from 400 kg/ha (2004) to 600 kg/ha (2011). **Competitiveness for selected supply chains improves in targeted areas:** • Mango exports progress from 5,500t (2007) to 8,000t (2011		• **Not achieved.** Cotton yield at 850 t/ha in 2011. Reforms of cotton company (CMDT) have not been completed; program to increase yields has not been started. Program would be funded under Agricultural Productivity Project. • **Achieved.** Dissemination of selected cowpea seeds raised yields from 250 to 750 kg/ha in 2011. Grower networks in place for potato/cowpeas and farmers are adopting new technologies. Supported by ACDP. • **Achieved.** Exports 58,490 tons in 2011. Private operators/producers in fruit/ & vegetable supply chains are organized which has contributed to increased efficiency to meet demand. Professional entities established for cotton and mangoes. Supported by ACDP.	• Agricultural Competitiveness and Diversification Project (ACDP) • Rural Community Development Project • GEF Gourma Biodiversity Conservation Project • Growth Support Project • Agricultural Productivity Project • PRSC V • West Africa Agriculture Productivity Program • West Africa Biodiversity Project • IFC investment in Agrobusiness: GRIMAS, Grand Moulin du Mali • IFC-IDA GIIF: regional index-based crop insurance
• Local potato seed production covers 60percent of national needs by 2011 from ~ 0percent in 2007.		• **Not achieved.** Information not available although potato production supported under ACDP**.** 194,000 t marketed in 2011.	**AAA and TFs:** • Rural Finance Study • Country Environmental

SUMMARY OF CAS PROGRAM SELF-EVALUATION (Indicators updated with most recent information)			
Original CAS Outcomes and Indicators	**Revised CAS Outcomes and Indicators** ***(If applicable)***	**Progress Towards CAS Outcomes**	**WBG Support**
Availability of credit for agriculture improved: • Credit granted by BNDA and MFIs to agriculture increases from FCFA 70.3 billion (2003) to 72 billion by 2011.		• Information not readily available. Outcome not easily attributable to Bank program. At the end of 2011, FCFA 740 million financed under Bank Rural Community Development Project. Warehouse receipt mechanism developed for mango packaging which could have contributed to export growth.	Assessment • Sustainable Land Management PER/CBA • Dialogue on sustainable land management • Country Strategic Investment Framework (CSIF) • Disaster Risk Management grant • Integrated Land and Water Mgt. for Adaptation to Climate Variability and Change TF **Planned FY12 lending:** PRSC-6
Agricultural pressure on natural resources reduced in Office de Niger and cotton zones: • By 2011, cotton producing areas remain at 2006 level (500,000 ha).	• **Indicator revised**. Cotton producing areas remain at maximum of 2006 level. Revision to clarify that objective is to reduce land extension for cotton production to increase intensification of cotton production areas.	• **Not achieved**. Land under cultivation is 477,000 ha in 2012; production has not intensified. Cotton productivity increase program will start when the CMDT reforms are completed. Cotton program funded under Agricultural Productivity Project.	**Partners:** • AfDB, MCC, USAID, Denmark, Netherlands, France, Canada, EU , IFAD, Swiss.
• By 2011, soil salinity remains at 2006 level in Office du Niger (20percent of irrigated ha) zone.	• **Indicator dropped.** Evolution of salinity is difficult to assess/ monitor on a large area.		

SUMMARY OF CAS PROGRAM SELF-EVALUATION (Indicators updated with most recent information)			
Original CAS Outcomes and Indicators	**Revised CAS Outcomes and Indicators** ***(If applicable)***	**Progress Towards CAS Outcomes**	**WBG Support**
Improved donor coordination and country leadership: • Government has set up national pooled financing mechanism for agricultural development.		• **Partially achieved.** Fund for Agricultural Development (FNDA) established. The Fund is financed from the budget and does not yet meet requirements for donor financing. Agricultural Productivity Project (FY10) expected to use pooled financing mechanism once it meets requirements.	
1.2. **Integration of Mali with regional/global markets by increased efficiency of transport operators (roads/railway/air)**			
			• Second Transport Sector Project • WA Transit and

SUMMARY OF CAS PROGRAM SELF-EVALUATION (Indicators updated with most recent information)			
Original CAS Outcomes and Indicators	**Revised CAS Outcomes and Indicators** ***(If applicable)***	**Progress Towards CAS Outcomes**	**WBG Support**
• Transport costs of unloading imported containers (20-foot TEV) from ship to final destination are reduced by at least 10percent. Baseline: $1300 in 2006. • Rail freight has increased Baseline: 423,000 tons in 2005. Target: 50percent increase by 2011.		• **Not achieved.** Transport costs have remained unchanged in real terms during CAS period. Costs affected by problems of transiting through Côte d'Ivoire, the spike in oil prices and limited progress in increasing efficiency of Transrail Concession. • **Not achieved.** Tons of freight moving by rail has decreased during period. 2010 ICR for Transport Corridor Project figure for freight traffic was 320,000 tons.	Transport Facilitation Project • West and Central Africa Airport Security Project • Growth Support Project • IFC – USD25 million investment in Aga Khan Foundation for Celeste Air which includes Air Mali, Air Burkina and Air Uganda • Governance diagnostic note **Partners:** • AfDB, EU, MCC, BOAD, KfW
Government ensures effective leadership/coordination in transport sector:			

SUMMARY OF CAS PROGRAM SELF-EVALUATION (Indicators updated with most recent information)			
Original CAS Outcomes and Indicators	**Revised CAS Outcomes and Indicators** ***(If applicable)***	**Progress Towards CAS Outcomes**	**WBG Support**
• Bi-annual joint evaluation and review missions conducted. • Joint evaluation matrix prepared and used as monitoring tool.	• **Indicator dropped.** The sector has a coordinated approach among development partners and Government in a less structured manner.	• **Partly achieved.** Donors consult regularly with the Government to ensure coherence of assistance. There was probably some coordination with MCC on the airport terminal. As lending criteria differ, MCC proceeded with financing for the construction of a new airport terminal even though its rehabilitation was already included in a Bank project (GPP); airport component in Bank project cancelled when MCC provided financing for a larger project.	
More rural localities have year-round transport access: • Less than 20percent of rural population lives more than 2 km from a year-round passable road. Baseline 2006: 41percent. • percent of main roads in good condition increases from 35percent (2005) to 65percent (2011).	• **Indicator revised.** percent of people who have access to all weather roads increased in project impact areas. Indicator changed as baseline data only collected for project area. Baseline 2007:32percent; target for end 2011:42percent.	• **Partly achieved**. 40percent of people in project impact areas had access to all weather roads at end December 2010. **(**Second Transport Project). • **Achieved.** 64.8percent of main roads were in good condition in 2011. In 2008-2011 period 179 km of key national roads rehabilitated; 45 km of rural roads and 6.5 km of non-rural roads rehabilitated; 1400 km of rural roads maintained and 4 river wharves rehabilitated. (Second Transport Project & Transport Corridor Project). In 2008-2011 period 45 km of rural roads and 6.5 km	

SUMMARY OF CAS PROGRAM SELF-EVALUATION (Indicators updated with most recent information)			
Original CAS Outcomes and Indicators	**Revised CAS Outcomes and Indicators** ***(If applicable)***	**Progress Towards CAS Outcomes**	**WBG Support**
Improved air safety and security in Mali as measured by:			
• 70percent compliance rate with ICAO safety standards. • 40percent compliance rate with ICAO security standards. • Fewer than 10 serious airport security problems per year. • Time to clear arriving passengers reduced from 70 minutes (2006) to 30 minutes (2011).		• **Achieved.** 74percent compliance in 2011. • **Achieved.** 79.5percent in 2011. 90 Security inspectors trained. Sufficient budget allocated. • **Achieved.** 5 problems in 2010. CASPR. • **Achieved**. About 30 minutes to clear arriving passengers in end December 2011.	
Reduce deficit in basic services and increase availability of critical factors of production			
1.3 Increase power system reliability, viability, access and interconnection with other countries			
Additional 30-45 MW of thermal capacity installed by 2011 to increase power system reliability.		• **Achieved**. With completion of two thermal power stations near Bamako (SOPAM and ISDB). In addition, 60 MW (of which 50percent for Mali) installed under Bank-financed Regional Felou Hydroelectric Project, which is expected to come on stream in early 2013.	• Household Energy and Universal Access Project (HEURA) • Energy Support Project • West Africa Power Pool APL 2 Felou Hydropower Project • PRSC-5
EDM SA achieves financial viability/operational efficiency as measured by:			
• EDM maintains technical and non-technical losses below 20percent.		• **Not achieved.** Technical and non technical losses unchanged between 2008 and 2010 around 22percent in total. Investments to reduce technical losses only expected to have effect in 2013 after completion of expansion works. EDM financial viability not achieved because mostly because nominal electricity tariffs were not adjusted to take into account increases in petroleum prices. 50percent of supply is thermal.	• Scaling Up Renewable Energy in Low Income Countries program (AfDB, IFC and IDA) • IFC Kenie Hydro Project

SUMMARY OF CAS PROGRAM SELF-EVALUATION (Indicators updated with most recent information)			
Original CAS Outcomes and Indicators	**Revised CAS Outcomes and Indicators** ***(If applicable)***	**Progress Towards CAS Outcomes**	**WBG Support**
			• Governance diagnostic note **Planned FY12 lending:** PRSC-6 **Partners:** • AfDB, France, Aga Khan, BOAD, ECOWAS, EU, India, KfW, Sweden, Dutch
• Electricity access rates have increased from 2percent in 2005 to at least 6percent in 2011 in rural and peri-urban areas.		• **Achieved**. Electricity access rate in rural/periurban areas are estimated at 17-percent in 2010, but the figure is unreliable as it is based on methodologies which have varied over time. Although accurate figures are not available, significant progress was achieved in rural, peri-urban and urban electrification.	
• Significant physical progress is made on electricity interconnection with neighboring countries:85percent of planned transmission lines constructed		• **Not achieved.** Rate of construction of the interconnection is 47.9percent in 2011.Problems in Côte d'Ivoire and lack of political commitment on the Ivorian side for the interconnection compromised progress. Completion of works was anticipated for the summer of 2012 before the recent political events in Mali. Interconnection line not financed by the Bank but important for network. **Lesson:** Political risks can slow down projects and the risks are multiplied for regional projects.	
1.4 Increase financial sector efficiency			
Efficiency of commercial banks improved for better financial intermediation			
• Spread between lending and deposit rates reduced from average of 9.1percent in 2005 to 8percent by 2009		• **Not available**. Comparable indicator not available. BCEAO data show spread between average lending and deposit rates declined from 5.04percent 2006 to 4.49percent in 2010.	• Growth Support Project • Financial Sector Development Project • PRSC 5 • IFC – financial markets (BoA Mali,

SUMMARY OF CAS PROGRAM SELF-EVALUATION (Indicators updated with most recent information)			
Original CAS Outcomes and Indicators	**Revised CAS Outcomes and Indicators** ***(If applicable)***	**Progress Towards CAS Outcomes**	**WBG Support**
• Ratio of gross NPL to total loans decreased from 29percent in June 2005 to 10percent by 2011	• **Revised indicator.** Ratio of gross NPL to total loans decreased from 29percent in June 2005 to 17percent by 2011. Target revised to 17 percent (10percent unrealistic)	• **Partially achieved.** In first half of 2011, the share of nonperforming to total loans was 20percent (banks provisioned about 60percent). Banking sector well capitalized (capital adequacy ratio about 15percent, above the 8percent minimum required).	Ecobank Mali) • IFC investment in tourism sector (Hotel Azalai Salam) and support of industries that supply to hotels (Graphique Industries – prints material for tourism industry) • Rural Finance Study • ICA update • Programmatic TA: ICT policy dialogue • IFC PEP-Africa /FIAS:TA in investment climate • IFC support to micro-entrepreneurs program (STEP) • IFC Africa leasing program • Doing Business Reviews (annual) • IFC Trickle up program • IFC Grassroots Business initiative
• Share of total credit to private sector to increase from 51.7percent in Dec 2005 to 60percent in 2009.	• **Revised indicator.** Bank credit to SMEs increase from 25.6percent in 2006 to 30percent of total loans and advances by 2011. Original indicator no longer tracked following restructuring of the project. Data for this indicator is collected through GSP Project. A proxy is being used to measure credit to SMEs.	• **Original indicator achieved.** Credit to the private sector fluctuated but tended to increase during period (66percent of total credit in 2006 to 78percent in 2010) BCEAO data. Information on revised indicator not available.	
1.5. **Improve business environment and Mali's Capacity to mobilize resources**			
• Number of formal manufacturing enterprises increased by 10percent by 2011. Baseline: 350 firms in the manufacturing sector.	• **Revised indicator.** Time taken to approve new investments is reduced from 45 days in 2006 to 15 days in 2011. Original indicator dropped following restructuring of the GSP Project.	• **Partially achieved**. Time taken to approve new investments: 3 days for business registration and 45 days for formal approval (2006). 1 day for registration and 25 days for formal approval (since 2008).	

SUMMARY OF CAS PROGRAM SELF-EVALUATION (Indicators updated with most recent information)			
Original CAS Outcomes and Indicators	**Revised CAS Outcomes and Indicators** ***(If applicable)***	**Progress Towards CAS Outcomes**	**WBG Support**
• Access time to land by firms is reduced from 180 days to 30 days. • Total corporate tax burden reduced from 50percent to 47percent to be closer to best performers in WAEMU zone.	• **Revised indicator.** Number of days for property registration reduced from 44 days in 2005 to 30 days by end 2011. Original indicator dropped following restructuring of the GSP. • **Indicator dropped** following restructuring of GSP and indicator not measurable.	• **Achieved. .** 1 day for business registration and 25 days for formal decision (2011).	**AAA and TFs:** • Mali – FSAP - completed • Regional FSAP – complete • Mineral Sector Assessment • ICA update – ongoing • Support to EITI implementation TF **Partners:** • AfDB, Denmark, France, EU, IMF, MCC
	• ***CASCR Indicator.*** *Number of companies created at the one stop shop (Guichet Unique (GU)). (2006 2032 new companies registered at the GU*)	• 4681 in 2010 and 5223 in 2011. This represents a 50percent increase in firms registered in the G.U by end of Growth Support Project.	
Improved Performance of nonagricultural sectors by 2011			
1.6 Tourism			
• Number of tourists increased by at least 30percent. Baseline: 100,000 tourists in 2005.	• **Indicator dropped.** May not be relevant CAS due to international factors and instability in the North of Mali.	• The indicator was on track until 2010, when the political environment began affecting the sector. Tourists increased from 115,500 tourists in 2009; 129,496 in 2010 and 115,430 in 2011.	
1.7 Mining			
• At least 3 new investments undertaken in small-scale mining activities.	• **Indicator revised.** At least 10 new investments undertaken in small-scale mining activities.	• **Partially achieved**. 3 new investments before end of 2010. Information for 2011 not available. Mining Code revised in 2009 with a focus on incentive framework for small-scale mining	
	• ***CASCR.*** *Mali complies with Extractive Industries Transparency Initiative Standards (EITI)***.**	• Complied with EITI standards in 2010. Should help increase investor confidence in the future.	

SUMMARY OF CAS PROGRAM SELF-EVALUATION (Indicators updated with most recent information)			
Original CAS Outcomes and Indicators	**Revised CAS Outcomes and Indicators** ***(If applicable)***	**Progress Towards CAS Outcomes**	**WBG Support**
	• ***CASCR.*** Investment in mining sector increased by 10percent (from USD 155,000 in 2005). Growth project indicator.	• Mining investment: USD 182m in 2006, USD 229m in 2007, USD 250m in 2008, USD 296 million in 2009, USD349m in 2010.	
1.8 Telecommunications			
• Number of people with access to information and communication technology doubled. Baseline: 23.5/10,000 inhabitants in 2005.	• **Indicator revised:** Teledensity increased from 2.5percent (2005) to 30percent by end 2011.	• **Achieved**. Teledensity was 13.1percent in 2006, 21.09percent in 2007, 26.4percent in 2008, 31percent in 2009, 50.2percent in 2010, and 68percent in 2011. The national telecommunications company (SOTELMA) privatized in 2009 and second operator licensed. A tender for a 3rd license was initiated in 2011.	
		• Technical assistance for reforms provided under GSP. Reforms prior actions under PRSPs.	
1.9. Increased productivity of targeted MSME			
• Increased sales • Increased output. (Baselines/ targets for sales/output to be set once enterprises identified)	• **Indicator revised.** Average revenue increase of beneficiary firms of STEP will increase from 25percent in 2005 to 80percent in 2011. Indicator collected through Growth Support Project.	• According to the STEP impact study (2011), the average turn-over of participating firms increased from FCFA 5 million in 2005 to FCFA 12 million FCFA in 2010	
Strategic Objective 2. Strengthen public sector performance			
2.1 Public Financial Management			
More transparent budget practices as measured by:			

SUMMARY OF CAS PROGRAM SELF-EVALUATION (Indicators updated with most recent information)			
Original CAS Outcomes and Indicators	**Revised CAS Outcomes and Indicators** ***(If applicable)***	**Progress Towards CAS Outcomes**	**WBG Support**
• PEFA indicators on quality and timeliness of in-year budget reports and annual financial statements improved from D+ (2007) to at least C+ by 2011	• **Indicator revised.** Timeliness of in-year budget reports from D+ (2007) to at least C by 2011.	• **Not achieved**. Rated D+ in 2010 PEFA report. Analytical reports on budget execution are prepared quarterly but take 8 weeks to produce. Quality has improved.	• PRSC 5 • Governance and Budget Decentralization TA operation **AAA and TFs:** • CPAR • Action Plan for Modernizing and Strengthening Public Financial Management (PAGAM) • Public Expenditure and Financial Accountability Report (PEFA) • PEMFAR • ROSC accounting • Policy notes on growth • PEFA update • TA poverty monitoring • TA action plan for ROSC • TA poverty and PRSP brief
	• **New indicator:** Timeliness of annual financial statements improved from D+ (2007) to at least C+ by 2011	• **Partly achieved.** Timeliness of financial statements rated C in the 2010 PEFA report. Budget execution laws are filed, but with substantial delays, at the Accounts Section of the Supreme Court.	
Improvement in procurement practices • PEFA indicator on procurement will have increased from C (2007) to at least B by 2011.		• **Not achieved**. 2010 PEFA rates procurement C. Limited progress reflects delays in implementation of approved reforms. Open competitive bidding used in award of 60percent of government contracts (PEFA rating B). Procurement code in effect does not limit methods other than competitive bidding. New code to include WAEMU directive that methods other than competitive bidding should be used exceptionally and be justified	
Quality of internal and external budget control has improved as measured by:			

SUMMARY OF CAS PROGRAM SELF-EVALUATION (Indicators updated with most recent information)			
Original CAS Outcomes and Indicators	**Revised CAS Outcomes and Indicators** ***(If applicable)***	**Progress Towards CAS Outcomes**	**WBG Support**
• **PEFA** grades on internal and external audit have risen from D+ and D (2007) to at least C (2011).	• **Indicator revised.** PEFA grades on internal and external audit have risen from D+ (2007) to at least B (2011).	• **Not achieved**. Rating for indicators on external scrutiny remained unchanged at D+: two indicators rated at D+ and one indicator rated at B+ (for legislative scrutiny). The rating for the effectiveness of internal audits remained unchanged at D+. Reforms expected in 2012 would have improved ranking. The Supreme Court Audit Section performs few audits due to limited capacity linked to constitutional cap on magistrates. The mandate of the Auditor General's office should be clarified to enable it to perform audits. The legislature voted in 2011 constitutional reforms to resolve issues, including the establishment of a Court of Accounts to comply with WAEMU rules. Changes were to be ratified in a referendum in 4/12.	• Governance note **Planned Lending FY12:** • PRSC 6 • Water Supply and Sanitation Project **Partners:** AfDB, EU, France, Canada, IMF, Netherlands, PAGAM,
Link between budget and sector strategies has improved as measured by:			
• Annual MTEF update to include sector operational plans (education and health) • Resources transferred from center to municipalities have doubled from 2007 level of 1 billion FCFA.	**First two indicators dropped**. New indicators measure policy-based budgeting and PFM capacity at decentralized level focus on the creation of systems rather than on flow of funds.	In 2010: FCFA 1,785 billion transferred to territorial communities of which FCFA through national agencies and FCFA 1,510 billion directly. Transfer from national agencies to local communities still not done on a timely basis	

SUMMARY OF CAS PROGRAM SELF-EVALUATION (Indicators updated with most recent information)			
Original CAS Outcomes and Indicators	**Revised CAS Outcomes and Indicators** ***(If applicable)***	**Progress Towards CAS Outcomes**	**WBG Support**
	• **New indicator.** Share of primary expenditure of sectors for which sector strategies exist/cost broadly consistent with fiscal forecasts. Baseline (2006): 48.2percent; Target (2013): 75percent	2011: 80percent (figure from draft ICR for PRSC III-V)	
	• ***CASCR.*** *percent of government budget (executed) for education and health. Baseline (2006):24.7percent*	*2011:29.8percent*	
	• **New indicator.** PEFA indicator on timeliness of reliable information to sub-national entities Baseline (2006): D; Target (2011): C	• **Measure not available in 2010 PEFA report.** 2010 PEFA refers to 2006.	
• Service delivery has improved, as evidenced by beneficiary surveys		• Beneficiary survey was to be undertaken in 2012 under TA operation.	
2.2 Improve access and quality of basic education, including strengthening institutional capacities			
• 67percent primary completion rate by 2011 (disparities reduced between urban/rural and between girls/boys) Baseline: 2005–06: girls 38percent, boys 59percent, total 49percent).		• **Not achieved**. Primary completion rate 58.3percent in 2011. Primary completion rate for girls 51percent and for boys 67.5percent with a parity index of 0.8. Low internal efficiency, poor quality of learning, inadequate budget allocation, and low teachers' qualifications (97 percent of classroom teachers are community teachers) explain the results. In addition, 2010 census shows higher population growth in decade than estimated (3.6percent against 2.6percent), which affected outcomes for totals but not necessarily outcomes on gender disparities During CAS period,	• PRSC 5 • IFC - USD11 million loan to Graphique Industries which produces some 48percent of textbooks and 100percent of notebooks for the PRODEC program **AAA and TFs** • Skills development study – completed. • TA youth initiative – completed

SUMMARY OF CAS PROGRAM SELF-EVALUATION (Indicators updated with most recent information)			
Original CAS Outcomes and Indicators	**Revised CAS Outcomes and Indicators** ***(If applicable)***	**Progress Towards CAS Outcomes**	**WBG Support**
		- 1,400 classrooms constructed; 6, 000 teachers trained; 3,000 community teachers trained and paid by the Government; 100 percent of community schools fully subsidized to reduce out of pocket expenses for poor families; - National strategy for girls' education prepared and being implemented; Study completed to identify skill requirements to support economic growth.	• TA non formal education – completed • Education country status report Devt. Learning Center **Planned FY12:** • Higher Education Project • PRSC 6 **Partners:** • AfDB, France, Canada, Germany, Netherlands, USAID, Denmark, IFC
• 70 percent of primary students reaching average score in language, reading, and mathematics in grades 2 and 5. • Girls represent 50percent of total primary students (2011) (Baseline 44.1percent in 2005–06).		• **Not achieved.** Latest test (2011) shows that 30percent of primary students reached average score in language, reading, and mathematics. • **Partly achieved.** Girls represented 45.7percent of total primary students in 2011. Bank to analyze expenditure effectiveness and given results engage government on quality issues. Analytical work conducted during the CAS period basis of dialogue.	
2.3 Improve access to and quality of HIV/AIDS-related services			• HIV/AIDS MAP • PRSC 5 • Reproductive Health Project • Demography and economics • TA Social safety nets • TA Follow-up social
• At least 60percent of adult people know 2 ways of HIV/AIDS transmission by 2011 (Baseline: 36.5 percent in 2002).	• **Indicator dropped**. Project results matrix revised following restructuring of project in May 2009 to align indicators with the new WB HIV/AIDS scorecard.		
• Condom use among men who have had sex with more than 1 partner in last 12 months rose from 33percent to 45percent by 2011.	• **Indicator dropped.** Same as above.		

SUMMARY OF CAS PROGRAM SELF-EVALUATION (Indicators updated with most recent information)			
Original CAS Outcomes and Indicators	**Revised CAS Outcomes and Indicators** ***(If applicable)***	**Progress Towards CAS Outcomes**	**WBG Support**
• Testing services offered in at least 40 nonpublic facilities (up from 2) and all reference hospitals comply with national standards. • At least 10,000 persons living with HIV/AIDS eligible for treatment are under antiretroviral drugs and monitoring by 2010 (from 3,000 in 2005).	• **Indicator revised**: Testing services offered in at least non public health centers to be 25 by end 2011. Original target overambitious given available funds • **Indicator revised:** At least 9,000 persons living with HIV/AIDS eligible for treatment are under antiretroviral drugs and monitoring by end 2011. • **New indicator**: 55,000 persons aged *15+* receiving counseling and testing for HIV and received their test results.	• **Partly achieved**. 22 non public testing facilities were providing testing services as of end 2010. • **Achieved**. At the end of 2010, 23,963 patients eligible under all donor programs. 4071 received entry test to make them eligible for antiretroviral drugs and monitoring (by MAP). • **Achieved**. 93,800 persons at the end of 2011.	safety nets • Health country status report • IFC – Health in Africa initiative **Planned lending**: • PRSC 6 **Partners**: • AfDB, EU, Belgium, Canada, France, Global Fund, Netherlands, UNICEF, USAID
2.4 Increase use of health services			
• 70percent of births assisted by qualified health personnel (Baseline: 51percent, 2006). • 4percent of population covered by a health mutual (Baseline: 1.4percent, 2005). • 90percent immunization rates for DTCP3 (Baseline: 68percent in 2006).		• **Not achieved.** 57percent of births assisted by qualified health personnel in 2010. • **Partly achieved.** 2.9percent of population covered by a health mutual in 2010**.** • **Achieved.** Immunization rates for DTCP3 at 100percent in 2009.	
• Use of modern contraception increased to 500,000 couple-years of protection (Baseline: 256,000 in 2006).		• **Partly achieved.** Use of modern contraception currently at 490,542 couple-years of protection in 2010. Road map for reducing maternal mortality approved in 2009. Contracting of NGOs to increase coverage was implemented by 2009.	

SUMMARY OF CAS PROGRAM SELF-EVALUATION (Indicators updated with most recent information)			
Original CAS Outcomes and Indicators	**Revised CAS Outcomes and Indicators** ***(If applicable)***	**Progress Towards CAS Outcomes**	**WBG Support**
		Work ongoing to establish a system for rewarding performance of health districts.	
2.5 Aid harmonization increase and reduction of transaction costs			• TA and ESW/AAA from WB, EC, and other budget support donors
• Joint framework for general budget support in place and followed.		• **Achieved.**	
• Reduced number of parallel PIUs in Bank operations: maximum 4.		• **Not achieved**. All but PRSC series have PIUs. Government agencies weak and budgetary systems inadequate making it difficult to eliminate PIUs. Agricultural Productivity Project expected to use government systems once these are able to track expenditures accurately. Some project units more streamlined and subcontracting key activities such as procurement to private operators (e.g. transport). Objective optimistic.	
• Program-based approaches: at least 66percent of Bank portfolio.		• **Achieved. 65percent** based on disbursements..	
• Coordinated ESW/AAA: at least 66percent of all Bank ESW/AAA.		• **Achieved.** Most sector work prepared jointly or with good coordination of relevant agencies. Donors involved in sectors participate in sector analysis, often with complementary work.	
• Collaborative sections of next Country Assistance Strategy drafted and Memorandum of Understanding signed by Government and main donors (including WB).		• **Achieved.** 2009 CAS was prepared jointly with IFC and with involvement of key donors and signed by them; new CAS preparation not started.	

Sources: World Bank, Country Assistance Strategy, Progress Report of Country Assistance Strategy, Staff Appraisal Reports, Project Reports, and Program Reports for PRSC's, Implementation Status and Project Completion Reports, IMF/WB, Joint Staff Advisory Note on Poverty Reduction Strategy Paper, IMF, Mali: Seventh Review under the Extended Credit Facility and Request for a new Three-Year Arrangement under the Extended Credit Facility—Staff Report,

SUMMARY OF CAS PROGRAM SELF-EVALUATION (Indicators updated with most recent information)			
Original CAS Outcomes and Indicators	**Revised CAS Outcomes and Indicators** ***(If applicable)***	**Progress Towards CAS Outcomes**	**WBG Support**
IMF, PRSF Progress reports 2009 and 2010. BCEAO Report on Banking. Note: Indicators in italics in the second column added to better show progress in CAS period.			

LESSONS AND SUGGESTIONS FOR THE NEW CAS	
1. Strategic Objective 1: Promote rapid and broad-based growth	
1.1	**Agricultural Productivity and Competitiveness Improves** • Importance of buy-in by Government and vested interests on key reforms. Vested interests commitment needed for key reforms. • Bank project indicator information generally available. • Data for indicator should be readily available at CAS preparation time. Indicators should relate to projects that are under implementation/ready for approval at the time of CAS. Indicators should be attributable to Bank activities. • Strengthening government budgetary systems, including establishment of a pooled financing mechanism, requires government commitment, time and technical support.
1.2	**Transportation Infrastructure** • Project intervention in railways limited to investments in spare parts, equipment and materials under transport projects in Mali and Senegal, were not significant enough to have influenced railway concession outcomes. CAS objective may have been too ambitious given program, and to be effective, support to the concession should have been financed under a stand-alone project including investment support and technical assistance.
	• Good coordination with all donors and among Bank units important. In spite of coordination there can differences in lending practices and criteria. • Information for indicators linked to Bank projects generally available.
	• Success in some reforms entails considerable expenditures in technical assistance acquisition of security-related equipment and infrastructure and time. Reforms supported under the Regional Air Transport Project. Rehabilitation of existing terminal, construction of new terminal and other major civil works to modernize existent international airport at Bamako financed by the MCC.
1.3	**Electric Power** • Sustainability: Key reforms such as tariff adjustments require political commitment. Forcing the Government to support the utility in 2011 and 2012 (as opposed to letting the utility accumulate losses which would lead to a bail-out in the future was a positive set as it forced the government to recognize the cost of their electricity tariff policy. • Regional Interconnection. Political risks can slow down projects and the risks are multiplied for projects involving more than one country. • Outcome measurable if linked to Bank-supported project.

SUMMARY OF CAS PROGRAM SELF-EVALUATION (Indicators updated with most recent information)			
Original CAS Outcomes and Indicators	**Revised CAS Outcomes and Indicators** ***(If applicable)***	**Progress Towards CAS Outcomes**	**WBG Support**
1.4	**Financial Services Improved** • Source of Bank spread indicator not known. Indicators should be clearly defined & readily available. • Trends on credit and interest rate spreads not always attributable to Bank programs; IMF/Bank work on banking sector restructuring (Financial Sector Development Project, closed in 2008) led to increased competition which helped increase lending/reduce margins		
1.5	**Business Regulation Improved** • Doing business indicators are good measures of progress in business environment, but improvements do not ensure increased investment. CAS objective may have been ambitious given program. Other intermediate indicators (e.g. firms registered) could be more indicative on investment levels. • Important to include all key indicators to measure outcome.		
1.6	**Improved performance of nonagricultural sectors by 2011:** • A combination of PRSP actions and investment/technical assistance lending can be effective as in telecommunications.		
2. Strategic Objective 2: Strengthen public sector performance			
2.1	**Public financial Management** • PRSP important in introducing reform agenda. PEFA outcomes good indicator but not in short term. Given time required to introduce institutional/legal reforms, it may be difficult to see changes in PEFA indicators unless reforms ongoing at beginning of CAS. Project related indicators generally available. PEFA 2006 data not updated for at least one of the CAS indicators.		
2.2	**Access and quality of basic education, including strengthening institutional capacities** • Increased expenditures do not guarantee results.		

ANNEX 1B

Status of Compliance with the WAEMU Convergence Criteria				
Criteria	**Standard WAEMU**	**2010**	**2011***	**Status (2010)**
Basic fiscal balance (excl. HIPC)/ nominal GDP	≥ 0	-1.2	-1.9	Not observed
Average annual rate of inflation	≤ 3percent	1.2percent	3.5percent	Complied
Stock of public debt to nominal GDP	≤ 70percent	26.4percent	24.1percent	Complied
Change in Dom. and Ext. payment arrears (in billions of CFA francs)	0	0	0	Complied
Wage bill to tax revenue	≤ 35percent	33.9percent	37.3percent	Complied
Investment financed from domestic resources to tax revenue	≥ 20percent	26.3percent	25.8percent	Complied
External current account balance, excl. grants, to nominal GDP	≥ -5percent	-9.7percent	-10.7percent	Not complied
Tax ratio	≥ 17percent	14.8percent	14.3percent	Not complied

Basic balance: difference between total revenue, excluding grants, and total current expenditure, including interest on public debt plus domestically financed capital expenditure.

Source: INSTAT/DNPD/CNPE/BCEAO/WAEMU

*Estimates

Annex 2: Mali – FY08-12 - Country Assistance Strategy- Completion Report

Planned Lending Program And Actual Deliveries (FY08-FY12)
(USD Million)

FY	CAS Planned lending		Status	
FY08	**IDA**		**IDA**	
	PRSC II	42	PRSC II	42.0
	Regional Operations	6	Regional Operations	0.0
	Total IDA FY08	**48**	**Total IDA FY08**	**42.0**
	Other financing		**Other financing**	
	GEF WA Biosafety Project	25	GEF WA Biosafety Project	3.9
FY09	**IDA**		**IDA**	
	PRSC III	40	PRSC III	65.0
	Energy Support Project	75	Energy support Project	120.0
	TA for Service Delivery	15	Postponed to FY11	-
			HEURA Additional Financing	35.0
			HIV/AIDS Additional Financing	6.0
	Subtotal	**130**	**Subtotal**	**226.0**
	Regional Operations	8		0.0
	Total IDA FY09	**138**	**Total IDA FY09**	**226.0**
	Other Financing		**Other Financing**	
	GEF Sustainable Land Mgmt. *	**6.3**		
			PRSC II Additional Financing (Global Food Crisis Response Program)	**5.0**
FY10	**IDA**		**IDA**	
	PRSC IV	50-60	PRSC IV	55.0
	Agriculture Productivity Project	70.0	Agricultural Productivity Project	70.0
	Subtotal	**120-130**	**Subtotal**	**125.0**
	Regional Operations	8-18	Felou Regional Hydroelectric Project (West Africa Power Pool) Additional Financing	14.2
	Total IDA FY10	**138**	**Total IDA FY10**	**139.2**
	Other Financing		**Other Financing**	
			GEF Agricultural Productivity	6.2
			Global Food Crisis Response Program PRSC IV	15.5

Annex 2: Mali – FY08-12 - Country Assistance Strategy- Completion Report

Planned Lending Program And Actual Deliveries (FY08-FY12)
(USD Million)

FY	CAS Planned lending		Status	
2011	**IDA**		**IDA**	
	PRSC V	50-60	PRSC V	70.0
	Urban Operation	70	Urban Local Governments Support Project	70.0
			Governance and Budget Decentralization TA	12.0
			Transport Sector 2 Additional Financing	23.0
	Subtotal	**138**	**Subtotal**	**175.0**
	Regional Operations	8-18	Regional Operations	0.0
	Subtotal IDA FY11	**138**	**Subtotal IDA FY11**	**175.0**
	Total IDA FY08-11	**462**	**Total IDA FY 08-11**	**582.2**
FY12	No indicative program for FY12 in CAS; FY12 program in CAS Progress Report			
	IDA (CAS Progress Report)**		**IDA**	
	PRSC VI	70		
	Higher Education and Skills Development	50		
	Strengthening Reproductive Health	30	Strengthening Reproductive Health (actual)	30.0
	Total IDA FY12	**150**	**Total IDA FY 12**	**30.0**
	Other Financing		**Other Financing**	
			HEURA Additional Financing (TF to Support Energy Small and Medium Enterprises in SSA and AF Renewable Energy Access TF)	8.5
TOTAL IDA FY08-12		**612**	**TOTAL IDA FY08-12**	**612.2**

*: Fully blended with IDA Agricultural Productivity Project.
**: Estimates for FY12 were indicative.

Annex 3: Mali – FY08-11 - Country Assistance Strategy- Completion Report

Planned Non-lending Services and Actual Deliveries (FY 2008-2012)

CAS Plans FY08-11		STATUS
FY08	Rural Finance Study	Completed in FY09
	Demography and Economics	Completed in FY11
	PEMFAR	Completed in FY11
	Governance Diagnostic Study	Completed in FY09
	Poverty and PRSP brief (TA)	Completed in FY09
		Telecommunications Policy Dialogue – TA
FY09	Growth note on mining	Converted to policy notes on growth
	Skills Development Study	Completed in FY10
	Country Environmental Assessment	Profil Environnemental du Milieu Urbain (Urban Environmental Analysis (Report No. 60788-ML, March 2011)
	ICA Update	Converted to a Private sector growth diagnostic completed in FY12
	SLM Advisory Services	Policy dialogue on sustainable land management. Started in FY08
		Rural Finance Study. May 2012.
		Governance Diagnostic Study
		Poverty and PRSP brief -TA
FY10	Growth note on tourism	Converted to policy notes on growth (informal, 2010)
	Social Protection	Converted to social safety net – TA
	PEMFAR Update	Completed in FY11
	Poverty and PRSP brief (TA)	Poverty Brief. Completed in FY12.
		Mali Financial Sector Assessment –Joint IMF-World Bank Financial Sector Assessment (Report 47359, February 2009)
		Le développement des compétences pour la croissance économique et la compétitivité au Mali (Octobre 2009)
		L'éducation au Mali: Diagnostic pour la préparation de la 3ème phase du programme d'investissement du secteur de l'éducation (November 2010)
		Rapport sur le Respect des Normes et Codes Comptabilité et Audit. Report # P113826. June 2019
		ICT Policy Dialogue – TA. Report on Standards and Codes
FY11	Growth note on light manufacturing	Replaced by policy notes on growth (above)
	Governance Follow-up	Under preparation. Due December 2012.
		Mali – The Demographic Challenge (Report No. 44459-ML, March 2010)

		Public Expenditure Management and Financial Accountability Review (Report No. 48826, March 2010). PEMFAR and update in one report.
		Follow-up on Social Safety Nets – TA
	TBD	Youth Initiative TA (Ministère de la Jeunesse des Sports ; Document de Politique Cadre de Développement de Jeunesse au Mali. September 2010).
	TBD	Non formal Education TA
		Urban Environmental Analysis
		Policy notes on growth
		Public Expenditure Management and Financial Accountability Review. Report 46826-ML. March 2010
		Education Country Status Report Update Health Country Status Report
		Dialogue on SLM –TA
		Telecommunications policy dialogue – TA
		Action plan for ROSC –TA
FY12		Investment Climate Assessment. SME's Growth and Diversification in Mali. March 2012

Annex 4: IFC and MIGA Program

1. IFC's committed exposure in Mali as of March 31, 2013 was US$36.0 million (of which US$14.3 million was undisbursed), mainly allocated to projects in the financial, infrastructure and agribusiness sector.

Mali IS & InfraVenture Projects	Products	Committed Portfolio	Outstanding Portfolio	Undisbursed Portfolio
BOA Mali	RSF[19]	3.6	0.9	2.7
Ecobank Mali	RSF/ GTFP[20]/ Sub-debt facility	9.5	3.4	6.1
GRIMAS	Loan	5.0	3.3	1.7
Graphique Industrie	Loan	8.8	6.9	2.0
GMM	Loan	7.2	7.2	0.0
Kenie (InfraVenture)	Equity	1.9	0.0	1.9
Total Mali		**36.0**	**21.7**	**14.3**

IFC main achivements:

2. **Fostering private sector access to finance:** IFC, jointly with the WB, implemented the IDA/IFC MSME program that aims to boost finance for the development of the underserved MSME segment. The assistance consists of a risk sharing facility on a new portfolio of loans to SMEs to 2 selected banks, Bank of Africa Mali (BoA) and Ecobank Mali, as well as a SME banking TA program to support their activities in that sector while mitigating credit risk and increasing profitability. The BoA's RSF has been effective since Nov 2008 with a 3-year ramp-up period which ended in July 2011. At the end of 2012, 306 SME loans were approved in the BoA's RSF for a total amount of more than USD12.5 million. As for Ecobank Mali, SMEs loans portfolio is expected to reach USD12.5 million. IFC has also provided Ecobank Mali a trade guarantee, under its Global Trade Finance Program, which has guaranteed transactions amounting to USD38.3 million from 2009 to 2012, and a capitalization package of USD7.2 million, through its Capitalization Fund and African, Latin American & Caribbean Fund.

3. Agribusiness: IFC has committed in October 2008 a €8 million (approximately US$11 million) loan for Groupe AMI, the largest private agribusiness group in Mali which produces flour, animal feed and bottled water, to help finance the company's US$25 million expansion and product diversification plans. IFC is closely monitoring the situation of the client following the political crisis.

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[19] RSF: Risk Sharing Facility

[20] GTFP: Global Trade Finance Program

4. IFC has also committed in June 2010 a €14 million (approximately USD19 million of which USD6.5 million was for the investments in Mali) loan to Groupe Industriel Madiou Simpara (GRIMAS) which produces carbonated soft drinks, bottled water, preforms and caps for plastic bottles, and carbon dioxide for beverages, to help finance the company's €33 million expansion program in Mali, Senegal and Cote d'Ivoire. There has been no damage to the factory in Mali after the political crisis in Mali. Operations have been back to normal since beverage is a relatively defensive business.

5. **Global Manufacturing:** IFC has committed a €7.5 million (approximately US$9 million) loan for Graphique Industries, the largest printed products company in Mali supplying textbooks and notebooks to the education sector. The loan has been used to upgrade the company's machines and increase its overall capacity, quality and efficiency, which will allow it to expand its market to surrounding countries. IFC is closely monitoring the situation of the client which has been impacted by the political crisis due to its high exposure to Government entities.

6. **Infrastructure:** IFC InfraVenture and the Government signed in May 2011 a Joint Development Agreement, with regards to the participation of IFC InfraVenture as a surrogate sponsor in the development - under a PPP scheme - of the 35 MW Kenie project on the Niger River. The project was suspended after the March 2012 coup. Before the coup, the project was progressing as development work reached its first important milestone with the selection process for the strategic sponsor. The short listing phase was completed with 4 potential candidates expressing interest in bidding for the project.

7. **Advisory Services**: IFC's activities focused on:

i. Investment climate reform (Doing Business indicator-based advisory and OHADA process): Phase 2 of the program was launched in January 2010. The aim of the 3-year program was (i) to improve investment climate in Mali, some of which will be measured by the Doing Business indicators; (ii) to encourage agribusiness investment; and (iii) to streamline the overall business regulatory framework and the process of licensing issuance and inspection. Among other performances, Mali was the seventh best reformer in the World in the period 2005-2012, under Doing Business;

ii. Leasing (Africa Leasing Program): under which were trained 52 officials and professionals including judges, magistrates, lawyers, notaries and certified accountants on leasing jurisprudence and best practices and will implement a legal framework to increase leasing activities by providing accurate guarantee to the leasing operators;

iii. Index-based insurance for low-income farmers (Global Index Insurance Facility Program (GIIF) was established by the IFC and IBRD in 2009 to assist with the development of index-based insurance for natural disasters and weather risks in developing countries. GIIF has funded an implementation grant with PlaNet

Guarantee to establish a regional index-based crop insurance scheme. The program has been launched with maize products in Mali and covered 13,711 farmers in 2012; and

iv. Health services (Health in Africa initiative which is in an analytical and engagement phase)

IFC's strategy during ISN period:

8. IFC will aim to prepare the conditions for private sector recovery and its strategy is built around three principal axes:

i. **Encouraging entrepreneurship by providing integrated support (capacity building, access to finance) to MSMEs**. IFC will seek to strengthen Mali's MSMEs by working closely with financial institutions (banks, leasing companies and microfinance institutions) through investments (mostly risk sharing facilities, trade lines) and advisory services by promoting MSME finance (AMSME), deploying capacity building products (Business Edge) and further developing leasing products (Africa Leasing Facility II, focused on fragile countries).

ii. **Improving the investment climate at sector, country and regional levels**. Through its country specific Investment Climate program and regional initiatives (OHADA and ECOWAS), IFC will help the new Government enact pro-business reforms that enable business and job generation, provided the new Goverment decides to set Investment Climate as a priority and financing is available for the program.

iii. **Providing support to projects in strategic sectors where private participation is low, especially in infrastructure and agriculture, by re-engaging gradually.** IFC will focus chiefly on PPPs in infrastructure, pilot vocational training initiatives and projects that strengthen the food supply chain.

- Through InfraVentures, IFC will consider resuming co-development of the Kenie hydro project with Government and explore potential solar projects developed by private sponsors. IFC will continue to explore potential opportunities for supporting energy and transportation projects in close collaboration with IDA and MIGA.

- IFC will seek to develop projects that will contribute to food security and will work on the various aspects of the value chain in collaboration with IDA and MIGA.

9. MIGA remains open in Mali, and is very keen to support new projects. Currently, MIGA's portfolio consists of one contract in the telecommunications sector, with a gross exposure of USD16.2 million and a net exposure of USD14.6 million. MIGA's political risk

product may alleviate concerns for private sector investors who are keen to invest in Mali, but who remain apprehensive because of the current political instability. With regard to MIGA's product offerings, while MIGA supports projects of all sizes, its more streamlined Small Investment Product has proven useful for smaller sized investors into a country. MIGA has recently extended its product line, and is now offering insurance cover for the Non-Honoring of a Sovereign Guarantee, as well as its traditional Transfer Restriction, Expropriation, Breach of Contract and War and Civil Disturbance covers.

Annex 5: Consultations Summary

A. Background

1. Consultations on the Interim Strategy Note which are part and parcel of the preparation process took place in Bamako on March 25, 2013. Regional level consultations could not be organized owing to the volatile security situation prevailing in the northern part of the country. In order to preserve the participatory process objective of the event, local stakeholders were invited to Bamako. Most of those attending were heads of local elected bodies, like Regional Assembly, Council of circle, mayor or municipal advisers. As the attached list of participants indicates, the consultations brought together a sample that is representative of stakeholders' mapping at both central and decentralized levels.

B. Objectives

2. The main objectives of the consultations were to share the concept note of the ISN for Mali under preparation with representatives of key stakeholders, get their perspective on the new challenges facing Mali in light of the security and institutional crisis as well as those that have structural roots and obtain their views on how the World Bank may provide support to address these challenges. The expected outcomes from the consultations were to obtain a candid feedback on the relevance of the pillars identified in the ISN by assessing their alignment with the PAPU and the GPRSF and their opinion on how to make the implementation of the proposed interim strategy successful considering the challenge that represents, the volatile security context prevailing in the Northern regions of the country.

C. Format

3. The consultations comprised two plenary sessions for the introductory and closing remarks and 3 focus group discussions around the following themes: i) Protecting Human Capital - Strengthening Resilience and Improving Access to Basic Social Services; ii) Preparing the conditions for economic recovery - *increasing productivity and identification of sectors with the highest growth potential; and,* iii) Strengthening Partnership for sustainable development. The focus groups were organized in line with the ISN strategic orientation.

D. Attendance

4. The consultations brought together a representative sample of stakeholders comprising: Policy makers, members of the Civil Society and the Private sector, Public sector officials involved in the implementation of operations financed by the World Bank and beneficiaries of such operations. Technical and Financial Partners participated in the various sessions of the consultations. The Consultations which lasted one day recorded also the participation of major opinions leaders in the country, such as the members of the Traditional communicants network (*Réseau des Communicateurs Traditionnels*), Consumers Association (*Associations des Consommateurs du Mali*); the Group Pivot Rights & Citizenship, two of the most influential women groups that have been advocating for gender and social equity for the last twenty years.

E. Outcomes

5. Participants at the consultations discussed the concept note of the draft interim strategy from the perspective of its principles, approach and program content and provided feedback on the relevance of the strategy in the current country context. Overall, participants found the draft interim strategy appropriate for the current situation of Mali. Participants commended the ISN for its balance between the emergency situation and the pursuit of long term development strategy objectives. Working group discussions were structured around a general presentation of the theme that provided background information to guide the ensuing free flowing discussions of the issues by participants. The summaries of the focus groups discussions were presented and discussed at the closing plenary session. The main themes and issues discussed during the consultations are summarized below.

***Group 1**: Protecting human capital, strengthening resilience and improving access to basic social services.*

The group recommended:

a) Increased involvement of local communities and NGOs in projects' preparation, implementation and monitoring & Evaluation
b) Greater focus on gender and ethnical equity. The need to pay greater attention to silent minorities in the center and the north of the country was emphasized
c) Greater focus on early childhood care including nutrition
d) Increased support to the establishment of Public governance oversight mechanisms to foster the development of social accountability.
e) Greater focus on Decentralization effectiveness including budget decentralization
f) Greater focus on the effectiveness of the internal and external public audit agencies.
g) Improvement of the regulatory framework for private schools including the introduction of a more effective quality control mechanism

***Group 2**: Creating the conditions for economic recovery, increasing productivity and identification of sectors with the highest growth potential.*

The group recommended:

a) Providing support to targeted enterprises affected by the crisis
b) Strengthening the business regulatory framework (fiscal and judiciary) and promoting good governance.

c) Promoting the provision of insurance schemes to protect private sector investments
d) Strengthening state's capacity in targeted domains like statistics, M&E, bargaining skills to deal effectively with development partners, public policy evaluation
e) Ensuring better access to financing by implementing innovative approaches to lower interest rates practiced by the investment and commercial banks
f) Supporting the operationalization of the National Strategy for investment
g) Supporting the Operationalization of the National Strategy for agribusiness
h) Promoting public infrastructure development in transport, energy, water, ICT
i) Promoting the creation of specialized technical training institutes to bridge the skill gap

Group 3: *Strengthening partnership for sustainable development*

a) Reinforcing synergies between donors throughout the entire project cycle trough joint AAA, joint financing, parallel financing, joint supervision missions.;
b) Encouraging on-lending of foreign financial assistance from the central level to the regional and local public entities
c) Promoting the establishment of a pool of donor funding to finance targeted sectors to address the ongoing crisis in the country. This will be in addition to the MDTF currently under preparation by the Government
d) Supporting knowledge and skills transfer from stand-alone PIU/PCU, to traditional public administration or agencies

Annex 6: Joint IDA/IMF Debt Sustainability Report

INTERNATIONAL MONETARY FUND

December 21, 2012

STAFF REPORT FOR THE 2012 ARTICLE IV CONSULTATION, AND REQUEST FOR DISBURSEMENT UNDER THE RAPID CREDIT FACILITY—JOINT IDA/IMF DEBT SUSTAINABILITY ANALYSIS UNDER THE DEBT SUSTAINABILITY FRAMEWORK FOR LOW-INCOME COUNTRIES

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Mali's risk of debt distress continues to be assessed as moderate—unchanged from the previous Debt Sustainability Analysis (DSA). Debt sustainability remains mostly sensitive to a hardening of financial terms or an export shock stemming from the concentration of exports on gold.

Background

1. **As a result of the enhanced Highly Indebted Poor Countries (HIPC) Initiative and the Multilateral Debt Relief Initiative (MDRI), Mali's stock of external debt has declined significantly**. Mali's stock of public and publicly guaranteed external debt declined from 103 percent of GDP in 2000 to 19 percent in 2006 owing to enhanced HIPC debt relief in 2002 and MDRI debt relief in 2006 (Text Table 1). At end-2011, it had increased to 28.1 percent of GDP owing mainly to new loans by the International Development Association (IDA), the African Development Bank (ADB), the Islamic Development Bank (IsDB), and the IMF (mainly through an allocation of SDR 74 million in 2009). All of Mali's external debt is public and the bulk is owed to multilateral creditors, mainly IDA, AfDB and IsDB.

Text Table 2: Mali: Public Domestic Debt Stock at Year-End, 2001-11
(billions of CFAF)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total	20.8	58.5	48.7	37.5	36.0	61.6	45.4	80.2	74.1	90.3	203.4	238.1
(percent of GDP)	1.1	2.6	2.2	1.5	1.4	2.1	1.4	2.3	1.9	2.1	4.4	4.7
Debt to the Central Bank	3.0	25.8	25.1	23.1	20.3	17.9	15.3	13.1	10.7	8.3	5.8	3.3
Central Bank Statutory Advances	0.0	23.2	23.2	21.7	19.7	17.5	15.3	13.1	10.7	8.3	5.8	3.3
Other debt to the Central Bank	3.0	2.6	1.9	1.4	0.6	0.4	0.0	0.0	0.0	0.0	0.0	0.0
Debt to the banking sector	17.8	32.7	23.6	14.4	15.7	43.6	30.0	67.1	63.4	82.0	197.5	234.8

Source: Malian authorities, staff estimates.

Recent Developments in Public External Debt

2. **Mali's domestic public debt is small** (4.7 percent of GDP in 2011, Text Table 2). It

Text Table 1: Mali: External Debt Stock at Year-End, 2001-11
(billions of CFAF)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total	1939.7	1968.6	1156.1	1169.4	1184.5	1474.3	606.4	643.4	810.8	955.2	1134.1	1414.4
(percent of GDP)	102.6	89.0	52.0	47.7	45.0	50.9	18.9	18.8	20.7	22.6	24.3	28.1
Multilateral	1434.9	1503.9	824.5	741.5	878.3	1198.8	357.3	447.6	615.9	766.8	895.8	1141.4
IMF 1/	105.9	110.1	100.1	94.5	78.8	65.7	4.1	6.1	18.6	67.6	72.1	92.4
World Bank/IDA	327.6	343.3	106.0	176.5	268.3	383.5	83.8	216.3	262.5	313.2	413.6	493.5
African Development Bank	391.8	328.9	116.0	239.2	289.4	379.7	121.4	133.7	112.3	136.3	157.7	257.0
Islamic Development Bank	50.0	45.0	40.5	36.4	54.7	63.9	31.4	57.3	96.3	111.8	113.8	124.1
Others	559.6	676.5	461.9	154.9	187.0	290.6	64.0	109.1	129.1	137.9	138.6	174.4
Bilateral	498.2	459.0	328.4	423.5	301.9	270.0	246.9	193.3	149.7	188.4	235.8	271.4
Paris Club official debt	141.7	127.4	30.6	7.6	16.9	17.7	13.0	15.6	4.4	4.4	10.2	13.2
Non-Paris Club official debt	356.5	331.6	297.8	415.9	285.0	252.3	233.8	177.7	145.3	184.0	225.5	258.2
Other Creditors	7.3	7.4	4.3	4.4	4.4	5.5	2.3	2.5	2.8	2.9	2.6	1.7

Source: Malian authorities, staff estimates.
1/ Includes August 2009 SDR allocation.

consists of treasury bills and bonds issued on the regional market of the West African Economic and Monetary Union (WAEMU), and commercial bank loans. Domestic debt has more than doubled between 2009 and 2011 mainly as a result of new issuances of treasury bills and bonds (FCFA 137 billion at the end of 2011), but also owing to an inventory of all loans contracted or guaranteed by the government that the authorities have been conducting as part of their plan to strengthen debt management.

Debt Burden Thresholds Under the Debt Sustainability Framework

3. **Mali is a medium policy performer for the purpose of determining the debt burden thresholds under the Debt Sustainability Framework (DSF).** Mali's rating on the World Bank's Country Policy and Institutional Assessment (CPIA) averaged 3.65 (on a scale of 1 to 6) during 2009–11, making it a medium policy performer. The corresponding external public debt burden thresholds are shown in Text Table 3.

Text Table 3. External Public Debt Thresholds for "Medium Policy Performers" under the Debt Sustainability Framework

Present value of external debt in percent of:	
GDP plus remittances	36
Exports plus remittances	120
Revenue	250
External debt service in percent of:	
Exports plus remittances	16
Revenue	20

Baseline Scenario Underlying the Debt Sustainability Analysis

4. **The central feature of Mali's medium- and long-term macroeconomic outlook is the steady decline of annual gold production expected to be compensated only in part by other exports**. The baseline scenario assumes a continuation of trend GDP growth as agriculture offsets the steady decline of gold production (Box 1). Inflation is expected to remain moderate as prudent fiscal policies are implemented with no recourse to domestic borrowing. The current account deficit is expected to remain stable, as the decline in gold exports is compensated by an increase of other exports including agricultural products and other minerals, and a deceleration in import growth.

Box 1. Mali: Macroeconomic Assumptions Underlying the Baseline Scenario, 2012–32

- **Real GDP** growth is expected to pick up after a 1.5 percent decline caused by the political and security challenges in 2012, and average 5 percent per year, slightly above the trend observed during the last 10 years (4.8 percent). Gold output is projected to decline by about 2 percent annually starting in 2014. Higher agricultural production is expected to outweigh this decline over time owing to cotton and other agricultural sector reforms. With a projected rapid population growth, the baseline scenario thus assumes low per capita income growth (and therefore no access to middle income status which would reduce concessional financing).
- **Consumer price inflation** is projected to remain below the WAEMU convergence criterion of 3 percent.
- **Fiscal policy.** The basic fiscal balance (revenue plus budgetary grants minus domestically financed expenditure) is expected to be equal to or greater than zero in order to meet the WAEMU convergence criterion. Tax revenue and domestically financed expenditure are expected to increase in sync by about 4 percent of GDP during 2012–32. Therefore, there is no recourse to domestic borrowing to finance the budget, except for rolling over current stock of domestic debt at market rates. In 2012 the overall fiscal deficit (excluding grants) shrinks to 2.5 percent owing to borrowing difficulties caused by the lack of external financing. With the resumption of the latter, the overall fiscal deficit (excluding grants) is projected to hover around 5.5 percent of GDP from 2014 onward, and to be financed by external loans for 50 percent and grants for the balance.
- **The non-interest current account deficit** is projected to stay at around 5.3 percent, slightly above the historic average (4.7 percent of GDP). Gold exports volumes are expected to decline steadily over time, and the share of gold in total exports is projected to fall from 74 percent in 2012 to about 32 percent in 2032. This decline is projected to be compensated by a gradual increase of other exports (including food, cotton, and other minerals such as cement, phosphate, uranium, bauxite, iron ore, copper, nickel, oil) ,and a deceleration of import growth. Remittances (in percent of GDP) are projected to remain close to historical average.
- **External arrears.** Debt service in 2012 was hampered by the political instability, which contributed to a weak revenue performance, causing the government to only serve part of the external debt and accumulate arrears to the amount of US$ 56 million. The government has duly informed the creditors of its inability to serve its external debt in full for the time being and reiterated its willingness to clear all its arrears as soon as possible. The DSA assumes that these arrears will be paid in five

Debt Sustainability Analysis

External Debt

5. **Under the baseline assumptions, all external debt and debt-service ratios remain below the policy-dependent thresholds throughout the projection period (Figure 1).** The present value (PV) of external debt is expected to slightly climb from 23 percent of GDP in 2011 to 25 percent in 2032 (Table 1a). As production from existing gold mines declines starting in 2014 and other exports' growth only partly compensates for that decline, the PV of the external debt-to-exports-plus-remittances ratio is projected to increase from 65 percent in 2012 to 116 percent in 2032, below the threshold of 120 percent (Figure 1c). With a projected increase in tax revenue by 4 percent of GDP during the projection period, the PV of the external debt-to-revenue ratio is expected to decline from 132 percent in 2012 to 123 percent in 2032, remaining significantly below the threshold of 250 percent (Figure 1d, Table 1a).

6. **Mali's external debt sustainability is mostly sensitive to an export shock and a hardening of financial terms, limiting the scope for non-concessional borrowing**. Under a hardening of financial terms, the PV of debt-to-exports-plus-remittances ratio would breach the threshold by a large margin in the second half of the projection period and for a protracted period of time (Figure 1c; Table 1b, Scenario A2). Under a bound test that reduces exports *growth* temporarily in 2013–14 with the effect of reducing exports *levels* permanently by 25 percent, the PV of the debt-to-exports -plus-remittances ratio would exceed the threshold in the year 2023 and remain high until the end of the projection period (Table 1b, Scenario B2).

Public Debt

7. **The inclusion of domestic debt does not alter the assessment of Mali's debt sustainability.** Given the small size of Mali's domestic debt and the absence of recourse to domestic borrowing in the base line scenario, the public debt sustainability analysis closely mirrors the external debt sustainability analysis (Figure 2 and Table 2a). The PV of debt-to-GDP ratio slightly decreases from 28 percent in 2012 to 27 percent in 2032.

8. **Mali's total public debt sustainability is most sensitive to a growth shock.** In particular, a permanent decline in long-term GDP growth from 5 percent to 4.7 percent would increase the PV of debt-to-GDP ratio to 37 percent in 2032 (Figure 2; Table 2b, Scenario A3).

Comparison with the Previous Debt Sustainability Analysis

9. **Mali's debt vulnerabilities have remained broadly unchanged since the 2011 DSA.** The baseline scenario remains broadly in line with the previous DSA.21 As in last year's DSA, none of the debt indicators breach the external public debt burden thresholds throughout the projection period under the baseline scenario, and Mali's external debt sustainability remains mostly sensitive to an export shock and to a hardening of financial terms (¶6). However, while the previous DSA envisaged a small amount of non-concessional borrowing ($100 million [1 percent of GDP] or about 10 percent of the total external borrowing), the present one does not, owing to the political and security situation.

The Authorities' Views

10. **The authorities broadly concurred with the results of the DSA analysis, while emphasizing both upside potential for exports and downside risks for official financing.** They noted that the completion of projects that are at various stages of development for agriculture and mining diversification (cement, phosphate, uranium, bauxite, iron ore, copper, nickel, oil …) could lead to higher non-gold exports over the medium-term. At the same time, they also expressed concern that grants could turn out less favorable over the medium-term in case of a protracted slowdown in the economies of their traditional development partners.

Debt Distress Classification and Conclusions

11. **The DSA indicates that Mali remains at moderate risk of debt distress based on the external debt burden indicators.** As in last year's DSA, none of the debt burden thresholds are breached over the 20-year projection period under the baseline scenario, and debt sustainability remains mostly sensitive to an export shock and to a hardening of financing terms. However,

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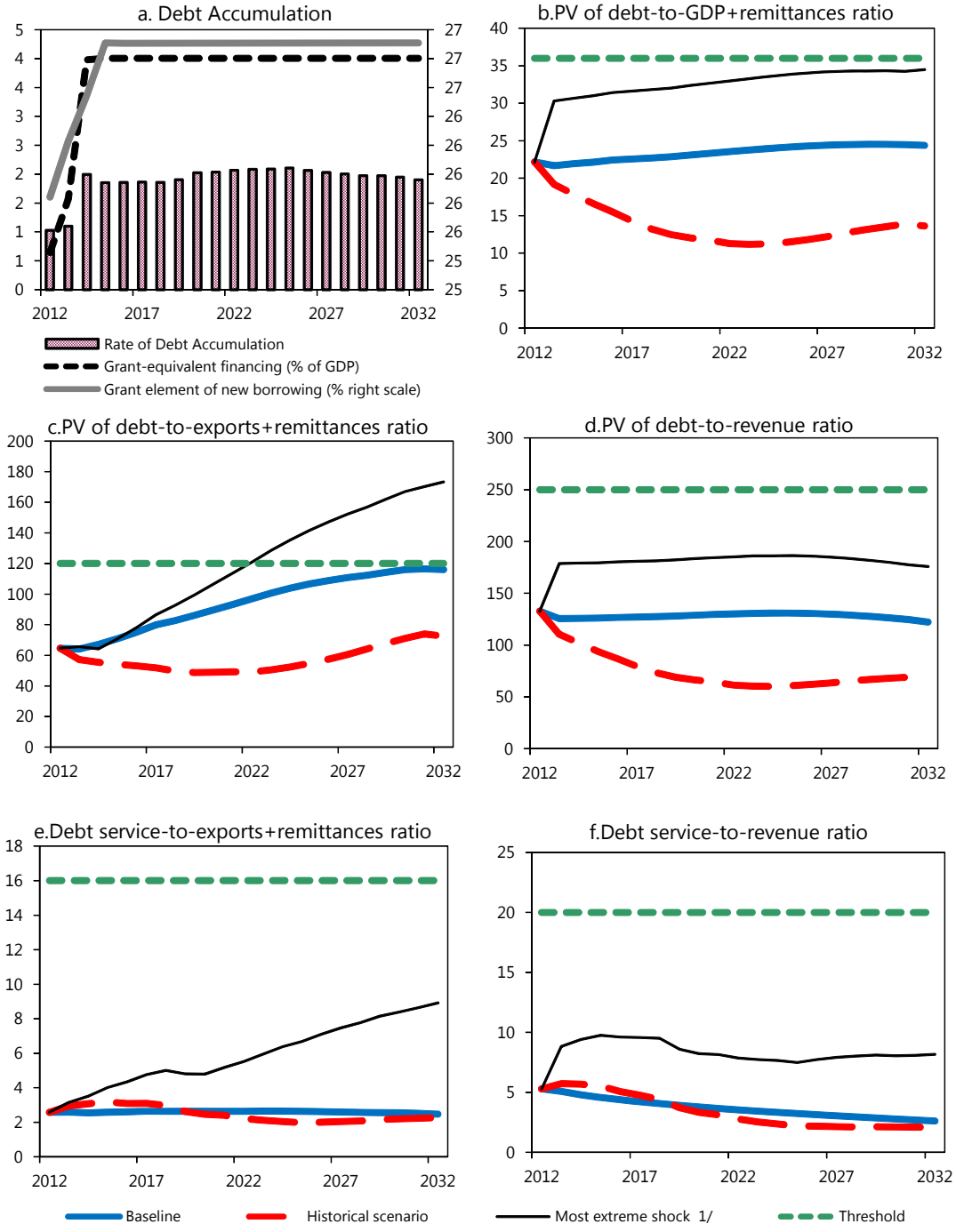
[21] IMF Country Report No. 12/3: Mali - Seventh Review under the ECF and Request for a New Three-Year Arrangement Under the ECF–Staff Report; Joint IMF/IDA Debt Sustainability Analysis.

given the expected decline in gold exports in the medium term, the uncertain prospects for export diversification, and the present political and security situation, Mali's debt sustainability needs to remain under close scrutiny. The above mentioned factors necessitate recommending that the government continue to limit its external financing to grants and concessional loans.

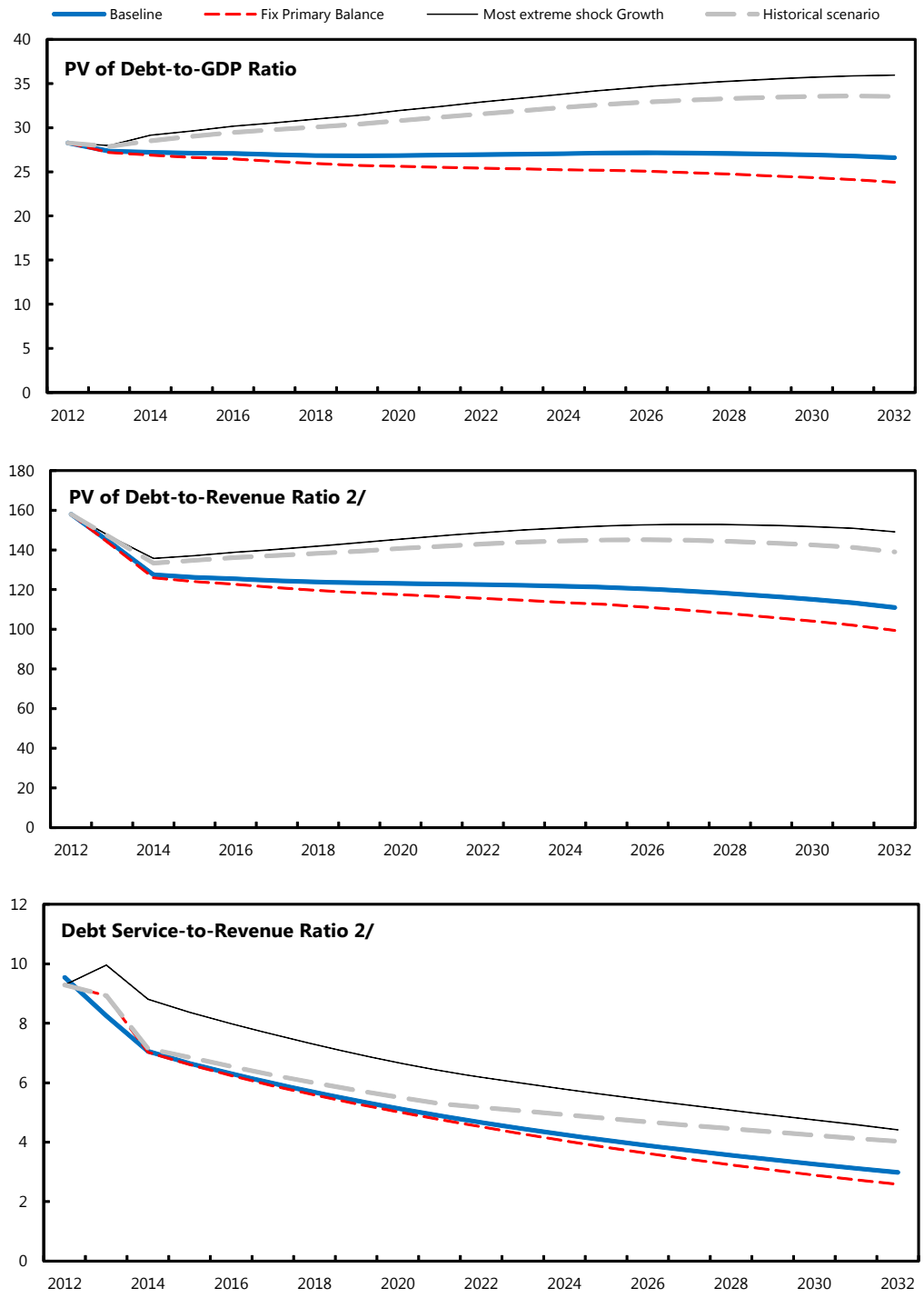
Figure 1. Mali: Indicators of Public and Publicly Guaranteed External Debt under Alternatives Scenarios, 2012-2032 1/



Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in 2022. In figure b. it corresponds to a One-time depreciation shock; in c. to a Terms shock; in d. to a One-time depreciation shock; in e. to a Terms shock and in figure f. to a One-time depreciation shock

Figure 2.Mali: Indicators of Public Debt Under Alternative Scenarios, 2012-2032 1/



Sources: Country authorities; and staff estimates and projections.
1/ The most extreme stress test is the test that yields the highest ratio in 2022.
2/ Revenues are defined inclusive of grants.

Table 1a.Mali: External Debt Sustainability Framework (Excluding Remittances), Baseline Scenario, 2009-2032 1/

(In percent of GDP, unless otherwise indicated)

	Actual			Historical 6/ Average	Standard 6/ Deviation	Projections									
	2009	2010	2011			2012	2013	2014	2015	2016	2017	2012-2017 Average	2022	2032	2018-2032 Average
External debt (nominal) 1/	**22.6**	**24.3**	**28.1**			**29.5**	**28.7**	**28.9**	**29.2**	**29.6**	**29.7**		**31.2**	**32.4**	
of which: public and publicly guaranteed (PPG)	22.6	24.3	28.1			29.5	28.7	28.9	29.2	29.6	29.7		31.2	32.4	
Change in external debt	1.8	1.7	3.8			1.4	-0.9	0.3	0.3	0.4	0.2		0.3	-0.1	
Identified net debt-creating flows	-4.9	5.6	2.0			3.1	1.9	1.5	1.6	1.6	2.0		1.6	0.7	
Non-interest current account deficit	**3.6**	**10.8**	**7.4**	**4.7**	**3.7**	**5.0**	**6.5**	**6.3**	**6.3**	**5.8**	**6.5**		**5.2**	**4.4**	4.7
Deficit in balance of goods and services	7.6	13.9	10.0			4.9	6.0	7.6	7.7	7.8	8.6		8.9	9.7	
Exports	23.7	26.0	26.1			31.2	30.8	29.8	28.4	27.0	25.5		21.3	17.7	
Imports	31.4	39.9	36.1			36.1	36.8	37.4	36.0	34.8	34.1		30.1	27.5	
Net current transfers (negative = inflow)	-5.4	-5.7	-4.3	-4.9	0.6	-4.8	-3.8	-4.2	-3.9	-3.7	-3.6		-3.7	-3.9	-3.8
of which: official	-1.9	-2.1	-1.3			-1.6	-0.8	-1.4	-1.2	-1.2	-1.2		-1.2	-1.2	
Other current account flows (negative = net inflow)	1.4	2.6	1.7			4.9	4.3	2.9	2.5	1.8	1.4		0.1	-1.4	
Net FDI (negative = inflow)	**-8.4**	**-4.2**	**-2.8**	**-3.1**	**2.0**	**-2.8**	**-3.6**	**-3.7**	**-3.6**	**-3.2**	**-3.5**		**-2.6**	**-2.6**	-2.8
Endogenous debt dynamics 2/	**-0.2**	**-0.9**	**-2.5**			**0.8**	**-0.9**	**-1.1**	**-1.0**	**-1.0**	**-1.0**		**-1.0**	**-1.1**	
Contribution from nominal interest rate	0.3	0.1	0.3			0.4	0.4	0.4	0.4	0.4	0.4		0.4	0.4	
Contribution from real GDP growth	-0.9	-1.3	-0.6			0.4	-1.4	-1.5	-1.4	-1.4	-1.4		-1.4	-1.5	
Contribution from price and exchange rate changes	0.4	0.2	-2.2			...	...	...	...	...	...		...	...	
Residual (3-4) 3/	**6.8**	**-3.9**	**1.8**			**-1.7**	**-2.8**	**-1.2**	**-1.3**	**-1.2**	**-1.8**		**-1.3**	**-0.8**	
of which: exceptional financing	-0.3	-0.2	-0.3			-0.2	-0.2	0.0	0.0	0.0	0.0		0.0	0.0	
PV of external debt 4/	...	...	21.6			23.2	22.7	22.9	23.1	23.3	23.4		24.5	25.4	
In percent of exports	...	...	82.9			74.5	73.5	76.9	81.3	86.3	92.0		115.1	143.5	
PV of PPG external debt	**...**	**...**	**21.6**			**23.2**	**22.7**	**22.9**	**23.1**	**23.3**	**23.4**		**24.5**	**25.4**	
In percent of exports	**...**	**...**	**82.9**			**74.5**	**73.5**	**76.9**	**81.3**	**86.3**	**92.0**		**115.1**	**143.5**	
In percent of government revenues	**...**	**...**	**125.6**			**132.7**	**125.5**	**125.8**	**126.1**	**126.7**	**127.0**		**130.2**	**122.3**	
Debt service-to-exports ratio (in percent)	**1.2**	**2.2**	**3.8**			**3.0**	**3.0**	**2.9**	**2.9**	**3.0**	**3.1**		**3.1**	**3.1**	
PPG debt service-to-exports ratio (in percent)	**1.2**	**2.2**	**3.8**			**3.0**	**3.0**	**2.9**	**2.9**	**3.0**	**3.1**		**3.1**	**3.1**	
PPG debt service-to-revenue ratio (in percent)	**1.7**	**3.3**	**5.7**			**5.3**	**5.1**	**4.8**	**4.6**	**4.4**	**4.2**		**3.5**	**2.6**	
Total gross financing need (Billions of U.S. dollars)	-0.4	0.7	0.6			0.3	0.4	0.4	0.4	0.4	0.5		0.7	1.0	
Non-interest current account deficit that stabilizes debt ratio	1.8	9.1	3.6			3.7	7.4	6.1	6.0	5.4	6.3		4.9	4.5	
Key macroeconomic assumptions															
Real GDP growth (in percent)	4.5	5.8	2.7	4.8	1.6	-1.5	4.8	5.8	5.3	5.0	5.0	4.1	5.0	4.9	5.0
GDP deflator in US dollar terms (change in percent)	-2.0	-0.7	10.0	8.6	8.2	-3.7	0.3	1.9	1.8	1.8	2.4	0.7	2.4	1.7	2.4
Effective interest rate (percent) 5/	1.6	0.7	1.2	1.3	0.4	1.3	1.5	1.5	1.5	1.5	1.4	1.5	1.4	1.4	1.4
Growth of exports of G&S (US dollar terms, in percent)	-16.8	15.0	13.4	13.6	15.8	13.3	3.9	4.1	2.2	1.8	1.3	4.4	3.8	7.0	4.9
Growth of imports of G&S (US dollar terms, in percent)	-25.3	33.6	2.1	14.8	21.8	-5.1	7.2	9.5	3.4	3.2	5.4	3.9	5.0	9.5	5.9
Grant element of new public sector borrowing (in percent)	...	...	...	...	...	25.8	26.2	26.5	26.9	26.9	26.9	26.6	26.9	26.9	26.9
Government revenues (excluding grants, in percent of GDP)	17.1	17.3	17.2			17.5	18.0	18.2	18.3	18.4	18.4		18.8	20.8	19.4
Aid flows (in Billions of US dollars) 7/	0.8	0.6	0.8			0.1	0.3	0.7	0.8	0.8	0.9		1.3	2.6	
of which: Grants	0.4	0.3	0.4			0.0	0.1	0.4	0.4	0.4	0.4		0.6	1.3	
of which: Concessional loans	0.4	0.3	0.3			0.1	0.2	0.4	0.4	0.4	0.5		0.6	1.3	
Grant-equivalent financing (in percent of GDP) 8/	...	...	...			0.6	1.6	4.0	4.0	4.0	4.0		4.0	4.0	4.0
Grant-equivalent financing (in percent of external financing) 8/	...	...	...			47.8	53.0	64.2	64.1	64.1	64.1		64.1	64.1	64.1
Memorandum items:															
Nominal GDP (Billions of US dollars)	9.0	9.4	10.7			10.1	10.6	11.5	12.3	13.1	14.1		20.1	41.5	
Nominal dollar GDP growth	2.4	5.0	13.0			-5.1	5.1	7.8	7.2	6.9	7.5	4.9	7.5	6.8	7.5
PV of PPG external debt (in Billions of US dollars)			2.2			2.3	2.4	2.6	2.8	3.1	3.3		4.9	10.6	
(PVt-PVt-1)/GDPt-1 (in percent)						1.0	1.1	2.0	1.9	1.9	1.9	1.6	2.1	1.9	2.0
Gross workers' remittances (Billions of US dollars)	0.5	0.5	0.5			0.5	0.5	0.5	0.5	0.5	0.5		0.8	1.7	
PV of PPG external debt (in percent of GDP + remittances)	...	...	20.7			22.2	21.7	21.9	22.1	22.4	22.6		23.5	24.4	
PV of PPG external debt (in percent of exports + remittances)	...	...	70.6			64.7	64.1	67.1	70.9	75.2	79.9		96.9	115.9	
Debt service of PPG external debt (in percent of exports + remittances)	...	...	3.2			2.6	2.6	2.6	2.6	2.6	2.7		2.6	2.5	

Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as [r - g - ρ(1+g)]/(1+g+ρ+gρ) times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, and ρ = growth rate of GDP deflator in U.S. dollar terms.

3/ Includes exceptional financing (i.e., changes in arrears and debt relief); changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price and exchange rate changes.

4/ Assumes that PV of private sector debt is equivalent to its face value.

5/ Current-year interest payments divided by previous period debt stock.

6/ Historical averages and standard deviations are generally derived over the past 10 years, subject to data availability.

7/ Defined as grants, concessional loans, and debt relief.

8/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

Table 1b.Mali: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2012-2032

(In percent)

	Projections							
	2012	2013	2014	2015	2016	2017	**2022**	2032
PV of debt-to-GDP+remittances ratio								
Baseline	22	22	22	22	22	23	**24**	24
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2012-2032 1/	22	19	18	17	16	14	**11**	14
A2. New public sector loans on less favorable terms in 2012-2032 2	22	22	21	22	23	24	**29**	36
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2013-2014	22	22	23	23	23	23	**24**	26
B2. Export value growth at historical average minus one standard deviation in 2013-2014 3/	22	23	26	26	26	26	**26**	26
B3. US dollar GDP deflator at historical average minus one standard deviation in 2013-2014	22	22	22	22	23	23	**24**	25
B4. Net non-debt creating flows at historical average minus one standard deviation in 2013-2014 4/	22	23	25	25	25	25	**26**	25
B5. Combination of B1-B4 using one-half standard deviation shocks	22	21	21	21	22	22	**23**	24
B6. One-time 30 percent nominal depreciation relative to the baseline in 2013 5/	22	30	31	31	31	32	**33**	34
PV of debt-to-exports+remittances ratio								
Baseline	65	64	67	71	75	80	**97**	116
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2012-2032 1/	65	57	55	54	53	52	**49**	72
A2. New public sector loans on less favorable terms in 2012-2032 2	65	66	64	71	78	86	**121**	173
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2013-2014	65	64	67	71	75	80	**97**	117
B2. Export value growth at historical average minus one standard deviation in 2013-2014 3/	65	72	87	91	96	102	**119**	134
B3. US dollar GDP deflator at historical average minus one standard deviation in 2013-2014	65	64	67	71	75	80	**97**	117
B4. Net non-debt creating flows at historical average minus one standard deviation in 2013-2014 4/	65	67	77	81	85	90	**106**	121
B5. Combination of B1-B4 using one-half standard deviation shocks	65	62	64	69	73	78	**95**	115
B6. One-time 30 percent nominal depreciation relative to the baseline in 2013 5/	65	64	67	71	75	80	**97**	117
PV of debt-to-revenue ratio								
Baseline	133	125	126	126	127	127	**130**	122
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2012-2032 1/	133	111	102	94	87	80	**61**	66
A2. New public sector loans on less favorable terms in 2012-2032 2	133	128	120	126	132	137	**163**	183
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2013-2014	133	127	131	131	132	132	**135**	128
B2. Export value growth at historical average minus one standard deviation in 2013-2014 3/	133	133	147	146	146	145	**144**	128
B3. US dollar GDP deflator at historical average minus one standard deviation in 2013-2014	133	125	127	128	128	129	**132**	125
B4. Net non-debt creating flows at historical average minus one standard deviation in 2013-2014 4/	133	134	145	144	144	143	**142**	127
B5. Combination of B1-B4 using one-half standard deviation shocks	133	121	121	121	121	122	**125**	118
B6. One-time 30 percent nominal depreciation relative to the baseline in 2013 5/	133	179	179	180	180	181	**185**	176

Table 1b.Mali: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2012-2032 (continued)

(In percent)

Debt service-to-exports+remittances ratio								
Baseline	3	3	3	3	3	3	**3**	2
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2012-2032 1/	3	3	3	3	3	3	**2**	2
A2. New public sector loans on less favorable terms in 2012-2032 2	3	3	4	4	4	5	**6**	9
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2013-2014	3	3	4	4	4	4	**4**	5
B2. Export value growth at historical average minus one standard deviation in 2013-2014 3/	3	3	4	4	5	5	**5**	6
B3. US dollar GDP deflator at historical average minus one standard deviation in 2013-2014	3	3	4	4	4	4	**4**	5
B4. Net non-debt creating flows at historical average minus one standard deviation in 2013-2014 4/	3	3	4	4	4	4	**4**	6
B5. Combination of B1-B4 using one-half standard deviation shocks	3	3	3	4	4	4	**4**	5
B6. One-time 30 percent nominal depreciation relative to the baseline in 2013 5/	3	3	4	4	4	4	**4**	5
Debt service-to-revenue ratio								
Baseline	5	5	5	5	4	4	**4**	3
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2012-2032 1/	5	6	6	6	5	5	**3**	2
A2. New public sector loans on less favorable terms in 2012-2032 2	5	6	7	7	7	8	**7**	9
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2013-2014	5	6	7	7	7	7	**6**	6
B2. Export value growth at historical average minus one standard deviation in 2013-2014 3/	5	6	7	7	7	7	**6**	6
B3. US dollar GDP deflator at historical average minus one standard deviation in 2013-2014	5	6	7	7	7	7	**6**	6
B4. Net non-debt creating flows at historical average minus one standard deviation in 2013-2014 4/	5	6	7	7	7	7	**6**	6
B5. Combination of B1-B4 using one-half standard deviation shocks	5	6	6	7	6	6	**5**	5
B6. One-time 30 percent nominal depreciation relative to the baseline in 2013 5/	5	9	9	10	10	10	**8**	8
Memorandum item:								
Grant element assumed on residual financing (i.e., financing required above baseline) 6/	24	24	24	24	24	24	**24**	24

Sources: Country authorities; and staff estimates and projections.

1/ Variables include real GDP growth, growth of GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.
2/ Assumes that the interest rate on new borrowing is by 2 percentage points higher than in the baseline., while grace and maturity periods are the same as in the baseline.
3/ Exports values are assumed to remain permanently at the lower level, but the current account as a share of GDP is assumed to return to its baseline level after the shock (implicitly assuming an offsetting adjustment in import levels).
4/ Includes official and private transfers and FDI.
5/ Depreciation is defined as percentage decline in dollar/local currency rate, such that it never exceeds 100 percent.
6/ Applies to all stress scenarios except for A2 (less favorable financing) in which the terms on all new financing are as specified in footnote 2.

Table 2a. Mali: Public Sector Debt Sustainability Framework, Baseline Scenario, 2009-2032

(In percent of GDP, unless otherwise indicated)

	Actual					Estimate	Projections								
	2009	2010	2011	Average 5/	Standard Deviation 5/	2012	2013	2014	2015	2016	2017	2012-17 Average	2022	2032	2018-32 Average
Public sector debt 1/	24.7	28.7	32.9			34.6	33.4	33.3	33.2	33.3	33.3		33.6	33.6	
of which: foreign-currency denominated	22.6	24.3	28.1			29.5	28.7	28.9	29.2	29.6	29.7		31.2	32.4	
Change in public sector debt	2.1	4.0	4.2			1.7	-1.2	-0.1	0.0	0.1	-0.1		0.1	-0.2	
Identified debt-creating flows	-4.4	1.7	0.5			1.7	-0.6	-0.8	-0.6	-0.5	-0.7		-0.7	-0.8	
Primary deficit	3.9	2.3	3.1	2.4	0.9	1.5	1.7	1.7	1.7	1.8	1.8	1.7	1.8	1.8	1.8
Revenue and grants	21.7	20.1	21.1			17.9	19.1	21.4	21.5	21.6	21.6		22.0	24.0	
of which: grants	4.6	2.9	3.9			0.4	1.1	3.2	3.2	3.2	3.2		3.2	3.2	
Primary (noninterest) expenditure	25.6	22.4	24.2			19.4	20.8	23.1	23.2	23.3	23.4		23.8	25.8	
Automatic debt dynamics	-2.6	0.1	-1.5			1.0	-1.7	-1.9	-1.7	-1.6	-1.8		-1.8	-2.0	
Contribution from interest rate/growth differential	-0.8	-1.3	-0.7			0.4	-1.4	-1.8	-1.7	-2.4	-1.7		-1.7	-1.3	
of which: contribution from average real interest rate	0.1	0.0	0.1			-0.1	0.1	0.0	0.0	-0.8	-0.1		-0.1	0.2	
of which: contribution from real GDP growth	-1.0	-1.4	-0.8			0.5	-1.6	-1.8	-1.7	-1.6	-1.6		-1.6	-1.6	
Contribution from real exchange rate depreciation	-1.8	1.5	-0.8			0.6	-0.3	0.0	0.0	0.7	-0.1		...	...	
Other identified debt-creating flows	-5.6	-0.7	-1.1			-0.9	-0.6	-0.7	-0.7	-0.7	-0.7		-0.7	-0.7	
Privatization receipts (negative)	-4.3	0.0	0.0			-0.6	-0.4	0.0	0.0	0.0	0.0		0.0	0.0	
Recognition of implicit or contingent liabilities	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Debt relief (HIPC and other)	-1.4	-0.7	-1.1			-0.2	-0.2	-0.7	-0.7	-0.7	-0.7		-0.7	-0.7	
Other (specify, e.g. bank recapitalization)	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Residual, including asset changes	6.5	2.3	3.7			0.0	-0.6	0.7	0.6	0.6	0.6		0.8	0.7	
Other Sustainability Indicators															
PV of public sector debt	...	...	26.4			28.3	27.3	27.2	27.1	27.1	26.9		26.9	26.6	
of which: foreign-currency denominated	...	...	21.6			23.2	22.7	22.9	23.1	23.3	23.4		24.5	25.4	
of which: external	...	...	21.6			23.2	22.7	22.9	23.1	23.3	23.4		24.5	25.4	
PV of contingent liabilities (not included in public sector debt)	...	...	...			...	...	...	...	...	...		...	...	
Gross financing need 2/	4.8	4.2	6.2			5.5	5.4	5.2	5.0	4.8	4.6		3.9	3.1	
PV of public sector debt-to-revenue and grants ratio (in percent)	...	...	125.0			158.0	143.0	127.4	126.2	125.5	124.6		122.5	111.0	
PV of public sector debt-to-revenue ratio (in percent)	...	...	153.0			161.6	151.5	149.7	148.2	147.2	146.0		143.2	128.0	
of which: external 3/	...	...	125.6			132.7	125.5	125.8	126.1	126.7	127.0		130.2	122.3	
Debt service-to-revenue and grants ratio (in percent) 4/	1.7	6.3	9.8			9.5	8.3	7.1	6.7	6.3	6.0		4.7	3.0	
Debt service-to-revenue ratio (in percent) 4/	2.2	7.3	12.0			9.8	8.7	8.3	7.8	7.4	7.0		5.5	3.4	
Primary deficit that stabilizes the debt-to-GDP ratio	1.8	-1.7	-1.1			-0.2	2.9	1.8	1.8	1.7	1.8		1.7	2.0	
Key macroeconomic and fiscal assumptions															
Real GDP growth (in percent)	4.5	5.8	2.7	4.8	1.6	-1.5	4.8	5.8	5.3	5.0	5.0	4.1	5.0	4.9	5.0
Average nominal interest rate on forex debt (in percent)	1.6	0.7	1.2	1.3	0.4	1.3	1.5	1.5	1.5	1.5	1.4	1.5	1.4	1.4	1.4
Average real interest rate on domestic debt (in percent)	0.9	2.5	1.7	0.2	3.1	-1.6	3.2	1.5	1.5	1.5	1.3	1.2	1.3	1.0	1.3
Real exchange rate depreciation (in percent, + indicates depreciation)	-9.1	6.9	-3.2	-4.8	9.2	2.0	...	...	...	...	...	...	...	...	...
Inflation rate (GDP deflator, in percent)	3.6	4.2	4.9	3.7	3.1	5.9	2.7	2.2	2.2	2.2	2.4	2.9	2.4	2.7	2.4
Growth of real primary spending (deflated by GDP deflator, in percent)	28.3	-7.3	10.9	7.1	11.3	-20.9	12.5	17.2	5.9	5.5	5.2	4.2	5.5	6.4	5.7
Grant element of new external borrowing (in percent)	...	...	...	...	...	25.8	26.2	26.5	26.9	26.9	26.9	26.6	26.9	26.9	...

Sources: Country authorities; and staff estimates and projections.

1/ [Indicate coverage of public sector, e.g., general government or nonfinancial public sector. Also whether net or gross debt is used.]

2/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period.

3/ Revenues excluding grants.

4/ Debt service is defined as the sum of interest and amortization of medium and long-term debt.

5/ Historical averages and standard deviations are generally derived over the past 10 years, subject to data availability.

Table 2b.Mali: Sensitivity Analysis for Key Indicators of Public Debt 2012-2032

	Projections							
	2012	2013	2014	2015	2016	2017	2022	2032
PV of Debt-to-GDP Ratio								
Baseline	28	27	27	27	27	27	27	27
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	28	28	29	29	29	30	32	34
A2. Primary balance is unchanged from 2012	28	27	27	27	26	26	25	24
A3. Permanently lower GDP growth 1/	28	27	28	28	28	28	30	37
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2013-2014	28	28	29	30	30	31	33	36
B2. Primary balance is at historical average minus one standard deviations in 2013-2014	28	29	30	29	29	29	29	28
B3. Combination of B1-B2 using one half standard deviation shocks	28	28	30	30	30	30	31	33
B4. One-time 30 percent real depreciation in 2013	28	37	36	35	35	34	31	28
B5. 10 percent of GDP increase in other debt-creating flows in 2013	28	35	35	34	34	34	32	30
PV of Debt-to-Revenue Ratio 2/								
Baseline	158	143	127	126	126	125	123	111
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	158	146	133	135	136	137	143	139
A2. Primary balance is unchanged from 2012	158	142	126	124	123	121	116	99
A3. Permanently lower GDP growth 1/	158	144	129	129	129	129	137	153
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2013-2014	158	146	136	137	139	140	149	149
B2. Primary balance is at historical average minus one standard deviations in 2013-2014	158	149	139	137	136	134	130	115
B3. Combination of B1-B2 using one half standard deviation shocks	158	149	138	138	139	139	143	137
B4. One-time 30 percent real depreciation in 2013	158	192	168	164	160	156	143	119
B5. 10 percent of GDP increase in other debt-creating flows in 2013	158	185	163	160	158	156	147	124
Debt Service-to-Revenue Ratio 2/								
Baseline	10	8	7	7	6	6	5	3
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	9	9	7	7	7	6	5	4
A2. Primary balance is unchanged from 2012	9	9	7	7	6	6	5	3
A3. Permanently lower GDP growth 1/	9	9	7	7	6	6	5	4
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2013-2014	9	9	7	7	7	6	5	4
B2. Primary balance is at historical average minus one standard deviations in 2013-2014	9	9	7	7	7	6	5	3
B3. Combination of B1-B2 using one half standard deviation shocks	9	9	7	7	7	6	5	4
B4. One-time 30 percent real depreciation in 2013	9	10	9	8	8	8	6	4
B5. 10 percent of GDP increase in other debt-creating flows in 2013	9	9	8	8	7	7	6	4

Sources: Country authorities; and staff estimates and projections.

1/ Assumes that real GDP growth is at baseline minus one standard deviation divided by the square root of the length of the projection period.

2/ Revenues are defined inclusive of grants.

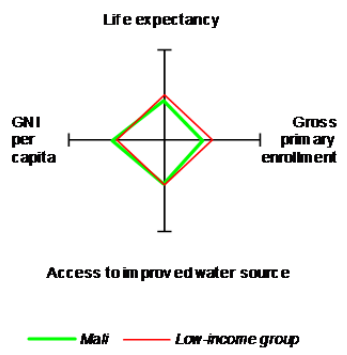
Annex 7: Mali at a Glance

Mali at a glance

3/17/13

POVERTY and SOCIAL	Mali	Sub-Saharan Africa	Low-income
2011			
Population, mid-year *(millions)*	15.8	875	817
GNI per capita *(Atlas method, US$)*	610	1,258	571
GNI *(Atlas method, US$ billions)*	9.7	1,101	466
Average annual growth, 2005-11			
Population *(%)*	3.1	2.5	2.1
Labor force *(%)*	3.5	2.8	2.6
Most recent estimate (latest year available, 2005-11)			
Poverty *(% of population below national poverty line)*	44	..	..
Urban population *(% of total population)*	35	36	28
Life expectancy at birth *(years)*	51	55	59
Infant mortality *(per 1,000 live births)*	98	69	63
Child malnutrition *(% of children under 5)*	28	21	23
Access to an improved water source *(% of population)*	64	61	65
Literacy *(% of population age 15+)*	31	63	63
Gross primary enrollment *(% of school-age population)*	82	100	105
Male	87	103	108
Female	76	96	103

Development diamond*

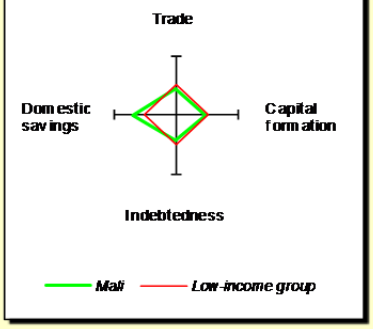


KEY ECONOMIC RATIOS and LONG-TERM TRENDS

	1991	2001	2010	2011
GDP *(US$ billions)*	2.4	2.6	9.4	10.8
Gross capital formation/GDP	22.8	31.0	21.2	22.4
Exports of goods and services/GDP	18.2	33.3	26.0	25.1
Gross domestic savings/GDP	6.4	14.0	7.3	11.9
Gross national savings/GDP	16.6	12.8	8.5	12.2
Current account balance/GDP	-6.2	-11.6	..	..
Interest payments/GDP	0.8	0.7	0.2	0.2
Total debt/GDP	107.2	109.4	26.2	27.1
Total debt service/exports	9.6	9.3	2.5	2.6
Present value of debt/GDP	..	..	..	16.6
Present value of debt/exports	..	..	..	69.5

	1991-01	2001-11	2010	2011	2011-15
(average annual growth)					
GDP	4.7	4.8	5.8	2.7	..
GDP per capita	1.9	1.6	2.6	-0.3	..
Exports of goods and services	10.7	4.1	..	..	..

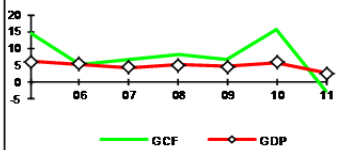
Economic ratios*



STRUCTURE of the ECONOMY

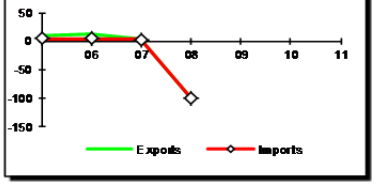
	1991	2001	2010	2011
(% of GDP)				
Agriculture	45.1	37.8	..	..
Industry	16.9	26.4	..	..
Manufacturing	8.5	3.1	..	..
Services	38.0	35.8	..	..
Household final consumption expenditure	80.1	76.7	75.8	71.3
General gov't final consumption expenditure	13.5	9.2	16.9	16.8
Imports of goods and services	34.6	50.3	39.9	35.7

Growth of capital and GDP (%)



	1991-01	2001-11	2010	2011
(average annual growth)				
Agriculture	2.9	5.8	11.4	-1.4
Industry	7.0	2.0	-2.1	8.1
Manufacturing	-3.3	6.3	..	..
Services	3.6	5.9	4.5	3.8
Household final consumption expenditure	3.5	0.1	..	..
General gov't final consumption expenditure	2.6	17.4	5.0	3.8
Gross capital formation	4.0	5.7	15.7	-2.8
Imports of goods and services	5.1	2.3	..	..

Growth of exports and imports (%)



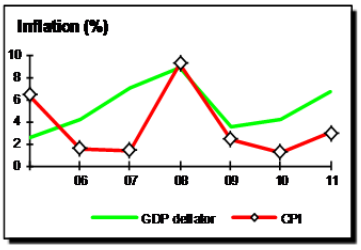
Note: 2011 data are preliminary estimates.

This table was produced from the Development Economics LDB database.

* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

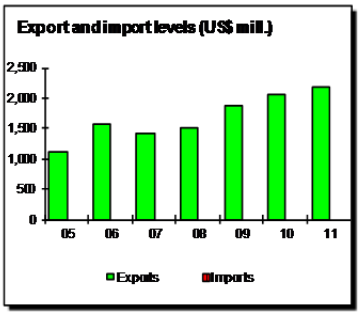
PRICES and GOVERNMENT FINANCE

	1991	2001	2010	2011
Domestic prices				
(%change)				
Consumer prices	15	5.2	12	3.0
Implicit GDP deflator	2.0	-0.3	4.2	6.6
Government finance				
(%of GDP, includes current grants)				
Current revenue	19.4	16.1	15.2	0.0
Current budget balance	7.4	16	3.4	0.0
Overall surplus/deficit	-9.0	-7.6	-7.0	0.0



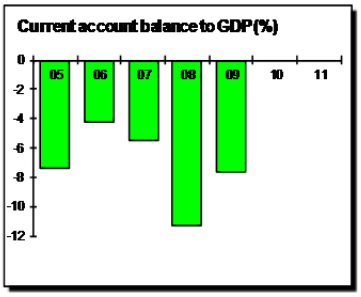
TRADE

	1991	2001	2010	2011
(US$ millions)				
Total exports (fob)	371	714	2,052	2,193
Cotton	182	109	167	186
Gold	44	475	1,535	1,754
Manufactures	..	..	..	..
Total imports (cif)	683	498	..	..
Food	117	118	..	..
Fuel and energy	79	147	..	..
Capital goods	188	280	..	..
Export price index *(2000=100)*	124	110	..	..
Import price index *(2000=100)*	91	107	..	..
Terms of trade *(2000=100)*	136	102	..	..



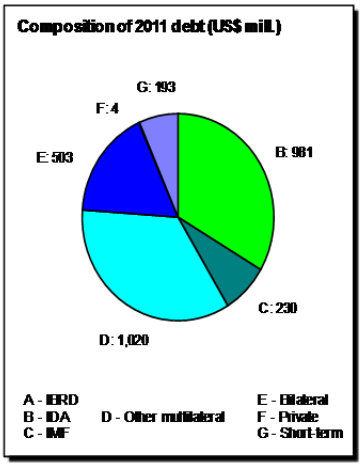
BALANCE of PAYMENTS

	1991	2001	2010	2011
(US$ millions)				
Exports of goods and services	442	862	2,445	2,579
Imports of goods and services	838	1,138	3,750	3,661
Resource balance	-396	-276	-1,306	-1,082
Net income	-3	-164	..	..
Net current transfers	249	134	536	544
Current account balance	-150	-306	..	..
Financing items (net)	329	554	..	..
Changes in net reserves	-178	-248	..	..
Memo:				
Reserves including gold *(US$ millions)*	326	349	1,299	1,409
Conversion rate *(DEC, local/US$)*	282.1	733.0	495.3	4719



EXTERNAL DEBT and RESOURCE FLOWS

	1991	2001	2010	2011
(US$ millions)				
Total debt outstanding and disbursed	2,598	2,878	2,464	2,931
IBRD	0	0	0	0
IDA	569	981	840	981
Total debt service	45	80	62	68
IBRD	0	0	0	0
IDA	5	13	7	11
Composition of net resource flows				
Official grants	208	225	741	..
Official creditors	129	67	274	254
Private creditors	-1	0	-1	-1
Foreign direct investment (net inflows)	1	122	27	178
Portfolio equity (net inflows)	0	14	1	0
World Bank program				
Commitments	120	184	194	175
Disbursements	69	70	153	152
Principal repayments	2	6	2	4
Net flows	67	65	151	148
Interest payments	3	7	5	7
Net transfers	63	58	146	141



Note: This table was produced from the Development Economics LDB database. 3/17/13

Annex A2 –Mali: Key Economic & Program Indicators - Change from Last CAS

Prepared for all CASs/Progress Reports, but included in Board version of Progress Reports Only

3/1/2013

	Forecast in Last CAS				*Actual*		*Current CAS Forecast*			
Economy (CY)	*2007__ [a]*	*2008__ [b]*	*2009__ [b]*	*2010__ [b]*	*2010_ [c]*	*2011__ [c]*	*2012__ [a]*	*2013__ [b]*	*2014__ [b]*	*2015__ [b]*
Growth rates (percent)										
GDP	4.1	4.8	4.8	5.4	5.8	2.7	-1.2	4.8	6.3	5.3
Exports					0.5	49.1	57.8	1.7	2.9	3.8
Imports					8.3	11.7	9.1	13.3	10.5	2.3
Inflation (percent)	2.0	2.5	2.5	2.5	1.4	3.1	5.3	2.9	2.9	2.5
National accounts (percent GDP)										
Current account balance	-6.4	-5.8	-5.1	-4.2	-12.7	-6.2	-3.3	-7.0	-8.2	-8.6
Gross investment	22.9	23.3	22.9	22.5	18.4	20.2	15.7	20.5	21.8	22.6
Public finance (percent GDP)										
Fiscal balance	-7.2	-7.4	-6.9	-6.9	-2.7	-3.7	-1.3	-2.4	-3.4	-4.2
Foreign financing	6.9	5.9	6.8	7.5	2.8	2.7	0.2	1.5	1.7	1.6
International reserves	1,267	1,351	1,424	1,482	1,299	1,409	1,328	1,370	1,367	1,369
(as months of imports)	6.3	6.6	6.8	7.1	8.6	8.6	10.5	9.5	9.4	9.3
Program (Bank's FY)	FY08__ [a]	FY09__ [b]	FY10__ [b]	FY11__ [b]	FY_11_ [c]	FY_12_ [c]	FY13__ [d]	FY14__ [b]	FY15_ [b]	FY16__ [b]
Lending ($ million)	48	138	138	138	175	180				
Gross disbursements ($ million)					177.4	160.6				

a. Estimated year
b. Projected year
c. Actual outcome

CAS Annex B2 - Mali Selected Indicators* of Bank Portfolio Performance and Management

As Of Date
3/1/2013

Indicator	2008	2009	2010	2011
Portfolio Assessment				
Number of Projects Under Implementation [a]	11	13	12	10
Average Implementation Period (years) [b]	4.0	3.9	4.0	5.1
percent of Problem Projects by Number [a, c]	18.2	15.4	8.3	10.0
percent of Problem Projects by Amount [a, c]	11.8	1.1	0.8	1.0
percent of Projects at Risk by Number [a, d]	18.2	15.4	16.7	20.0
percent of Projects at Risk by Amount [a, d]	11.8	1.1	1.2	1.4
Disbursement Ratio (percent) [e]	22.9	20.7	21.3	12.2
Portfolio Management				
CPPR during the year (yes/no)				
Supervision Resources (total USD)				
Average Supervision (USD/project)				

Memorandum Item	Since FY 80	Last Five FYs
Project Evaluated by OED by Number	63	7
Project Evaluated by OED by Amount (USD millions)	1,683.1	372.0
percent of OED Projects Rated U or HU by Number	41.3	57.1
percent of OED Projects Rated U or HU by Amount	33.6	46.9

a. As shown in the Annual Report on Portfolio Performance (except for current FY).
b. Average age of projects in the Bank's country portfolio.
c. Percentage of projects rated U or HU on development objectives (DO) and/or implementation progress (IP).
d. As defined under the Portfolio Improvement Program.
e. Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year: Investment projects only.

* All indicators are for projects active in the Portfolio, with the exception of Disbursement Ratio, which includes all active projects as well as projects which exited during the fiscal year.

CAS Annex B3 Mali IBRD/IDA Program Summary

As of Date
3/1/2013

Proposed IBRD/IDA Base-Case Lending Program [a]

Fiscal year	*Project ID*	*USD(M)*	*Strategic Rewards b (H/M/L)*	*Implementation b Risks (H/M/L)*
2011	ML Trans Sec SIL 2 Additional Financing	23.0		
	ML-Governance and Budget Decent. TA Project	12.0		
	ML-PRSC 5 - DPL	70.0		
	ML-Urban Infrastructure Development	70.0		
	Result	175.0		
2012	ML Higher Education and Skills Development	50.0		
	ML Youth Employment	30.0		
	ML-Bamako Water Supply Project	70.0		
	ML-Strengthening Reproductive Health	30.0		
	Result	180.0		
	Overall Result	355.0		

CAS Annex B3 Mali: IFC Investment Operations Program

As of Date
3/1/2013

IFC PROGRAM FY2008-2011

IFC program FY2008-2011	2008	2009	2010	2011
Commitment (US$m)				
Gross		33.8	17.0	7.3
Net (a)		33.8	17.0	7.3
Net Commitment by sector (%)				
Food & Beverage		35%	34%	
Finance & Insurance		34%	66%	72%
Infrastructure				28%
Pulp & Paper		31%		
Net Commitment by Financial instruments (%)				
Guarantee		34%	34%	72%
Loan / Quasi Loan		66%	66%	28%

(a) IFC own account only

CAS Annex B4 - Summary of Non-lending Services Mali

As of Date
3/1/2013

Product	*Completion FY*	*Cost (USD000)*	*Audience*[a]	*Objective*[b]
Recent completions				
JSAN	FY13	100	Public	Review of PRSP (PAPU)
Re-engagement Policy Notes	FY13	50	Government	Prepare post-crisis
Fragility Assessment				
Gender Portfolio Review				
Underway				
Demographic Study	FY14			
Low density population service delivery	FY14			
Impact of crisis on social sectors	FY14			
Poverty TA	FY14			
Public Expenditure Management and Fiduciary review of the Security Sector	FY14			
Planned				
Statistical Assessment	FY15			
Geography of Poverty				
Global Partnership on Social Accountability				
Impact of crisis on PSD/FS				

a. Government, donor, Bank, public dissemination.
b. Knowledge generation, public debate, problem-solving.

CAS Annex B6 – Key Economic Indicators – Mali

As of Date
3/1/2013

Indicator	Actual				Estimate		Projected		
	2007	2008	2009	2010	2011	2012	2013	2014	2015
National accounts (as percent GDP at current market prices)									
Gross domestic product	100	100	100	100	100	100	100	100	100
Agriculture[a22]	36.2	39.8	39.0	40.5	39.1	41.9	41.4	41.3	41.5
Industry[a]	22.7	20.2	21.0	20.4	22.5	23.2	23.5	23.3	22.8
Services[a]	40.7	39.6	39.5	38.7	37.9	34.3	34.6	35.0	35.3
Total Consumption	91.3	94.8	87.4	95.5	89.8	88.6	86.5	84.8	83.6
Gross domestic fixed investment	16.9	19.0	20.3	18.4	20.2	16.3	19.5	22.8	24.0
Government investment	8.5	7.5	10.8	7.9	8.7	3.8	6.0	8.3	8.5
Private investment(includes increase in stocks)	8.4	11.5	9.5	10.5	11.5	12.5	13.5	14.5	15.5
Exports (GNFS)[b]	27.4	29.2	23.7	26.0	26.1	31.2	30.8	29.8	28.4
Imports (GNFS)	35.6	43.0	31.4	39.9	36.1	36.1	36.8	37.4	36.0
Gross domestic savings	8.7	5.2	12.6	4.5	10.2	11.4	13.5	15.2	16.4
Gross national savings[c]	10.0	6.9	13.0	5.8	10.0	10.6	11.5	13.9	15.2
Memorandum items									
Gross domestic product (USD million at current prices)	7146	8738	8964	9422	10656	10163	..	..	..
Gross national product per capita (USD, Atlas method)	..	520	560	600	620	590	..	..	..
Real annual growth rates (percent, calculated from 1995 prices)									
Gross domestic product at market prices	4.3	5	4.5	5.8	2.7	-1.2	..	..	..
Gross Domestic Income	14.5	14.1	6.5	11.0	9.2	2.9	..	..	..
Real annual per capita growth rates (percent, calculated from 1995 prices)									
Gross domestic product at market prices	1.1	1.8	1.3	2.6	-0.3	-4.1	..	..	..
Total consumption	1.7	34.0	-3.6	3.7	-9.8	-3.4	..	..	..
Private consumption	1.5	40.7	-5.4	5.0	-11.3	-3.9	..	..	..

[22] GDP at factor costs

(Continued)

COUNTRY – Key Economic Indicators (Continued)

Indicator	Actual				Estimate		Projected		
	2007	2008	2009	2010	2011	2012	2013	2014	2015
Balance of Payments (USDm)									
Exports (GNFS)[b]	1902	2563	2134	2454	2783	3153	3277	3412	3489
Merchandise FOB	..	..	..	..	..	..	..	..	..
Imports (GNFS)[b]	2544	3775	2819	3767	3847	3650	3913	4286	4431
Merchandise FOB	..	..	..	..	..	..	..	..	..
Resource balance	-642	-1211	-685	-1313	-1064	-496	-636	-874	-942
Net current transfers (including official current transfers)	393	457	487	539	462	485	402	479	475
Current account balance (after official capital grants)	-267	-823	-351	-1035	-815	-549	-735	-762	-811
Net private foreign direct investment	164	181	751	399	301	286	387	423	446
Long-term loans (net)	92.8	87.9	181.6	214.2	124.4	-0.9	64.7	162.3	168.0
Official	87.3	70.8	209.8	195.9	123.3	-2.1	63.4	160.8	166.4
Private	5.5	17.1	-28.2	18.3	1.2	1.3	1.3	1.5	1.6
Other capital (net, including errors and omissions)	-83	124	-145	-1749	90	-41	-1	-1	0
Change in reservesd	-1.2	50.0	-672.4	176.0	-90.9	229.7	134.1	-42.4	-34.9
Memorandum items									
Resource balance (percent of GDP at current market prices)	-9.0	-13.9	-7.6	-13.9	-10.0	-4.9	..	..	..
Real annual growth rates (1995 prices)									
Merchandise exports (FOB)	..	..	..	..	..	..	..	..	..
Primary	..	..	..	..	..	..	..	..	..
Manufactures	..	..	..	..	..	..	..	..	..
Merchandise imports (CIF)	..	..	..	..	..	..	..	..	..
Public finance (as percent of GDP at current market prices)[e]									

Current revenues	..	..	..	..	..	..	..	..	..
Current expenditures	..	..	..	..	..	..	..	..	..

(Continued)

COUNTRY – Key Economic Indicators
(Continued)

Indicator	Actual				Estimate		Projected		
	2007	2008	2009	2010	2011	2012	2013	2014	2015
Current account surplus (+) or deficit (-)	1.5	1.5	1.8	1.7	0.5	0.7	0.1	0.1	0.5
Capital expenditure	11.4	7.5	10.8	7.9	8.7	3.2	7.0	7.3	7.1
Foreign financing	6.6	4.4	7.2	4.0	5.1	0.6	3.3	3.6	3.3
Monetary indicators									
M2/GDP (at current market prices)	29.7	26.2	28.1	27.7	29.7	32.6	34.9	35.5	38.2
Growth of M2 (percent)	9.3	0.5	16.0	9.0	15.3	14.7	7.4	8.9	7.8
Private sector credit growth / total credit growth (percent)	..	..	..	..	..	..	..	..	..
Price indices(1995 =100)									
Merchandise export price index	..	..	..	..	..	..	..	..	..
Merchandise import price index	..	..	..	..	..	..	..	..	..
Merchandise terms of trade index	..	..	..	..	..	..	..	..	..
Real exchange rate (USD/LCU)f	..	..	..	..	..	..	..	..	..
Real interest rates									
Consumer price index (percent growth rate)	1.5	9.1	2.2	1.4	3.1	5.3	2.9	2.9	2.5
GDP deflator (percent growth rate)	2.6	8.8	3.6	4.2	4.9	5.9	2.4	2.5	2.4

a. If GDP components are estimated at factor cost, a footnote indicating this fact should be added.
b. "GNFS" denotes "goods and nonfactor services."
c. Includes net unrequited transfers excluding official capital grants.
d. Includes use of IMF resources.
e. Should indicate the level of the government to which the data refer.
f. "LCU" denotes "local currency units." An increase in USD/LCU denotes appreciation.

CAS Annex B8 (IFC) for Mali Committed and Disbursed Outstanding Investment Portfolio

As of 03/31/2013
(In USD Millions)

		Committed					Disbursed Outstanding				
FY Approval	**Company**	**Loan**	**Equity**	**Quasi Equity***	**GT/RM****	**Participant**	**Loan**	**Equity**	**Quasi Equity**	**GT/RM**	**Participant**
2009	BoA Mali	0.0	0.0	0.0	3.6	0.0	0.0	0.0	0.0	0.9	0
2009/ 2010/ 2011/ 2012	Ecobank Mali	0.0	0.0	0.0	9.5	0.0	0.0	0.0	0.0	3.4	0
2011	EDM (Kenie)	0.0	0.0	1.9	0.0	0.0	0.0	0.0	0.0	0.0	0
2009	GMM	7.2	0.0	0.0	0.0	0.0	7.2	0.0	0.0	0.0	0
2010	GRIMAS	5.0	0.0	0.0	0.0	0.0	3.3	0.0	0.0	0.0	0
2001/ 2002/ 2009	Graphique	8.8	0.0	0.0	0.0	0.0	6.9	0.0	0.0	0.0	0
Total Portfolio		**21.0**	**0.0**	**1.9**	**13.1**	**0.0**	**17.4**	**0.0**	**0.0**	**4.3**	**0**

* Quasi Equity includes both loan and equity types.

** Denotes Guarantee and Risk Management Products.

IBRD 33443R

MALI

SELECTED CITIES AND TOWNS
PROVINCE CAPITALS
NATIONAL CAPITAL
RIVERS
MAIN ROADS
RAILROADS
REGION BOUNDARIES
INTERNATIONAL BOUNDARIES

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MAY 2009