

INDEPENDENT EVALUATION GROUP

MALI: COUNTRY ASSISTANCE EVALUATION

APPROACH PAPER

Country Background

1. Mali is a vast, land-locked Sahelian country in West Africa. Per capita gross national income (GNI) was US\$360 in 2004, one of the lowest among the West African Economic and Monetary Union (WAEMU) countries. Its level of human development is equally low. In 2005, it ranked 174 out of 177 countries in the United Nations Development Programme Human Development Index. Its population has grown rapidly, increasing by an average of 3 percent per year between 2000 and 2005 to 13.5 million people, the vast majority of whom derives its livelihoods from farming and livestock husbandry. Mali is Sub-Saharan Africa's leading cotton producer, which contributed about 35 percent of export revenue in 2004. Since 2000, however, gold mining has become the largest source of foreign exchange, accounting for 53 percent of total export revenue in 2004. Mali's gross domestic product (GDP) growth fluctuated considerably in the three decades after it gained independence in 1960, reflecting severe droughts and adverse terms of trade shocks, as well as unsuccessful attempts at transforming the economy through a state-led development strategy. In the 1980s, with the support of the World Bank and the International Monetary Fund (IMF), the government embarked on a structural reform program to reduce the state's role in the economy, correct macroeconomic imbalances, and liberalize prices.

2. Since 1986 Mali's policy environment has changed appreciably. Price controls were eliminated and import procedures simplified; tariffs were rationalized, and privatization of public enterprises has been undertaken on a substantial scale. These reforms were made meaningful by the 50 percent devaluation of the CFA franc (CFAF), the common currency of the WAEMU countries, in January 1994. The devaluation was accompanied by a new wave of reforms aimed at promoting the development of a competitive private sector. Since then, Mali has experienced a period of relatively steady growth. Between 1994 and 2004 per capita GDP growth averaged 2.8 percent annually, higher than in most WAEMU countries; and many social indicators improved. The incidence of poverty declined from 72.8 percent in 1989 to 68.3 percent in 2001 although it remains high in rural areas, at 81 percent of the population (government estimates).¹ Concurrently a democratization process began in 1991, culminating in the first democratic transition from one president to another in 2002. A decentralization process aimed at devolving authority and decentralizing

¹ Using a cost of basic needs method, the World Bank estimates that the incidence of poverty declined nationally from 63.8 percent in 1989 to 56.5 percent in 2001; and from 74.9 percent to 67.9 percent in rural areas over the same period. World Bank data also suggest that poverty reduction has been larger since the 1994 devaluation than during the 1990s as a whole.

service delivery became an important element of government policy. After a sustained decline since reaching a peak in 1995 donor aid has risen in recent years. In March 2003 Mali reached the completion point under the enhanced Highly Indebted Poor Country Initiative and, in December 2005, it was granted 100 percent debt relief by the IMF under the Multilateral Debt Relief Initiative.

Bank Assistance Program

3. Bank lending to Mali increased rapidly after the 1994 devaluation. Since then and through FY05 28 Bank operations were approved for a total of US\$971 million, amounting to an average of US\$88 million per year. Adjustment lending accounted for 28 percent of total Bank commitments. The Bank's financial support was a major source of external funding for Mali, accounting for 42 percent of all net multilateral aid flows and for about 44 percent of the country's total net aid receipts over the period 1994–2004. By the end of 2004 Mali's debt to the International Development Association (IDA) represented 46 percent of all long-term debt outstanding; the latter was the equivalent of 72 percent of gross national income.

4. Since the beginning of the 1990s, the overarching goal of the Bank's program in Mali has been to help the government reduce poverty and improve the standard of living of the population. The Bank's strategy was first stated in FY92 in the context of the Natural Resource Management Project and updated in FY93 in the context of the Private Sector Assistance Project. Beginning in FY95 the strategy has been outlined in three successive, stand-alone, country assistance strategies: FY95–98, FY99–01, and FY04–06. The focus of all three strategies and the earlier statements was to (i) foster private sector growth and (ii) promote human resource development. The FY95–98 country assistance strategy in addition, aimed to support targeted actions to address the needs of vulnerable groups. The FY99–01 country assistance strategy placed a greater focus on poverty and emphasized human resource development and income generation. This strategy was extended by two years to cover the period FY02–03 while the Bank supported the preparation of Mali's poverty reduction strategy paper (PRSP), which the government adopted in 2002. The FY04–06 country assistance strategy was designed to support the implementation of the PRSP. It continued to stress private sector growth and human resource development and, in addition, placed emphasis on improving public resource management and governance. A primary objective of the Bank's overall strategy over this period was to support progress toward the Millennium Development Goals (MDGs).

Country Assistance Evaluation (CAE) Scope

5. The CAE will assess the Bank's program in Mali since the CFAF devaluation, focusing on the period FY95–05. The review of the country assistance strategies suggests that during this period the objectives driving the Bank's strategy can be grouped under three themes: (i) promoting economic growth; (ii) developing human resources; and (iii) improving public finance management and governance. Accordingly, the CAE will focus on the contribution of the Bank's support to progress made and the results achieved under these three objectives which sought to cover,

respectively, the PRSP Pre-Requisite Growth Pillar (Accelerated and Redistributive Growth) and Pillar 3 (Develop Basic Infrastructure and Productive Sectors), Pillar 2 (Develop Human Resources and Improve Access to Services), and Pillar 1 (Promote Institutional Development, Improve Governance and Participation).

Methodology

6. The CAE will be based on Independent Evaluation Group (IEG) background papers and ongoing work, such as an ongoing project performance assessment on four Bank-financed adjustment operations in Mali². The CAE will also draw on relevant and recently completed IEG reviews, including the 2004 Annual Review of Development Effectiveness (ARDE) and the evaluations of Bank support for Community Based and Driven Development (CDD), HIV/AIDS, Pension Reforms, Trade Reforms, Capacity Building in Africa, the Poverty Reduction Strategy Process and Extractive Industries. In addition, the CAE will entail the review of project appraisal and supervision documents, implementation completion reports, economic and sector work (ESW), and relevant data. Interviews will be conducted with Bank staff and management, IMF staff, government officials, donors, and representatives of the private sector and civil society.

7. For each of the three objectives, the CAE will evaluate the relevance of the Bank's strategy, including the balance between lending and non-lending instruments, the efficacy with which the strategy was implemented, and the results achieved. This will be done in two steps. The first is a review of whether the Bank's program achieved a particular objective or planned outcome and had a substantive impact on the country's development. The second step is a review of the Bank's products and services (lending, analytical and advisory services and aid coordination) used to achieve the objective. In addition, an assessment will be made of the relative contribution to the results achieved by the Bank, other donors, the Government and exogenous factors including the political crisis in Côte d'Ivoire. Furthermore, as the strategic elements of the latest country assistance strategy include a focus on the PRSP and selectivity, alignment of the strategy with the PRSP, whether the latter facilitated partnership and participation of civil society in development activities, and the extent to which Bank support complemented the interventions of other donors will also be evaluated. The CAE will include an Independent Evaluation Group-International Finance Corporation (IEG-IFC) annex summarizing key commitment data and evaluating IFC activities. The CAE and the IEG-IFC annex will assess the extent to which the FY99–01 country assistance strategy, jointly prepared with IFC, contributed to strengthening collaboration between IDA and IFC and examine how this collaboration has evolved over time.

8. Key evaluation questions that the CAE would address include the following:

² These operations, spanning the period 1990–2003, are the: First Structural Adjustment Credit, Economic Recovery Credit, Economic Management Credit, and Third Structural Adjustment Credit.

Promoting economic growth

- A focus of the Bank's program was on agriculture diversification and rural development. Did Bank support lead to increased agricultural productivity and diversification, and help promote income-generating activities, on farms and off farms? To what extent has natural resource protection and management been promoted? Was Bank support of reforms in the cotton sector well designed? Did it take into account local realities and developments in global markets? Did it achieve its objectives?
- Did the private sector reforms lead to higher private investment and exports, and to efficient delivery of public utilities services, including in the energy and telecommunication sectors? Was the level and composition of Bank support for private sector development consistent with the objective of private sector-led growth and government priorities? What assistance has the Bank provided in support of the development of the mining sector and what have been the results? What progress has been made toward strengthening the financial sector, and in promoting the development of small and medium scale enterprises?
- Did the Bank's program lead to increased efficiency and quality of transport services? Have access to and maintenance of rural roads improved? As a land-locked country with costly access to sea transportation, regional integration is critical to Mali. What has been Bank support on regional integration? To what extent has Bank support helped Mali integrate in the regional economy?
- Has Bank support contributed to improving the prospects for poor people to participate in and benefit from growth? Did Bank ESW help articulate a pro-poor growth strategy?

Developing Human Resources

- A major objective of Bank support was to help increase access to basic services, improve their quality, and enhance gender and regional equity in education, health, population and nutrition, and basic infrastructure. Were the Bank's programs and projects well designed and effectively implemented? How successful have they been? What progress has been made toward achieving the MDGs and what has been the Bank's contribution?
- What do incidence studies show about the distribution of public spending and social services across income groups? How effective has the Bank's program been in addressing the needs of vulnerable groups?

Public Finance Management and Governance

- The Bank's program placed emphasis on strengthening public expenditure management, procurement and financial management systems, anti-corruption

strategies, and on decentralization. What has been the Bank's strategy to help achieve these objectives? How effective has Bank support for capacity building in the public sector been? Have efforts to decentralize state functions and resources been effective? Have Bank anti-corruption efforts help strengthen judicial capacity and reduce corruption?

Output and Timetable

9. The CAE will be issued to the Committee on Development Effectiveness in the second quarter of FY07, ahead of the FY07–09 country assistance strategy, which is currently programmed for Board discussion in February 2007. This strategy will be prepared following completion of Mali's new PRSP, the first draft of which is expected in June 2006. A mission to Mali is planned in April 2006. The task manager will be Gerard Kambou.