

Report No. 41462

Mali

Country Assistance Evaluation



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Acronyms and Abbreviations

AEF	Africa Enterprise Fund
CAE	country assistance evaluation
CAS	country assistance strategy
CEM	country economic memorandum
CFA franc	franc de la Communauté Financière de l'Afrique
CMDP	cotton ginning company
EDM	Electricité du Mali
ESW	economic and sector work
EU	European Union
FY	fiscal year
GDP	gross domestic product
GNI	gross national income
GoM	Government of Mali
HIPC	heavily indebted poor countries
IDA	International Development Association
IEG	Independent Evaluation Group
IFC	International Finance Corporation
IMF	International Monetary Fund
LIL	learning and innovation loan
MDG	millennium development goals
MDRI	Multilateral Debt Relief Initiative
MFI	microfinance institutions
MTEF	medium term expenditure framework
ODA	Official Development Assistance
PER	public expenditure review
PRGF	Poverty Reduction and Growth Facility
PRSP	Poverty Reduction Strategy Paper
SAC	structural adjustment credit
SME	small and medium enterprises
SSA	Sub-Saharan Africa
UNDP	United Nations Development Programme
WAEMU	West African Economic and Monetary Union

Foreword

Mali is one of the poorest countries in the world. With a limited natural resource endowment and a rapidly growing population, the country faces enormous development challenges. IDA, as one of the largest sources of official development assistance to Mali, has responded to these challenges over the past decade with a wide-ranging program of lending and non-lending activities. The overriding goal of IDA's strategy was poverty reduction. The means to that end were efforts to stimulate growth, assistance in raising the quality of the country's human resource endowment, and promotion of institutional development and good governance.

In many areas the strategy led to good progress. It helped achieve macroeconomic stability, which in turn facilitated a good growth performance and some reduction in poverty. IDA contributed significantly to an improvement in public finance management which is now among the best in Sub-Saharan Africa. It also helped put in place a more transparent and effective institutional framework in the roads sector and helped create a road maintenance fund with all maintenance now handled by private contractors.

But, there were major shortcomings as well which dampened prospects for sustainable growth: at times, because the strategy did not get full government support, as was the case with the disappointing progress in energy and cotton sector reform, or in financial sector reform; at other times, because the strategy was only a partial solution to the problem at hand, such as in the education sector, where quality was neglected, and in the health sector, where affordability, as opposed to physical access to services, was the issue. Little progress was also made towards reducing the high rate of population growth.

Faced with Mali's numerous development challenges, IDA's strategy may have been attempting too much all at once. Given the country's capacity constraints, a more focused strategy is likely to be more effective in helping lay the basis for long-term sustainable growth. Going forward, the issues to be addressed, in order of importance, include education quality, affordability of health services, reduction in the fertility rate, agricultural diversification, power sector reform, and financial sector reform.

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Preface

This Country Assistance Evaluation (CAE) provides an independent assessment of World Bank assistance to Mali during the period FY95-05. The CAE examines whether: (a) the objectives of Bank assistance were relevant; (b) the Bank's assistance program was effectively designed and consistent with its objectives; and (c) the Bank's program achieved its objectives and had a substantial impact on the country's development during this period. Examining these questions allows the CAE to draw lessons and recommendations for future Bank assistance. Annex D describes the methodological approach.

The basis for the CAE consists of Independent Evaluation Group (IEG) background papers, sectoral reviews, projects assessments, and interviews with senior government officials, representatives of the private sector and civil society, NGOs, members of the donor community, Bank and IMF staff at headquarters and in Mali. A list of those interviewed on mission is in Annex C. An IEG mission visited Mali during April 2006.

The Management Action Record is on page xiii. Comments from the Bank's Regional Management have been incorporated in the report. The report was also sent to the Malian authorities; no comments were received.

This CAE is based on the findings and preliminary report of a mission to Mali led by Gerard Kambou (IEGCR) with contributions by Robert Lacey, Sylvain Lariviere and Jean-Paul Azam (Consultants). The final CAE was written by René Vandendries (Task Manager, Consultant, IEGCR). Victor Orozco (Consultant, IEGCR) provided research and data support. Agnes Santos (IEGCR) provided administrative assistance.

The report includes a contribution by the Independent Evaluation Group (IEG-IFC) of the World Bank's International Finance Cooperation (Box 1), prepared by Cherian Samuel.

Mali: Summary of Bank Program Outcome Ratings

BANK STRATEGIC GOALS ^a	ACHIEVEMENT OF ASSOCIATED CAS OUTCOMES OR RESULTS	BANK PROGRAM OUTCOME RATINGS ^b
1. Broad-based Growth		
Macroeconomic Stability	Steady progress towards internal and external stability. Fiscal situation remains a concern because of limited progress in containing the wage bill and reducing transfers to the civil service retirement scheme.	Satisfactory
Private Sector Development	Financial sector reforms supported by IDA were not completed. Access to cost-effective public utility services is still problematic. Privatization of the power company, supported by IDA, failed. Regulatory and legal framework is still deficient. A more effective road maintenance system has been created.	Moderately Unsatisfactory
Agriculture and Rural Development	Some progress in diversification of production and exports. No progress in strengthening small-scale irrigation. Incipient progress towards cotton sector reform.	Moderately Satisfactory
Overall for Growth		Moderately Satisfactory
2. Human Resource Development		
Improve Reach and Quality of Education	Increases in enrollment. No progress towards improvement in quality of education. Inadequate dissemination of textbooks.	Unsatisfactory
Improve Reach and Quality of Health	Physical access improved. Utilization of health services remains low. Increased awareness of family planning issues, but no significant impact on fertility rates. Nutrition and capacity building issues neglected.	Moderately Unsatisfactory
Raise Living Standards	Provision of infrastructure services improved, primarily in urban areas.	Moderately Satisfactory
Overall for Human Resources		Moderately Unsatisfactory
3. Public Finance Management and Governance		
Public Finance Management	Public expenditure management strengthened considerably.	Satisfactory
Governance	Progress in decentralization efforts is promising. Many issues of governance remain.	Moderately Satisfactory
Overall for Public Finance Management and Governance		Moderately Satisfactory
OVERALL		Moderately Satisfactory

a. The goals of Bank assistance may be distinct from the client country's own development objectives. For Mali, most goals of Bank assistance were fully aligned with, but were a subset of, the government's objectives.

b. The Bank program outcome rating and sub-ratings assess the extent to which the Bank program helped achieve the results targeted in the relevant strategy document(s). This is of course distinct from assessing the quality of Bank's or the client country's performance.

Evaluation Summary

Mali: Country Assistance Evaluation

Mali is the largest land-locked country in the Sahel region of West Africa, with a limited natural resource endowment. During the past decade, economic growth improved substantially compared to previous years, primarily under the impulse of rapid increases in production and exports of gold. But the country remains one of the poorest in the world. It ranked 175th out of 177 countries on the 2004 Human Development Index.

IDA played a major role in Mali's development efforts over the past decade with a focus on poverty reduction through broad-based growth, human resource development, and public finance management and governance. The outcomes were mixed. Several important achievements—macroeconomic stability, strengthened public finance management, higher primary school enrollment rates, the creation of a road maintenance fund—were counterbalanced by a lack of progress in other key areas—financial sector reform, electric power reform, decisive cotton sector reforms, education quality, and efforts to reduce the total fertility rate.

The country's development agenda remains large. Key areas in need of urgent attention include the quality of the education system, policies to reduce the rapid growth of population, rural development including conclusive cotton sector reform, the provision of cost effective electric power, and financial sector reform.

Mali is the largest land-locked country in the Sahel region of West Africa. It is one of the world's poorest nations with a limited natural resource endowment. The population of 13.5 million still grows rapidly, at close to 3 percent per annum. On most social indicators Mali compares poorly with the averages for Sub-Saharan Africa (SSA) and for low income countries. On the 2004 Human Development Index (HDI) Mali ranked 175th out of 177 countries.

During 1995-2004, IDA was the second largest source of net Official Development Assistance to Mali, after France, providing about 15 percent of the total. The overarching goal of IDA's strategy was poverty reduction.

During FY95-05, the period covered by this Country Assistance Evaluation (CAE), IDA's

strategy was outlined in three successive Country Assistance Strategies (CAS): FY95-98, FY99-01, and FY04-06. Two elements were a consistent part of the strategy: (i) broad-based economic growth, to be pursued through sound macroeconomic management, private sector development including the provision of infrastructure, and agriculture and rural development; and (ii) human development through investments in education, health, and basic social services. Following preparation of the Poverty Reduction Strategy Paper (PRSP) in 2002, the strategy also increasingly emphasized (iii) institutional development and good governance. A critical shift in IDA's strategy in Mali during FY95-05, as compared to the previous decade, was increased emphasis on social sector development. Total lending commitments in support of IDA's strategy averaged US\$80 million per year over the period. In addition, there was a fair amount of economic and sector work (ESW), but there were important shortcomings. In spite of the increased emphasis on the social sectors, there

EVALUATION SUMMARY

was no comprehensive review of education or health until the end of the period, and there was no Country Economic Memorandum (CEM) during the 1990's, weakening the basis for strategy development.

In the pursuit of *broad-based economic growth*, good progress was made towards the sub-objective of macroeconomic stability. In close cooperation with the IMF, IDA helped strengthen domestic revenue mobilization and improve expenditure management. Steady progress towards internal and external balance contributed to a substantial improvement in economic growth and to some reduction in poverty, and helped Mali reach the completion point under the enhanced HIPC initiative.

Limited progress was made towards the objective of private sector development. The financial sector reforms supported by IDA are far from complete and the sector remains poorly developed. State-owned banks still dominate. Progress in improving the quality and coverage of public utility services was insufficient. In particular, the attempted strengthening and eventual privatization of the parastatal power company (EDM), in the end, failed largely because of weak government commitment and considerable confusion about the strategy to be followed, especially regarding investment policy. Today, electricity coverage remains very low, at 15 percent of the population and less than 1 percent in rural areas. Because of serious underinvestment in the sector, especially in new hydro projects, and hence increased reliance on thermally generated power at the margin, average electricity costs increased substantially. In transport development, IDA helped put in place a more transparent and effective institutional framework and helped to create a road maintenance fund with all maintenance now handled by private contractors. Nevertheless, partly because the intensified maintenance started late, road conditions have been slow to improve, especially in rural areas. In addition, sufficient resources for road maintenance are not assured because the fund relies primarily on uncertain budgetary allocations. Also, there was no improvement in railroad service to Dakar, a transport corridor which took on added importance following the political crisis in Côte d'Ivoire.

Progress in the area of agriculture and rural development was mixed. IDA was successful in

strengthening agricultural research, in helping to promote diversification of production and exports, but failed in its efforts to expand and strengthen small-scale irrigation. In the cotton sector, after years of delay in introducing reform, a recent agreement between all parties concerned on cotton sector strategy holds out promise. Privatization of the state cotton company is expected in 2008. But the company remains a drain on the budget, which will need to be remedied for more fundamental reform to materialize.

On balance, IEG rates the outcome of IDA support for broad-based economic growth as *moderately satisfactory*.

Progress towards *human resource development* was disappointing. In education, IDA support was effective in helping Mali to increase enrollment rates in primary schools and improve the female to male ratio. On the other hand, a major shortcoming of IDA's strategy was the lack of focus on quality issues, with the exception of one small pilot project. Some policy proposals, such as double-shift teaching, in fact ended up having an adverse effect on quality. Mali's overall literacy rate remains exceedingly low and constitutes a primary obstacle to any development efforts. IDA also encountered little success in vocational education and training efforts.

As in education, IDA support in health was most effective in helping to expand access through investments in new and existing health centers. There was also progress on the institutional front through successful pharmaceutical reforms. But while physical access was facilitated, financial barriers to access are severe and the rate of utilization of health services remained low, at 0.2 contacts/inhabitant/year in 2001, the same as in 1996. It was also difficult to attract qualified staff to the newly set-up community health centers. In the end, the gains in health status of the population were modest. Of particular concern is the total fertility rate which remains exceedingly high. While IDA did help increase awareness of family planning issues, this had apparently little impact.

Finally, IDA's efforts to improve living standards, especially through the provision of infrastructure services did yield measurable benefits, at least in urban areas. In view of the poor outcomes primarily in education, but also in health, IEG rates

the outcome of IDA's strategy in human resource development as *moderately unsatisfactory*.

IDA contributed significantly to the advances made in *public finance management and governance*. Mali's present public expenditure management system is impressive by SSA standards. The close collaboration of IDA staff with the authorities and the time and effort taken to achieve national ownership of the program were key to this success. As a result of this support the Government now carries out its own public expenditure reviews. In the area of improving governance, generally, IDA's efforts to promote decentralized delivery of services, with an eye on transparency and efficiency, were continuous. An institutional framework for decentralization was gradually put in place in several areas, including education, health, public finance management, and rural development. But much remains to be done to improve coordination and cooperation between different levels of government before the decentralization efforts will yield their intended benefits. On balance, IEG rates the outcome of IDA's assistance in the area of public finance management and governance as *moderately satisfactory*.

The outcome of the totality of IDA's assistance strategy for Mali during 1995-2005 is rated by IEG as *moderately satisfactory*.

Findings

The findings of this evaluation can be summarized as follows. First, in the areas where significant progress was made, there was both acceptance by the Government of the need for reform and of the path to it, as well as a determined effort by IDA to further government ownership of the reform. This was the case in the area of public finance management, where IDA staff collaborated closely and persistently with the authorities, as well as in the areas of building an improved road maintenance system and advancing the decentralization process.

Second, in the many areas where there was little or insufficient reform progress, the Government may have accepted the need for reform, but the solutions and policies proposed were either resisted, because they did not incorporate a full appreciation of the nature and complexity of the issue at

hand, or they were only a partial solution to the development problem in question. In retrospect, the privatization process of EDM was poorly implemented, while reform proposals for the cotton sector did not gain acceptance for many years; and, there was insufficient appreciation of the importance of quality in education and of the importance of affordability in health care, as opposed to physical access.

Recommendations

Four key recommendations follow from the analysis in this evaluation:

- First and foremost, it is imperative to focus on education quality. Combined with efforts to increase financial access to health services, a gradual reduction in the fertility rate is likely to follow. The high fertility rate also needs to be addressed directly. There is little prospect for sustainable development and poverty reduction in Mali in the absence of lower population growth and substantial improvements in the quality of human capital.
- Second, in the area of rural development, the envisaged reforms in the cotton sector remain a major challenge as long as the sector is a drain on the budget. The reforms must be pursued vigorously together with diversification options. In addition, much more emphasis needs to be placed on creating an effective rural roads system.
- Third, a viable strategy for development of the electric power sector is urgent, given its importance for future private sector development.
- Fourth, a renewed effort is needed to reform the financial sector and improve access to finance. The poorly developed financial sector remains a primary obstacle to private sector growth and rural development.

Vinod Thomas
Director-General
Evaluation

Management Action Record

MAJOR MONITORABLE IEG RECOMMENDATIONS REQUIRING A RESPONSE	MANAGEMENT RESPONSE
<ul style="list-style-type: none"> It is imperative to focus on education quality. Combined with efforts to increase financial access to health services, a gradual reduction in the fertility rate is likely to follow. The high fertility rate also needs to be addressed directly. There is little prospect for sustainable development and poverty reduction in Mali in the absence of lower population growth and substantial improvements in the quality of human capital. 	<p>Management agrees that focus on education quality and increased financial access to health services should be at the center of our intervention in the new CAS period. Female education is a pre-requisite for fertility decline but needs to be accompanied by women empowerment, legal reforms, and supply of reproductive health and family planning services. The Mali team is preparing an ESW on Population and Development to be completed in FY08.</p>
<ul style="list-style-type: none"> In the area of rural development, the envisaged reforms in the cotton sector remain a major challenge as long as the sector is a drain on the budget. The reforms must be pursued vigorously together with diversification options. In addition, much more emphasis needs to be placed on creating an effective rural roads system. 	<p>Management concurs with the assessment. The Bank is currently supporting the government based on the updated cotton reform program approved by the Council of Ministers end of 2006. The key challenge ahead is the implementation of the revised reform program which we are supporting through the PRSC series and sustained dialogue with other key development partners in the sector. The supplemental for the PASAOP project approved in May 2006 will also contribute to support the government in its implementation efforts. The country also benefits from a Japanese trust fund which aims at supporting targeted farmers' organizations which are key stakeholders in the privatization process. Our rural and transport teams are coordinating their rural work very closely. The newly approved Transport sector II project has a rural road component targeting production zones.</p>
<ul style="list-style-type: none"> A viable strategy for development of the electric power sector is urgent, given its importance for future private sector development. 	<p>Management agrees that the electric power sector is key to the growth and private sector development agenda in the country. The Bank is preparing a new project on alternatives for electricity production (tentatively scheduled for FY08). The OMVS program adopted for the Felou dam will contribute to increase hydro electricity and complete the financing of the regional interconnection with Côte d'Ivoire. Strategic interventions in the rural sector, through AMADER, could also contribute in this regard.</p>
<ul style="list-style-type: none"> A renewed effort is needed to reform the financial sector and improve access to finance. The poorly developed financial sector remains a primary obstacle to private sector growth and rural development. 	<p>Management agrees that efforts are needed to improve access to finance. The financial sector has been stabilized over recent years, and is now in need of deepening (this was the conclusion of the CEM). An ESW on rural finance is underway which will provide a framework for developing financial services in rural areas. In addition, downscaling of banking activities, strengthening of microfinance, development of financial markets, are all actions aimed at facilitating private sector access to financial services which will promote its growth.</p>

Chairperson's Summary

Committee on Development Effectiveness

MALI COUNTRY ASSISTANCE EVALUATION (CAE)

(Meeting of July 16, 2007)

1. On July 16, 2007 the Informal Subcommittee (SC) of the Committee on Development Effectiveness (CODE) considered the Mali Country Assistance Evaluation (CAE) prepared by the Independent Evaluation Group (IEG).
2. **Summary of the Mali CAE.** IEG reviewed IDA's country assistance to Mali from FY95 to 05. IDA's strategy was outlined in three successive country assistance strategies (CASs) (FY95-98; FY99-01; FY04-06). Two elements were a consistent part of the strategies: (i) broad-based economic growth through macroeconomic management, private sector development including improving infrastructure, and agriculture and rural development; and (ii) human development through investments in education, health, and basic social services. Following the 2002 Poverty Reduction Strategy Paper (PRSP), the strategy increasingly emphasized (iii) institutional development and governance. During 1995-2004, IDA was the second largest source of Official Development Assistance (around 15 percent of the total) after France.
3. IEG rated the overall outcome of IDA support for the period reviewed as moderately satisfactory. IDA support for broad-based economic growth was rated moderately satisfactory. IEG noted the good progress made towards macroeconomic stability, while progress was more limited for private sector development in the areas of financial sector reform, quality and coverage of public utility services (particularly electricity), infrastructure, and agriculture and rural development. IEG rated the outcome of IDA support for human resource development as moderately unsatisfactory. While IDA helped improve enrollment rates in primary school and improve girls' attendance, education quality was an issue. There was a modest gain in health, with IDA helping to expand access but the rate of utilization has been low and there was difficulty in attracting qualified medical staff. In public finance management and governance, IEG rated IDA assistance as moderately satisfactory. It noted the successes in the public expenditure management system, but improvements were needed in coordination and cooperation between different levels of government. IEG found that a fair amount of economic and sector work (ESW) was done, but identified shortcomings such as a lack of comprehensive reviews of education and health until the end of the period when the CASs emphasized social sectors, and of a Country Economic Memorandum in the 1990s. IEG recommended the following: (i) focus on education quality, increase financial access to health services, and address the high fertility rate; (ii) pursue reforms in the cotton sector, combine these efforts with diversification options, and place more

emphasis on rural road systems; (iii) urgently address the constraints in the electric power sector; and (iv) renew efforts to reform the financial sector and improve access to finance.

4. Management considered the CAE useful for preparing the new CAS. Management concurred with the IEG recommendations and stated that it will consider more specific responses in the new CAS, noting the need to strengthen efforts in areas such as private sector development, human development, and population and demographics.

5. The Mali authorities provided no written comments. The Representative of the constituency that includes Mali overall supported the CAE.

6. **Overall Conclusions and Next Steps.** The Subcommittee welcomed the Mali CAE, which was considered useful for the new CAS expected in FY08. There was broad agreement on the IEG findings and recommendations, although some members noted that the CAE could have drawn more specific lessons to be addressed in the new CAS. The Subcommittee discussions focused on issues related to the cotton sector, private sector development including privatization of key utilities, education and population growth, commitment and ownership of the Government as well as key stakeholders, and economic and sector work. Members looked forward to the forthcoming Technical Briefing on the cotton sector to which they proposed that IEG also presents an overview of lessons learned from Bank support to this sector.

The following main issues were raised during the meeting:

7. **General comments.** Some members noted that more progress had been made in areas where there was Government and stakeholder ownership, and where relatively fewer stakeholders were involved. As well, they took note of IEG's findings that implementation capacity and wavering commitment to reforms have posed constraints in implementing the IDA strategy. In this context, a few speakers asked whether the Bank should continue to be engaged in the electricity and cotton sectors, as well as human resources development where Government commitment appears limited. Some members emphasized that the Bank support could be more strategic and selective, focused on Government priorities. Some SC members found the IEG recommendations in the report rather broad and general. They were interested in more specific lessons that may be drawn from past IDA support, which can be systematically incorporated into the forthcoming CAS. There was a proposal supported by a few others to use the CAE as basis for stimulating local dialogue among the government representatives, donors, academic community and NGOs; and for IEG to pilot a more real-time evaluation, on an annual basis, of the Mali CAS implementation. Regarding real-time monitoring, it was also noted that there are a number of other vehicles such as annual regional briefings and annual Quality Assurance Group reports, as well as other tools by Management to review the implementation of the CAS.

8. *Management underlined the progress achieved by Mali in the last 10 years taking into consideration the difficult country context. In particular, it highlighted Mali's strong democratic traditions and success in achieving macroeconomic stability. At the same time, Management also recognized that the country faces critical development challenges, and stressed that the new CAS will focus on realizing transformational growth. In this regard, Management said the new CAS will focus on helping the Government seek new sources of growth such as expanding commercial agriculture based on irrigation from the Niger River for agricultural products, and develop the tourism industry.*

Management and IEG welcomed the idea of holding a dialogue with local stakeholders around the CAE. Management suggested that IEG could perhaps present the CAE at the country retreat in late September with government, civil society, and other partners, to which IEG responded positively. IEG found the suggestion to pilot an annual review an interesting one, but commented that this proposal needed further consideration given that (i) real-time monitoring implied a fundamental shift away from IEG's current mandate to undertake ex post evaluation, and (ii) the resource implications relative to value added of this new line of work were unclear.

9. **The macro economy.** The Subcommittee remarked on the positive outcome ratings in the areas of macroeconomic stability and public finance management. At the same time, a speaker commented that the economy remains vulnerable to domestic and external shock. This speaker noted the importance of economic growth to reduce poverty and make progress on the MDGs, the need to further strengthen tax administration and debt management, and the need to consider the global developments and their impact on Mali.

10. **Private sector development.** A few speakers emphasized the importance of privatizing key utilities including the electricity sector, which is critical for private sector development. A member expressed concern that despite IDA support since the 1980s electricity sector reform remains challenging. A few members asked Management about the considerations given to opportunities for mobilizing domestic investors in its economy, and minimizing selling of national assets to foreign interests, which is a contentious issue in Mali. IEG suggested that improving the service delivery of utilities may not necessarily involve privatization, taking into consideration the relatively disappointing experience with private provision of electricity in Sub-Saharan Africa.

11. **Cotton sector.** The Subcommittee stressed the critical importance of the cotton sector for Mali, and some members expressed concerns about the delays in the reforms. They noted the Bank could clarify its strategy and reinforce its support to this sector, to address broader trade issues, notably subsidies in developed countries and the declining world prices. A member also noted the need to consider the impacts of Mali being part of the CFA franc zone. Some others suggested the Bank could support the establishment of a textile industry to increase the value added of cotton and generate employment, and not just focus on the reform of the state-owned cotton ginning company. Members looked forward to the Technical Briefing in September on the cotton sector. It was suggested that IEG also participate in the briefing and provide an overview of the lessons learned from Bank support to this sector. IEG remarked that the underlying issues related to the cotton sector are inherently difficult to address. As for the proposal that the Bank support textile industry development, IEG suggested that East Asia has a tremendous cost advantage that would probably not be easily matched. Management elaborated further, noting that the cotton sector in West Africa is not competitive due to international cotton subsidies, the CFA franc environment, outdated production systems in West Africa, and structural constraints of the industry (e.g. the CMDT). Although cotton cannot be considered a significant source of growth going forward, Management noted that the Bank is providing support to the cotton sector because it has a large poverty impact.

12. **Agriculture and rural development.** A member considered the agricultural sector and rural development important for poverty reduction, and remarked on the need to expand irrigation and place more emphasis on effective road systems. Another member commented that for employment and income generation, there needs to be a shift from agriculture to industrial development.

13. **Human resource development.** Although the Bank alone is not accountable for Mali's low and stagnant literacy rate, it has been a leading donor in this sector. In this regard, a few members expressed disappointment with the weaknesses of IDA support to education, and asked about future Bank engagement in this area. Concerning the issue of population growth, a few speakers asked how IDA was intending to address the matter, while a few members remarked on the benefits of female education and also attention to women's productivity. A member cautioned on the need for cultural sensitivity in addressing fertility issues. *IEG concurred that addressing population issues is a culturally sensitive topic, and suggested that technical work could be done to examine the long-term development impact of current population growth. Management said that the population issue needs to be addressed, and it is doing so indirectly through education and improving maternal and infant health, and more directly through analytical work on demography and the economy.*

14. **Economic sector work.** Some members noted that ESW was limited, particularly in education and health sectors and wondered about the consequences. They hoped the forthcoming CAS will be underpinned by more extensive ESW. *Management responded that it is carrying out a number of analytical studies in the sectors that the CAE found more attention is needed, which will feed into the new CAS.*

15. **Aid coordination.** While improvements in donor coordination were noted, some members sought more information on ongoing efforts to strengthen dialogue with the numerous actors at the field level. A few others remarked on the growing presence of nontraditional donors, and asked about their integration into the overall efforts to improve donor coordination and harmonization. *Management elaborated on a number of initiatives led by the Bank including those focused on the Code of Conduct among donors to increase complementarity (e.g. providing support through sector wide approaches) and reduce transaction costs (e.g. increasing joint missions), as well as supporting the Government to prepare its Harmonization and Alignment Action plan.*

Jiayi Zou, Chairperson, CODE

1. Background and Brief History

Background

1.1 Mali is one of the world's poorest nations. With a land area of 1.2 million km², it is the largest land-locked country in the Sahel region of West Africa. The capital city, Bamako, is 1,200 km from the sea at its closest point. More than half of the country consists of desert. Still, Mali is largely self-sufficient in food, thanks to the fertile Niger River basin in the south and east.

1.2 Following independence from France in 1960, the government embarked on a socialist approach to promote rapid economic growth through industrialization. Its strategy emphasized the active use of the state as a tool for development. Companies were nationalized, new public enterprises were created, and the government pursued import-substitution economic policies. Price and trade controls were introduced and the private sector was heavily regulated. In 1962 Mali withdrew from the CFA franc zone¹ and created its own central bank and currency. Poor monetary management led to severe balance of payments problems and economic stagnation, which forced the government to rejoin the franc zone in 1967. This period ended in 1968 with a military coup and the establishment of a military regime.

1.3 The military government allowed private sector initiatives, notably in agriculture, but liberalization measures were limited. In the spirit of African socialism prevalent at the time, the public sector expanded further and covered all major areas of economic activity. The bloated civil service and high wage bill limited investment in infrastructure and human development, which were neglected. Public expenditure was financed through external borrowing and the accumulation of domestic arrears, which constrained private investment. The rapid growth in the money supply and in public expenditure resulted in further macroeconomic imbalances in the early 1980s. Beginning in 1982, the government initiated stabilization and structural adjustment programs supported by the International Monetary Fund (IMF) and the World Bank, and continued reform efforts throughout the decade, especially to deal with the incentives structure and with public resource management. These reforms were made meaningful by the 50 percent devaluation of the CFA franc in January 1994 which had a strong positive impact on the economy.

1.4 Throughout these early years of Mali's history, political instability prevailed. Following the establishment of the military regime, the political situation deteriorated almost continuously. There were several coup attempts and numerous strikes. While some of the reforms helped strengthen macroeconomic stability, they were not internalized and

lacked the support of wide segments of the population. Social unrest intensified and a major uprising led by students and civil servants in 1991 resulted in the overthrow of the military regime and the formation of a new transition government. A year earlier, in 1990, a Tuareg secessionist rebellion had erupted in the north.

1.5 In June 1992, Alpha O. Konaré was democratically elected President for a five-year term. The early years of this period were marked by attempts by the government to balance between the prerogatives of the new democracy and the re-establishment of state authority, following the social turmoil associated with the uprising. The students and civil servants, who had brought about the transition to democracy, had also become a potent political force with demands of their own. The new government moved to contain the secessionist rebellion by engaging its leadership into direct negotiations aimed at achieving a comprehensive peace agreement. These developments raised hopes that the gains in democratization would help to restore political stability and promote the ownership as well as internalization of economic reforms.

Socio-economic Conditions by 1995

1.6 Economic growth during the first decades after independence was low and erratic. The dominant sector in the economy, agriculture, was severely impacted by droughts in the 1970s and 1980s that decimated livestock and cereal production. The country's major export at the time, cotton, was exposed to wide fluctuations in the terms of trade. In addition, major neighboring countries, Côte d'Ivoire and Senegal, were also performing poorly. Between 1968 and 1994, per capita gross domestic product (GDP) grew at barely 0.2 percent per annum, on average, in real terms; between the mid-1980s and 1994, real per capita income actually declined substantially.

1.7 By 1995, the starting point for this evaluation, gross national income (GNI) per capita stood at US\$250 (Atlas method), roughly two-fifths of that of Senegal or Côte d'Ivoire, and among the lowest in the world. The population was close to 10 million and was growing at around 2.8 percent per annum. On most social indicators, Mali compared poorly with the averages for Sub-Saharan Africa (SSA) and for low-income countries. The 1995 Human Development Index (HDI) was 0.307, the second lowest in the world of those recorded at the time. Life expectancy was 47 years, gross primary school enrollment was about 39 percent, and the literacy rate was estimated at around 22 percent. Decades of poor economic management also meant that external indebtedness had become an issue, in spite of the relatively high concessional nature of aid.

Development Challenges

1.8 By 1995, Mali had implemented a number of reforms that were reinforced by the devaluation of the CFA franc in January 1994, which boded well for the future. Also, the country had become a democracy and the prospects of political stability were good. Mali, however, remained exceedingly poor and severe poverty was pervasive. The challenges facing the country to achieve sustainable and, especially, broad-based growth were many. Foremost among them were:

- (a) Mali's land-locked position, with costly access to sea transportation, and its vulnerability to frequent droughts;
- (b) limited private investment, because of a poor business environment, inefficient and costly public utility services, a weak judicial system, a cumbersome regulatory framework, and limited financial development;
- (c) low productivity in most of the agricultural sector; and
- (d) a highly deficient human capital base, combined with rapid population growth.

1. Mali is a member of the West African Economic and Monetary Union (WAEMU). Their common currency, the "franc de la Communauté Financière de l'Afrique" (CFA franc), was pegged to the French franc at the rate of CFAF 50 = F1 from 1948 until early 1994. Effective January 12, 1994, the CFA franc was devalued, and the new parity set at CFAF 100 = F1. Effective January 1, 1999, the CFA franc was pegged to the Euro at a rate of CFAF 655.96 = EUR 1.

2. IDA's Strategy and Program in Mali, 1995-2005

2.1 The International Development Association (IDA) has played an important role in Mali's development efforts over the last several years. During 1995-2004, IDA was the second largest source of net Official Development Assistance (ODA) to Mali, after France, providing about 15 percent of the total, followed by the European Union (EU), the Netherlands, the United States, and Germany (see Annex Table A3d). In addition, IDA made important intellectual contributions to the design of government reform efforts through its economic and sector work (ESW), policy dialogue, and technical assistance.

2.2 Since the beginning of the 1990s the overarching goal of IDA's program in Mali was poverty reduction. Starting in FY95 IDA's strategy toward this goal was outlined in three successive country assistance strategies (CASs): FY95-98, FY99-01, and FY04-06. Two elements were a consistent part of this strategy: (i) broad-based economic growth that was to be pursued through sound macroeconomic management, agriculture and rural development, private sector development, and the provision of infrastructure; and (ii) human development through investments in education, health, and basic social services. Following preparation of the Poverty Reduction Strategy Paper (PRSP) in 2002, the strategy also increasingly emphasized (iii) institutional development and good governance, which the Bank is supporting through measures to strengthen public finance management, promote decentralization, and reduce corruption. This report assesses the Bank's program in Mali over the 11-year period from FY95 through FY05.

Objectives of IDA's Program

2.3 The country strategy in the mid-1990s, covering the period FY95-98, concentrated on helping the Government of Mali (GoM) (a) revive and sustain real GDP growth through interventions that would consolidate the competitiveness gains brought about by the devaluation, improve transport infrastructure, and improve efficiency in the provision of agriculture support services; (b) promote human development and expand access to social services through operations in primary and vocational education, primary and preventive health care, and population control; and (c) address the needs of vulnerable groups

through interventions to strengthen the social safety net system and through literacy and nutrition projects.

2.4 The country strategy in the late 1990s, covering the period FY99-01, was jointly prepared with the International Finance Corporation (IFC). Like the country strategy in the mid-1990s, it focused on helping GoM achieve sustainable human development and stable economic growth. More than the previous CAS, however, greater emphasis was placed on community based development initiatives. In addition greater support was to be provided to reforms in the energy and telecommunication sectors, and to agriculture development through operations to expand irrigated areas and build feeder roads. IFC was to help improve access of small and medium enterprises (SME) to credit. This CAS was extended by two years to cover the period FY02-03 while the Bank supported the preparation of Mali's PRSP.

2.5 As in other IDA countries, the government first prepared an interim PRSP (endorsed by the Boards of the Bank and the IMF in September 2000) when it achieved the decision point of the enhanced heavily indebted poor countries (HIPC) initiative. The full PRSP, covering the period 2002-2006, was adopted by the government in 2002. It was based on three pillars: (i) promoting institutional development, while improving governance and participation; (ii) human development and improved access to quality basic services; and (iii) development of basic infrastructure and the productive sectors.

2.6 While it is not the purpose of this Country Assistance Evaluation (CAE) to make judgments on the PRSP and on its preparation process, because of IDA's close association with this process, a few comments are warranted. Most people interviewed for this evaluation felt that Mali benefited from having designed and implemented a PRSP. The introduction of a medium term planning process, the increased focus on the poor and vulnerable, and the participatory nature of the PRSP were seen as positive changes in the policy-making process. However, it was also pointed out that the PRSP process would have gained in efficiency had it been built upon the existing national poverty reduction strategy designed by the government in the mid-1990s with United Nations Development Programme (UNDP) support, which was ignored. The lack of coordination among national institutions involved and between donor organizations, which delayed the PRSP, was also highlighted. The civil society groups interviewed stated that civil society had little influence on the PRSP because of limited technical capacity, and deplored the lack of support from the Bank in helping build their capacity.

2.7 The FY04-06 CAS, designed to support the implementation of the PRSP, continued to focus on private sector growth and human resource development and, in addition, placed emphasis on strengthening public

finance management and governance. A primary objective of the Bank's overall strategy over this CAS period was to support Mali's efforts to achieve the Millennium Development Goals (MDGs).

Relevance of IDA's Strategy

2.8 A critical shift in IDA's strategy in Mali during the period FY95-05, as compared to the previous decade, was the increased emphasis on social sector development. IDA's efforts to help expand access of the population to basic education and primary health services represented a highly relevant strategic response to the country's deficient human capital development, which remains the primary constraint to sustainable development in all sectors, and to poverty reduction. This strategic shift was well reflected in actual lending, with a proportionate doubling of commitments to the social sectors (table 1). With the advent of the PRSP, IDA's strategy became closely aligned with government priorities, which stressed the need for policies and programs that would create opportunities for and strengthen the capacities of the poor. As will be elaborated upon below, the strategy had its shortcomings: it failed to stress the importance of "quality," in particular, improved learning outcomes, in the area of education and of "impediments to utilization" in the area of health services.

Table 1. IDA Commitments by Sector Board, FY85-94 and FY1995-2005 (percent of total)

Sector Board	FY85-94	FY95-05
Economic Policy, Finance, Governance	24.3	25.1
Infrastructure	25.8	15.0
Social Sectors ^{a/}	12.3	23.5
Rural Development	27.5	19.6
Urban Development	4.7	10.5
Other ^{b/}	5.4	6.3
Total	100.0	100.0

Source: Annex Table A3a.

a/ A FY04 HIV/AIDS project for US\$25.5 million (3 percent of all commitments during FY1995-2005), officially recorded by the Bank under the "Private Sector Development" board, has been included in the "Social Sectors" board.

b/ Environment and Private Sector Development

Lending Services

2.9 IDA lending in support of its strategy totaled US\$860.7 million over the FY95-05 period, amounting to an average of US\$80.0 million per year. The composition by sector board is shown in Table 2.

Table 2. Composition of IDA Commitments, FY1995-2005

	1995-2005	% Share	CAS 1995	CAS 1999	2002	2003	CAS 2004	
			1995-1998	1999-2001			2004-2005	2006
CAS Proposals	--	--	320-380 <u>a/</u>	250 <u>b/</u>	--	--	302.0	88.0
Actuals	860.7	100.0	289.5	250.3	113.5	0.0	207.4	131.4
<u>Of which</u>								
Economic policy	110.4	12.8	60.0	25.4	--	--	25.0	25.0
Financial sector	21.0	2.4	--	21.0	--	--	--	--
Private sector	80.5	9.3	--	--	--	--	80.5	--
Rural sector	168.8	19.6	10.2	115.1	43.5	--	--	106.4
Energy/mining	80.1	9.3	44.4	--	--	--	35.7	--
Transport	48.7	5.7	--	--	--	--	48.7	--
Education	101.3	11.8	50.0	48.8	--	--	2.5	--
Health	40.0	4.7	--	40.0	--	--	--	--
Social development	34.9	4.0	34.9	--	--	--	--	--
Urban development	90.0	10.5	90.0	--	--	--	--	--
Governance	85.0	9.9	--	--	70.0	--	15.0	--

a/ Base scenario range

b/ Base scenario

Overall, actual commitments were slightly below CAS proposals. There were numerous delays in project processing and several planned projects were dropped. (Annex Table A3b) The country's limited implementation capacity and wavering commitment to some reforms were cited in IDA documents as some of the major reasons. Over-optimism on the part of IDA was also a factor. The country assistance strategy in the mid-1990s envisaged an end to balance of payments support operations beyond fiscal 1996: yet, two additional structural adjustment credits (SACs) were approved (in FY02 and FY05) as well as an "Oil Shock Supplemental" (in FY01), which largely made up for the shortfalls from delayed and dropped projects. In the end, IDA's per capita commitment to Mali during FY95-05 amounted to US\$7.3 per annum, roughly comparable to the level for similar countries and SSA averages.

2.10 In spite of the generally concessional borrowing by Mali, by the end of the 1990s, the country's external debt had become unsustainable. In 1999, Mali became eligible for debt relief under the HIPC initiative and reached its completion points under the original and the enhanced HIPC initiatives in 2000 and 2003, respectively. Mali qualified for further debt relief under the Multilateral Debt Relief Initiative (MDRI), from the IMF in December 2005 and from IDA in April 2006.

2.11 *Assessment of closed projects:* The group of projects that exited during the FY95-05 period had a higher satisfactory outcome rating

than the average for the Africa region, but lower than the Bank average (Annex Table A5b). In general, the portfolio in Mali has performed better than the Africa Region, except for institutional development impact; but has done significantly less well than the overall Bank average across all dimensions, particularly so on sustainability.

Non-Lending Services

2.12 Over the period under review, IDA's analytical ESW to underpin its strategy has been limited. Budgetary expenditures on ESW were well below IDA norms, at 10.7 percent of the total budget, compared with an average of 23.2 percent for the Africa Region as a whole (Annex Table A7). Important pieces of analysis such as Country Economic Memoranda (CEMs) or major sector studies were missing when they were needed the most.

2.13 During FY95-98, IDA's economic and sector work consisted of few major reports, primarily a public expenditure review (PER) and a private sector assessment. The ESW effort intensified over the FY99-05 period during which several studies, covering a range of issues, were produced. Important pieces included a procurement assessment report in the late 1990s, a public expenditure review in the early 2000s, a Country Financial Accountability Assessment (CFAA) in 2003, the Integrated Framework for Trade and Transport studies in 2004 and the poverty assessment in 2005. Over this period substantial analytical work was also carried out during preparation of lending operations, which involved local networks of researchers including from the University of Mali; and the Bank provided extensive technical assistance that helped the government carry out its own public expenditure reviews and prepare a medium term expenditure framework. In interviews, the Bank was praised for the quality of its analytical work.

2.14 But the shortcomings outweighed the achievements. First, although the Bank's strategy placed greater emphasis on health and education than it did in previous years, it did not benefit from timely and comprehensive reviews of these sectors. A health sector study was not prepared until FY05 and an education status report was completed in FY06. Second, formal analysis of the economy was limited. A CEM was not issued in the 1990s. This was a major shortcoming, as the lack of a CEM weakens the basis for strategy formulation. A CEM, with focus on analyzing the sources of growth, is planned for completion in FY07. However, the analysis in the draft CEM is highly theoretical and the recommendations are too numerous and disperse, without clear priorities, thereby reducing the practical relevance of the report.

2.15 Third, although a poverty and social impact analysis (PSIA) of reforms in the cotton sector was undertaken in FY04, distributional issues in this sector could have been addressed more thoroughly and

earlier given the government's reluctance to implement reforms in this sector out of concern for their impact on the rural poor. Finally, despite the significant gender disparities in Mali, a Country Gender Assessment was not updated until FY06 and, consequently, the Bank's strategy did not benefit from a sound analysis of gender issues in the country.

Aid Coordination and Partnership

2.16 There has been a noticeable improvement in donor coordination in Mali in recent years. In the context of the PRSP, donors meet regularly with the government in what is called the "Commission Mixte," chaired by the Minister of Finance, to review progress on outstanding issues. Donors have, in most sectors, and with the approval of the Malian Authorities, organized a system whereby one of them is nominated, on a rotating basis, as "chef de file." Discussions are held at regular meetings and the "chef de file" acts as the donors' spokesperson vis-à-vis the government.

2.17 Nonetheless IDA did contribute to donor coordination. It helped to organize Round Table meetings, of which the last took place in Geneva in 2004; and at the project level, there is cofinancing or parallel financing with IDA. The CAE mission was informed that, in general, these arrangements work well.

2.18 Still, significant challenges remain to turn Mali's development effort away from being a largely donor-driven process and make it government-owned. One is that the government's capacity to lead the partnership process is weak. The need to spend resources and show results pushes many donors to rely on international expertise instead of investing in local capacity-building. Another difficulty is the presence of a growing number of "non-traditional" donors which operate outside the normal coordination mechanisms, and which provide Mali with large, though frequently unspecified, sums not always on concessional terms. These include China, India, Libya, Saudi Arabia and a number of other countries from the Islamic world. There is also the issue of the Millennium Challenge Corporation (MCC) which plans to invest about US\$461 million in Mali over a five year period starting in late 2006 to help stimulate private sector growth. It is not clear, however, that the MCC has adequately taken into account Mali's limited absorption capacity and other donors' assistance programs.

2.19 At present there is a big push from both the government and most donors to adopt budget support as the main modality for channeling aid to Mali. IDA is widely seen as having contributed to this effort by taking the lead in building policy dialogue and ownership in the area of public finance management.

3. Progress in Achieving Broad-Based Economic Growth

3.1 The rate as well as the pattern of growth changed significantly in Mali since 1994, the date of the devaluation of the CFA franc. Since then, growth was both higher and less volatile than over the preceding decades. Whereas the average growth rate of per capita GDP over the period 1968-94 was negligible, it was positive at 2.8 percent in real terms in the post-devaluation period. Moreover, while a similar phenomenon of faster and smoother growth in the wake of the devaluation was observed in several other CFA zone member countries,¹ Mali's growth performance appears to have been more robust (Table 3).

Table 3. GDP Per Capita Growth in WAEMU-Member Countries 1995-2005 (annual %)

<i>Country</i>	<i>Average</i>
Mali	2.8
Senegal	2.2
Burkina Faso	1.7
Benin	1.5
Togo	0.8
Niger	-0.1
Cote d'Ivoire	-0.2
Guinea-Bissau	-2.0

Source: World Development Indicators, September 2006

3.2 The much improved growth performance of the Malian economy since the mid-1990s resulted primarily from rapid increases in mining (gold) production for export and, to a lesser extent, from continued growth in output and yields of rice for domestic consumption, as well as growth in services accompanying these activities. The 1994 devaluation and gradual progress towards macroeconomic stability helped support the growth

process. Mining GDP grew from about 2 percent of total GDP at factor cost in the mid-1990s to 10 percent by 2002-04; over the same period, gold exports grew tenfold in volume and now make up more than 60 percent of merchandise exports, more than twice the earnings from cotton exports. The cotton sector, which remains a crucial source of income for a large share of the rural Malian population and plays a central part in the local economy of the southern part of the country, grew at a moderate pace, solely as a result of increases in cultivated area, while yields remained stagnant or even declined. Overall, growth after the 1994 devaluation is attributed in equal measure to total factor productivity growth as to factor accumulation.²

3.3 Helping the government promote high and broad-based economic growth has been a major objective of IDA in Mali over the period under review. IDA's strategy was articulated around three complementary objectives: (i) ensure macro-economic stability, (ii) promote private sector development, and (iii) achieve competitive broad-based growth in the rural sector. This section reviews progress toward these objectives and assesses IDA contributions to the results achieved.

A. Macroeconomic Stability

OBJECTIVES AND INSTRUMENTS

3.4 IDA assistance in support of macroeconomic stability focused on helping to raise the domestic revenue effort by broadening the tax base; to control inflation; and to achieve external balance. IDA support over the 1995-2005 period included three structural adjustment credits,³ underpinned by successive policy framework papers (PFPs) prepared in collaboration with the IMF. Analytical work included public expenditure reviews, PRSP progress reports, and a Diagnostic Trade Integration study. (See Annex A4 for a complete list of ESW.)

RESULTS AND OUTCOMES

3.5 Mali's overall macroeconomic performance improved significantly over the past decade (Table 4). The improved macroeconomic policies have contributed to lower inflation, lower deficits, improved savings and robust real GDP growth. In particular, inflation has been very low, except for 1995-96 when prices rose sharply as a result of the devaluation of the CFA franc. The overall fiscal deficit, excluding grants, while tending to decline, remains high. Domestic revenue mobilization improved. Government revenue increased from 13.5 percent of GDP in 1997-2001 to about 17 percent of GDP on average in 2002-05, similar to the average for WAEMU countries but lower than the average of 23 percent of GDP for SSA. Against this revenue performance, government expenditure remained high, rising from an average of 21.6 percent of GDP during 1997-2001 to reach 25 percent of GDP in 2005. The external current account deficit (excluding official transfers) narrowed since the devaluation in response to the robust export growth, but also remained high and above the average for the WAEMU countries. While these improvements may seem modest, the broad macroeconomic indicators revealed steady progress toward internal and external balance, which helped Mali reach the completion point under the enhanced HIPC initiative in March 2003. Since then, Mali made substantial progress in tracking public spending in the context of the enhanced HIPC initiative. The results of the 2004 reassessment of public expenditure management (PEM) systems in comparison with 2002 for a number of HIPC countries indicated that little upgrading was required for only Mali and Tanzania.⁴ And with no significant deterioration in macroeconomic performance since reaching the completion point Mali

qualified for additional debt relief under the Multilateral Debt Relief Initiative (MDRI) in December 2005/ April 2006 (para 2.10). A debt sustainability analysis (DSA) incorporating the MDRI shows that Mali's external debt burden indicators fall well below the sustainability thresholds, at least in the medium term: the debt service ratio is expected to be reduced by half, in the range of 3-5 percent. However, over the longer term, the MDRI scenario debt indicators approach those in the scenario without the MDRI, suggesting a moderate risk level. The analysis highlights the continued vulnerability of Mali to internal (drought) in addition to external (terms of trade) shocks, as well as the importance of maintaining a high degree of concessionality in future borrowing.

Table 4. Selected Economic Indicators, 1995-2005 (period averages)

	1995-97	1998-00	2001-05
GDP growth (annual %)	5.4	5.3	6.3
GDP per capita growth (annual %)	2.6	2.4	3.2
Current account balance (% of GDP)	-9.6	-9.4	-7.5
Overall surplus/deficit, excl. all grants (% of GDP) a/	-7.9	-8.8	-7.2
Inflation, consumer prices (annual %)	6.6	0.7	2.4
Export quantity index (2000 = 100)	68.9	97.0	140.4
Gross domestic investment (% of GDP)	22.1	22.2	23.3
Private investment (% of GDP)	13.2	13.0	16.0
External debt (% of GNI)	123.1	125.7	88.8
Gross domestic savings (% of GDP)	8.3	10.6	11.9
Exports of goods and services (% of GDP)	22.4	26.0	29.0
Imports of goods and services (% of GDP)	36.3	37.6	40.4

a/ African Development Indicators

Source: World Development Indicators, September 2006

THE ROLE OF IDA

3.6 In close cooperation with the IMF, IDA made notable contributions to the progress made in improving macroeconomic performance. Its series of structural adjustment credits since the beginning of the 1990s helped support the government's efforts to simplify and rationalize foreign trade taxation; restructure direct and indirect taxation; and improve expenditure management. In the area of tax policy, IDA supported measures to eliminate import restrictions and export taxes; replace specific taxes by *ad-valorem* taxes; reduce the fiscal imports tax; and replace the existing tax on goods and services by a value added tax (VAT). These measures helped to broaden the tax base and increase the efficiency of the tax system. In addition to tax policy measures, the FY96 Economic Management Credit (EMC) supported the implementation of a number of complementary administrative measures that

helped to strengthen tax administration. A large taxpayer unit was created, computerized and had its staff trained; the taxpayer identification system was improved, with the introduction of unique numbers for all taxpayers; tax auditing was strengthened and became more frequent and better targeted; and the Customs Department was reorganized, its internal control functions strengthened, which helped to strengthen customs control and valuation. Many areas of weakness remain, however, which continue to adversely affect revenue performance. Most notably, duty evasion is still significant and discretionary tax exemptions are rampant.

3.7 The public expenditure component under the EMC supported the implementation of a number of specific measures that helped to improve budget preparation and monitoring. The budget preparation process was computerized, and staff trained. SAC III successfully supported the implementation of additional procedural and administrative measures to further the rationalization and harmonization of public expenditures. With IDA support medium term expenditure frameworks (MTEFs) were completed for the education and health sectors and were applied in the 2004 budget. SAC IV supported the development of MTEFs to other priority sectors, with the aim of generalizing them to cover the whole budget; as well as extending the use of MTEFs for the local budgets. However, IDA support for civil service reform initiated in 1991 under SAC I was largely unsuccessful and little progress was made since then in containing the wage bill, although the growth in the wage bill was also due in part to employment growth caused by HIPC-funded activities. SAC IV supported aspects of the pension reforms that the government is pursuing but progress was slow and government transfers and subsidies to finance the deficit of the civil service retirement scheme remained significant.

B. Private Sector Development

OBJECTIVES AND INSTRUMENTS

3.8 IDA strategy in support of private sector development emphasized (a) deepening financial markets to boost investment, (b) improving competitiveness through reform of public utilities (including privatization of the state-owned power company) so as to increase access to and reduce costs for power and water, (c) supporting legal, regulatory and institutional reforms, and (d) introduce institutional coherence, greater competition and private sector participation in the transport sector to reduce transport costs by ensuring maintenance and developing rural roads. At the beginning of the period under review, the Private Sector Assistance project launched in FY93 (and closed in FY02) to help foster the development of private sector enterprises principally through the improvement of the regulatory framework and the strengthening of business institutions was still ongoing.

A Financial Sector Development project was launched in FY00. SAC IV, launched in FY05, also included among its objectives strengthening the financial system and limiting the risk of bank insolvency. The Growth Support project, also approved in FY05, was designed as a multi-sectoral project to promote private sector-led growth. In addition to the above, IDA financed several investment credits focused on reforms in the energy and water sectors. IDA support to the energy sector consisted of the Sélingué Rehabilitation Project (FY96) whose main objective was to repair and rehabilitate the Sélingué hydropower plant; the Regional Hydropower Development Project (FY97) which sought to improve the capacity of Mali to meet the increasing demand for electricity; and more recently the Household Energy and Universal Access Project (FY04) designed to help strengthen the reform process and institutions responsible for the provision of decentralized rural energy. IDA support in the water sector consisted of components of the FY97 Urban Development project and the FY00 National Rural Infrastructure project.

3.9 In the transport sector, the main instruments were the first Transport Sector Project (FY94) which was already ongoing and the National Rural Infrastructure Support Project in FY00 which focused on rural roads. In FY04 IDA undertook an important piece of sector work that analyzed the relationship between the transport sector, economic growth and poverty alleviation in Mali. The report assessed the reforms carried out since the early 1990s and helped to formulate future strategy.⁵ To address urgent trade corridor issues, which emerged in the wake of the political crisis in Cote d'Ivoire, IDA launched the Transport Corridors Improvement Project in the second half of FY04 whose objectives were to reinforce and underpin the concession of the Bamako-Dakar railway to a private operator (this concession had become effective in September 2003); and improve the road network linking Mali to West African ports, and Bamako to the north of the country.

RESULTS AND OUTCOMES

3.10 Two recent Bank reports, based on interview data from a 2003 survey of business managers and owners, provide detailed overviews of key private investment climate indicators: a 2003 Investment Climate Survey, produced by the Investment Climate Unit (CICIC) of the World Bank Group, and a 2005 Evaluation of the Investment Climate (Une Evaluation du Climat des Investissements, Juin 2005) produced by the Africa Region of the World Bank. While there are differences in the interpretation of the survey data and hence in the relative weight given to different obstacles to private investment in the two reports – the supply of electricity is cited as a prominent constraint in the 2003 report but not in the 2005 report, while the opposite is true for transport availability – both documents suggest that the obstacles to private investment in Mali are many and severe. Combining the findings of the two reports, the

most prominent obstacles to private sector development were found to be cost of and access to finance, corruption and the burden of regulation, and infrastructure. Reflecting these findings, private investment did not respond strongly to the 1994 devaluation. The observed increase in private investment since 2000 (Table 4) is primarily due to increased mining sector investment. In the transport sector there were important advances, especially in the overall management of the sector, but achievements in terms of improvements in the transport network were limited and below expectations. The continuing difficulties in the business climate also slowed down IFC's activities (See Box 1).

Box 1. IEG-IFC Review of IFC Operations in Mali, 1995-2005

IFC's investment operations in Mali slowed after 2001 due to continuing difficulties in the business climate: Between FY95 and FY05, IFC committed a total of 14 investments worth \$73.8 million (net basis) in loans, equity, and guarantees in sectors like gold mining, printing, hotels, and microfinance. IFC operations were consistent with the priorities identified in the Country Assistance Strategies (CASs), especially the FY99-01 (extended to FY03) joint CAS. IFC financed the first industrial operating gold mine in Mali (it was mostly artisan mining before). Eight of the 14 investments were for small and medium enterprises (SMEs) that were part of the Africa Enterprise Fund (AEF) and Small Enterprise Fund (SEF)* programs. Two other investments provided guarantees to microfinance institutions (MFIs) and involved significant IDA-IFC collaboration, though they were cancelled due to changed market conditions. The remaining four investments have reached early operating maturity, with two evaluated as successful and the other two unsuccessful. With regard to IFC's work quality, it was satisfactory in all four cases. Factors that contributed to successful project outcomes included: strong sponsor, sustained market leadership, enclave nature of the project, and well-managed transition from foreign to local management. Key reasons for unsuccessful project outcomes were: difficulties with complex technologies, weak management, revenue decline due to increased competition, and changes in sponsor strategy. Since 2001, IFC has committed only one investment—a follow-on project in 2003—in Mali, due to continuing difficulties in the business climate. For the entire 1995-2005 period, for every dollar of IFC net commitment, there were private net resource flows of \$15 and \$62 to Mali and Sub-Saharan Africa (SSA) respectively, which underscores IFC's important role in Mali.

IFC provided Technical Assistance (TA) for various activities, mostly linked to investments: The Foreign Investment Advisory Service (FIAS) undertook three studies—on institutions, incentives, and administrative barriers—during 1995-2005 (total cost: \$285,610). Though the study (FY97) on institutions assisted in developing the capacity of the investment promotion agency, it was found to have serious shortcomings and a new agency was created in 2005, with the help of MIGA, USAID and FIAS. The recommendations of the study (FY98) on incentives were not implemented. Likewise, the recommendations of the study (FY99) on administrative barriers were not implemented. In 1995, IFC used donor funds (amount: \$200,000) to commission a feasibility study for the rehabilitation of an existing—albeit the only one—

Continued⇒⇒⇒

Box 1 (continued)

cement plant in Mali and construction of a new one, though it did not lead to an IFC investment due to the sponsor's financial difficulties. During 1998-99, IFC along with other donors provided \$1.45 million in TA for project development, before providing guarantees to MFIs (see above). In 1999, IFC used donor funds (amount: \$52,000) for a TA assignment to study the tourism sector, but found that European tour operators had no investment interest. In 2001, IFC used donor funds (amount: \$47,500) for a TA assignment to establish the economic and financial viability of community-oriented projects sponsored by a non-profit organization, which helped to generate a pool of about 260 micro projects in rural areas. In 2003, IFC used donor funds (amount: \$130,000) to supplement a client company's community development program, following the closure of its gold mine. Mali is a pilot country for the joint IDA/IFC micro, small, and medium enterprise (MSME) initiative in Sub-Saharan Africa.

Investment climate in Mali has been difficult and financial intermediation weak:

During the review period, Mali remained a high-risk, frontier country for IFC, though the Institutional Investor Country Credit Risk (IICCR) rating improved from 17.4 in 1995 to 22.7 in 2005 (30 is the cut-off point for high-risk rating). According to the 2006 Doing Business report of the World Bank, the business climate in Mali ranks 155 among the 175 countries surveyed, although Mali performs close to the African average. As noted in the World Bank's 2003 Investment Climate Assessment (ICA), the cost of and access to credit remain key problems for Malian firms. The availability of financial products is limited and financial intermediation is weak. There are currently ten banks—including seven commercial banks—one agricultural bank, one housing bank and one bank targeted at MSMEs and MFIs. Since most banking institutions are concentrated in urban areas, the rural population relies heavily on MFIs. Bank lending is highly concentrated, directed to the cotton and trade services sector.

Summing up: Overall, IFC operations in Mali during the 1995-2005 period have been consistent with CAS priorities, though operations since 2001 have been limited due to the continuing difficulties in the business climate. IFC has played an important role in Mali, compared to neighboring countries and the rest of Africa. Going forward, the key challenge for IFC is to promote growth in the non-mining sector and provide TA for reforming the business climate to support the private sector.

* IFC extended the AEF concept to other regions in FY97, through the launch of the SEF program under the "Extending IFC's Reach" initiative. IEG-IFC evaluated the AEF program in 2000 and found its investments to have only a 56 percent development outcome success rate and a 44 percent investment outcome success rate. This was unsustainable and the evaluation recommended that the AEF program be discontinued or modified. IFC has subsequently scaled down the AEF and SEF programs and mostly support SMEs indirectly, by wholesale financing through intermediaries.

Source: Independent Evaluation Group-IFC.

THE ROLE OF IDA

3.11 Progress towards the specific objectives supported by IDA was limited and unlikely to have had much impact on private investment. The financial sector remains poorly developed, access to

cost-effective public utility services is still problematic, the regulatory and legal framework is still deficient, and the transport sector, though now benefiting from a more effective road maintenance system, remains a bottleneck to development.

3.12 Despite notable progress in some areas, the *financial sector* reforms supported by IDA remain unfinished. The Private Sector Assistance project supported the preparation of a financial sector strategy, which subsequently provided the analytical underpinning for the Financial Sector Development project. The latter supported a number of important reform steps, including the restructuring and privatization of banks owned by the state, improvements in audits and financial management, and improvements in the legal and regulatory framework. SAC IV supported a few additional reforms, which included completing the clean up of bank portfolios and bank privatization, restructuring the insurance sector, strengthening the microfinance industry, and reforming the pension system. However, the government did not fully disengage from commercial banks. As of 2004 state banks accounted for more than 50 percent of banking assets. By the end of 2005, progress toward the privatization of two of the largest commercial banks⁶ appeared to be faltering. With commercial banks concentrated in the capital city, country coverage is poor. Although it has increased from the equivalent of 10 percent of GDP in 1994, credit to the economy has averaged less than 20 percent of GDP in recent years. Short-term credit continues to dominate commercial bank lending; in 2003, it represented about 77 percent of total lending, considerably higher than in Benin, Burkina Faso or Senegal. Finally, the banking sector continues to be characterized by a large stock of non-performing loans. The latter represented 19.3 percent of gross loans outstanding in 2003 and 28 percent in 2005.⁷ Reflecting in part this situation, the spread between lending and deposit rates is high, declining only moderately to 9.1 percent in 2004 from 10 percent in 2003.

3.13 Progress in improving the quality and coverage of *public utilities services* (electricity, water, and telecommunication) was insufficient. IDA interventions in the *power sector* helped alleviate supply shortages. The objectives of the Sélingué Rehabilitation Project were fully achieved and the Manantali Regional Hydro Project (serving Mali, Mauritania and Sénégal) made a critical contribution to the sector. Without these, reliance on thermal power generation would have been much greater, with serious consequences for the cost and availability of electricity.

3.14 IDA efforts to help address the energy needs of the poor included a FY95 Household Energy Project, financed by a Global Environment Facility (GEF) grant of US\$2.5 million, designed to achieve a more rational use of fuelwood resources, the primary energy source for the majority of Mali's population and a major environmental concern. IEG rated the outcome of the project as unsatisfactory, largely because of shortcomings in forest management and inefficient functioning of

fuelwood markets. The FY04 Household Energy and Universal Access project, meant to address these issues, is currently under implementation: achievements thus far include the establishment of an agency to implement the national energy strategy and the development of rural electrification (AMADER) and the strengthening of the national energy directorate (DNE).

3.15 The few achievements, however, were dwarfed by the lack of progress on the institutional front, more in particular, the attempted strengthening and eventual privatization of the parastatal Electricité du Mali (EDM), charged with the operation and maintenance of power transmission, distribution and urban water services. EDM has been a key focus of IDA's assistance to the country's power sector since the 1980s. The poor outcomes in Mali were not unique: few of IDA's efforts to reform the power sector in francophone Africa in the 1990s and early 2000s were successful.

3.16 The key issue was tariffs, which were always below cost. Tariffs were subject to frequent political interference and there was perennial resistance to reform of the enterprise. A breakthrough appeared to have been reached, following a Paris donors' conference in April 1998, when the Government expressed its commitment to reform of EDM, including action on tariffs and arrears. In this context, EDM was privatized in 2000. But there were many problems and a considerable amount of confusion. From the start, the Malian authorities felt pressure from the Bretton Woods Institutions to carry out the privatization. The fact that progress towards the concession and the concession itself were part of the conditionality for the attainment of the Completion Point under the original HIPC lends credence to this perception. On the other hand, the Government's commitment to reform would come into question in 2003, when a newly-elected Government enacted reductions in electricity and water tariffs. More importantly, the advisory services engaged to prepare for the privatization, financed by IDA, were less than adequate. First, it was "assumed" that the private partner would finance needed investments, but this was not specified in the contract. Second, tariff increases were to be based on a cost-related formula, with the understanding that, if tariffs did not keep pace with the formula, the State would compensate the private operator. But, the size of this compensation as stated in the formula was complex and confusing and hence interpreted differently by the different parties. Third, EDM considered that its contract, and the tariff-adjustment formula therein, had precedence over subsequent decrees creating the regulatory agencies and, in any case, rendered such an agency moot. From 2000 to 2003, the private sector operator was able to reconcile differences with the regulatory agency, as long as the Government could pay the subsidies to the operator to avoid tariff increases. Irreconcilable differences arose in 2004, following the decision by the regulatory agency to unilaterally suspend the application of some clauses of the

concession contract. In 2005 the privatization collapsed, and the State resumed majority ownership of EDM.

3.17 Today, Mali's power sector continues to face serious challenges. While coverage has increased it remains very low, at 15 percent of the population and less than 1 percent in rural areas. There was an increase in hydro generating capacity, but this was insufficient to cope with rapidly increasing demand, and little was achieved in promoting interconnection with neighboring countries possessing surplus energy. Consequently, demand at the margin is met by ever more costly thermal plants. Because of the rapid increase in the international fuel price, the increase in hydro capacity was insufficient to reduce delivery costs. EDM remains confronted with two key issues. The first is tariffs. These have traditionally been below economic costs. They increased by less than 30 percent between 1993 and 1997, a period that witnessed the 50 percent devaluation of the FCFA. Although tariffs were substantially raised prior to the privatization attempt of EDM in 2000, the cost-related formula which formed part of the concession contract was never fully applied. Secondly, there was serious under-investment in the sector, especially in new hydro projects, which increased reliance on thermally generated power at the margin, thus leading to a substantial increase in EDM's average production costs.

3.18 The most pressing imperative is to reduce the cost of power generation through greater reliance on hydroelectric facilities, and through developing inter-connections with neighboring countries which have available surplus power at a reasonable price (Côte d'Ivoire, Guinea). Following its support for regional interconnections through the FY97 Manantali project, the Bank Group has continued these efforts through the West African Power Pool (WAPP) program. Mali will, in particular, benefit from the Félou Hydroelectric Project which was approved in June 2006 as part of the WAPP.⁸ Unfortunately, Félou is unlikely to come on stream until 2010. Mali has also been pursuing an inter-connection project with Côte d'Ivoire without the participation of the Bank or any of the sector's "traditional" partners. In principle, this could lead to a more rapid supply of cheaper power; there are, however, considerable obstacles to overcome, including the fact that the transmission lines transit what is currently a conflict zone.

3.19 IDA's involvement in the *water* sector was up to now quite limited. The main instruments were components in the FY97 Urban Development project, the FY00 National Rural Infrastructure project, and through its involvement with EDM which, as mentioned, is also responsible for operation and maintenance of urban water services. IDA's intervention was successful in terms of expanding the physical infrastructure, but, against these achievements must be set the less than satisfactory outcome in terms of institutional development of

EDM and sustainability. As in the case of electricity, tariffs are well below cost. In the case of water, in particular, it may be unrealistic to believe that tariffs can be set and maintained at a level necessary to finance major investments. A very different approach may be necessary which takes it for granted that concessionary financing will be needed to arrive at an affordable tariff.

3.20 IDA support for reforms in the *telecommunication* sector was limited, meriting only a passing mention in one of the three CASs. Even so, the elaboration of the path-breaking 1999 laws and regulations to liberalize the sector benefited from IDA-financed technical assistance. The new legislation brought significant benefits. Principal among these was the granting of a license in August 2002 to a private operator, Ikatel, to offer services in all branches of the sector. Ikatel's presence led to a very rapid increase in mobile coverage, significant improvements in service quality, and a fall in both domestic and international tariffs. Access to the internet, though concentrated in Bamako, also widened significantly and tariffs declined too. Despite these improvements Mali's telecommunications sector still presents a number of serious weaknesses. With under three lines per 100 inhabitants, Mali's access rates are well below the average of about six lines in Sub-Saharan Africa. The fixed line penetration rate has remained stagnant since 2001. Rural access to services is especially low, with access rates averaging 0.02 lines per inhabitant. In contrast, 75 percent of the telecommunications lines (fixed and mobile) are located in Bamako. Although competition has resulted in a significant drop in international telephone tariffs to selected destinations,⁹ they remain very high by regional and international standards. Services such as data transmission, leased lines and internet bandwidth are in need of considerable improvement. The state-owned company, SOTELMA, is inefficient, highly indebted and in significant payments arrears with both its international and domestic partners.

3.21 To help address these issues, IDA included a telecommunications component in its FY05 Growth Support project. The objectives of this component are to help strengthen the regulatory agency, including widening its mandate to cover the postal sector, facilitate the privatization of SOTELMA, the state-owned company, and provide seed capital to support the government's program to expand telecommunications access in the rural areas. While these objectives are an appropriate focus for IDA support in the sector, the CAE Mission heard a number of concerns about its practical modalities. Both the Minister of Telecommunications and the Director of the regulatory agency felt that including the sector in a diverse project with a large number of components, managed by another Ministry,¹⁰ means that insufficient priority is accorded to telecommunications issues. There were complaints that IDA was too slow to respond to urgent outstanding matters. By way of an example, the authorities pointed out that non-objection for the terms of

reference for the adviser/ merchant bank for the SOTELMA privatization took about nine months to obtain.

3.22 In retrospect, it is ironic that it was IDA, who had been pressing for many years for the privatization of SOTELMA, now, because of slow response time, appeared to be holding up matters. Overall, it is hard to escape the conclusion that IDA could and should have done more in this sector, crucially important for the professed objective of private sector development, especially given the excellent record of IDA-supported reforms in other SSA countries.

3.23 Progress in developing the *regulatory and legal framework* was uneven across sectors. In all infrastructure services, important progress was made in the establishment of a liberalized and more competitive regulatory framework, including the abolition of formal state monopolies. In transport, major progress was made in putting in place a more transparent and effective institutional framework for managing the road sub-sector, especially maintenance. However, even when successful, reforms took much longer to realize than anticipated, and their economic and social impact is still to be felt. The opening up of the energy sector to private and community based power suppliers was of critical importance; and an appropriate institutional framework for enabling and encouraging rural electrification is in place, although the institutions involved still require further strengthening. However, these achievements were overshadowed by difficulties in strengthening the main power and water utility, EDM, whose privatization failed. In the telecommunication sector, IDA support for the establishment of a legal and regulatory framework also enabled competition and private sector participation. However, the regulatory agency faces a number of weaknesses. Technically it is in need of capacity reinforcement; and institutionally, it lacks independence. As regards the legal environment, progress was made toward harmonizing the legislative environment under the Organization for the Harmonization of Business Law in Africa (OHADA) Treaty; but there was limited progress in implementing the ten-year judiciary sector development plan (PRODEJ) that the government adopted in 1999.

3.24 IDA was closely associated with important achievements in the *transport sector*. Major progress was made in putting in place a more transparent and effective institutional framework for managing the road sub-sector. There is a much improved data base and road safety monitoring. A road maintenance fund was created and the government withdrew from maintenance work: since 2003 maintenance was handled exclusively by private contractors. In 2004 resource allocation covered 70 percent of the routine maintenance requirements and 25 percent of the periodic maintenance needs of the primary network,¹¹ a substantial improvement over the situation at the beginning of the review period.¹² A new implementing agency for

road maintenance, AGEROUTE, was set up in 2005 and is expected to reach full operational status by the end of 2006. The new institutional framework for the road sub-sector, created largely through the efforts of IDA, enabled other donors to increase substantially their financing for road maintenance, rehabilitation and construction. Chief among these is the European Union. Donor coordination in the transport sector has been very positive. There is a particularly productive relationship between the EU and IDA in which there is mutual support for the policy agendas recommended by the two institutions. The high technical quality of the Bank's input enabled it to retain substantial influence in the sector even though it has long ceased to be the principal partner from a financial standpoint.

3.25 Nevertheless, partly because the intensified routine maintenance effort started late the full impact on road conditions and transport costs became apparent only recently. Data show that by 2002¹³ the proportion of the road network in good to passable condition had still not improved compared with the situation in 1995 and that, in the case of paved roads and tracks, conditions had deteriorated.¹⁴ This was reflected in an increase in vehicle operating costs, which were 9 percent higher on paved roads than in 1995, 11 percent higher on tracks, and 3 percent lower on earth roads. Since 2003, the proportion of paved roads, earth roads and tracks in good or passable condition has risen significantly. But sufficient resources for road maintenance are far from assured because the fund relies primarily on uncertain budgetary allocations rather than road user charges.

3.26 Because insufficient attention was paid to rural roads until recently, many rural communities have very poor road access. This problem was aggravated by the fact that, owing to internal financial problems, the cotton parastatal ceased to maintain rural roads in the cotton-growing areas since 2003. It is estimated that about 90 percent of rural roads are in poor condition. Little progress was also made in addressing the issues of the trucking industry. The latter is still characterized by overcapacity and inefficiencies while low profitability contributed to the poor condition of the truck fleet. Results were equally modest in the railway sub-sector. A concession was awarded to the Canadian group, CANAC-GETMA, in September 2003 and the new company, Transrail, began operations soon after. However, the quality of service did not improve as anticipated. International goods traffic has remained stagnant; the lengths of track where trains can only move extremely slowly still total some 230 kilometers, compared to the target of 30 kilometers; the level of investments remains far too low. The concession is politically unpopular in Mali and there is a significant danger that unless outstanding issues can be quickly addressed – investment policies, continuation of passenger service – the privatization may be in danger.

C. Agriculture and Rural Development

OBJECTIVES AND INSTRUMENTS

3.27 IDA's strategy to promote competitive, broad-based growth in the rural sector focused on assistance to promote increased productivity and competitiveness, to diversify production, and to improve natural resource management. Following the 1994 devaluation, IDA launched the Agricultural Trading and Processing Promotion Pilot project (US\$6 million) in FY95, primarily to promote private sector diversification into the production, trading and processing of non-traditional exports. The Pilot Private Irrigation Promotion project (US\$4.2 million), which aimed to promote expansion of privately owned small-scale irrigation areas followed in FY97. The National Rural Infrastructure project (PNIR, US\$115.1 million) was launched in FY00: its focus is the provision of rural infrastructure in irrigation, transport, water supply and sanitation. Finally, in FY02 IDA approved the Agricultural Services and Producer Organizations project (PSAOP, US\$43.5 million), whose main objective is to establish an institutional framework to improve the delivery of agricultural services to producers. In addition, IDA's assistance also included support for government efforts to restructure and reform the cotton sector through its structural adjustment lending: SAC III in FY02 and SAC IV in FY05.

RESULTS AND OUTCOMES

3.28 National Accounts data suggest that agricultural value added grew at about 4 percent per year between 1996 and 2004, with large annual fluctuations owing to the weather. The fastest growing crop was rice, at over 6 percent per annum; food crops, other than rice, grew at less than 4 percent per annum, and cotton at about 2 percent per annum (Annex Table A2b).

3.29 The Food and Agriculture Organization (FAO) data on the volume of production for major individual crops are available for the longer period 1990-2004 and show rice production to have grown at more than 7 percent per annum, and cotton at more than 5 percent per annum (Annex Table A2c). Output of maize grew at 3.8 percent per annum, slightly above population growth. At the same time, production of two major crops of particular importance for the rural poor, millet and sorghum, was virtually stagnant and declined in per capita terms. This suggests that the issue of food security for the rural poor remains an important challenge given their limited alternative sources of income to make up the deficit. Especially disappointing are the trends in yields. With the exception of rice, yields of major crops have either increased only marginally (millet) or declined (groundnuts, maize, cotton, sorghum). Growth in output for maize and cotton has resulted exclusively from increases in area cultivated.

3.30 Value added in the livestock sector grew at 2.9 percent per year during the past decade, about the same as population growth. This relative stagnation can be attributed to many factors, including poor animal feed supply and quality, poor disease control practices and mechanisms, limited availability of refrigeration facilities (for vaccines or milk), and imports of EU-subsidized dairy products. The sector is important for large segments of the poor, especially in the north of the country, and makes up close to a third of agricultural value added (or about 10 percent of GDP). Livestock exports, primarily to Côte d' Ivoire, are the third largest export item (after gold and cotton) but have plummeted since the onset of civil strife in Côte d' Ivoire in 2002. The sector's potential contribution to growth and poverty reduction is substantial.

THE ROLE OF IDA

3.31 While the indications are that IDA contributed to the good performance in the rice sector, its assistance spanned many years, starting in the early 1980s, and had achieved its primary impact before the period under review. A National Agricultural Research Project was approved in FY94, also before the period under review but implemented mostly within the period. It made a significant contribution in reforming and energizing the national agricultural research system and strengthening the Institute of Rural Economy. The latter is credited with introducing a new and improved cotton variety, among others. Thus far there has been no impact on overall cotton yields, however, probably for a variety of reasons including population pressure and the resulting expansion of production into more marginal lands and slow adoption of technological change. IDA sector investments since FY95 and the policies that it promoted had mixed results. The Agricultural Trading and Processing Promotion project achieved many of its objectives. The project provided significant promotional and technical assistance to producers, traders and exporters. Most notably, it helped professionalize mango production and harvesting, and increased trade by opening up internal as well as external markets, thereby increasing exports to the subregion and to Europe. The project also helped to strengthen a number of professional associations and private operators. Some of these associations, however, had difficulty functioning for lack of funds or even business plans. And the project also failed in some respects: urgently needed construction and rehabilitation of wholesale market facilities was dropped because of insufficient funds set aside at appraisal, which reduced the relevance of IDA's intervention. In contrast to the above, IDA's only other investment project approved and closed during the period under review, for irrigation promotion, yielded little: it did not lead to any improvement or expansion of small-scale irrigation, nor was there progress in strengthening the capacity of private institutions to provide equipment, services, and financing for small-scale irrigation.

3.32 The two more recent IDA investment projects – rural infrastructure and agricultural services – are still under implementation. While it is early to judge outcomes, progress thus far is encouraging. Both projects support some degree of decentralization and they are complementary. The infrastructure project has a primary focus on private irrigation investments and access to markets, while the agricultural services project is focused on research and extension, including helping to expand smallholders' awareness of market opportunities. Early results of the infrastructure project suggest that irrigation targets have been more than fully achieved resulting in a significant increase in rice production. The agricultural services project has already succeeded in helping agricultural institutions to move from a state-led and top-down management of agriculture to the promotion of demand-driven services, such as research and extension.

3.33 IDA support for cotton sector reform has been through its adjustment lending. Cotton is of considerable importance to the economy: it currently makes up 5-6 percent of GDP (including ginning) and around 30 percent of merchandise exports. It employs large numbers of farmers in the south of the country who are amongst the poorest of all farmers. Production is concentrated in the Sikasso area, which is estimated to be the second poorest region in the country.¹⁵ The state-owned cotton ginning company (CMDT) controls the sector and determines the producer price.

3.34 In the years immediately following the devaluation CMDT was highly profitable, partly because the benefits of the devaluation were not immediately passed on to the farmers. But there was no effective mechanism for setting aside some of the profits and saving funds for more difficult times. Instead, expenses were being inflated and CMDT management became increasingly inefficient. When world cotton prices dropped by the end of the 1990s, CMDT began losing money and has been in severe financial crisis and a drain on the budget ever since.

3.35 Through SAC III IDA's objective was to reform the sector and minimize the fiscal risks it entailed. The policies being promoted included liberalization, linking the producer price to world market prices, downsizing CMDT and removing some of its non-core agro-industrial functions, and implementing key initial actions towards privatization of CMDT.

3.36 Some measures were taken, including shedding by CMDT of some of the social services it had been providing, and engagement of private truckers in hauling a part of cotton production. The cottonseed oil company, HUICOMA, was brought to the point of sale, but bids for purchase were considered too low and not acceptable to the Government. (HUICOMA was eventually privatized on June 2005 when majority ownership was passed to a local Malian group.) A pricing formula

was agreed upon to link the domestic purchase price to the world price. However, more fundamental restructuring and initial actions towards privatization of CMDT were subject to protracted delay. Recently, in November/December 2005, a new cotton sector strategy was agreed between the Government, cotton sector stakeholders and donors including IDA. Key elements of the strategy such as a new cotton pricing formula for farmers and establishment of farmers organizations have been implemented. A privatization adviser is being recruited. Nevertheless, the most urgent and fundamental outcome objectives of the cotton reform agenda—that is, reducing the drain of CMDT on the budget and privatization—have yet to materialize. Privatization of CMDT is now expected in 2008. In light of CMDT's precarious financial position, it will be important that it be monitored closely so as to ensure its attractiveness to potential investors.

3.37 Several factors help explain why progress towards cotton sector reform was so slow and limited over the period under review. The issues involved are complex, both technically and politically. These problems are not unique to Mali but in varying degrees exist in other cotton-producing countries in Africa. The primary issues are: first, the secular decline in and currently artificially low international prices of cotton because of large subsidies in the industrial countries; second, weak government commitment to reform; and, third, the lack of a “clearly readable” strategy on the part of IDA and the rest of the donor community, at least until recently.

3.38 First, the low international price level combined with low and declining yields makes Mali's current cotton sector situation especially complex. The deficit of CMDT can be attributed partly to CMDT inefficiency and partly to low world prices. Given the latter, and if the farmers were to be given a say in the management of CMDT, this action alone might help reduce inefficiency in CMDT, but, on balance, it would probably raise the deficit further because the farmers would demand a higher producer price. On the other hand, reducing the producer price to lower CMDT's deficit could lead to a long-term decline of the industry (evidence suggests that cotton farmers are highly responsive to prices). And, given that cotton farmers are among the poorest of the poor, some new anti-poverty programs would be called for, which would likewise be a drain on the budget.

3.39 Second, public opinion in Mali has been strongly opposed to privatizing CMDT, which is seen as a symbol of national sovereignty, certainly “not to be sold to an outside investor at a bargain price.” Recently, the country's President decided to postpone privatization of CMDT until 2008, that is, after elections scheduled for 2007. The country's ambivalence towards reform and full privatization of CMDT was evident during the implementation of SAC III: changes in its position on the modalities of privatization; incomplete implementation of the agreed cotton price mechanism; initial unsuccessful privatization of

HUICOMA. At the same time, prospects for a sale are not encouraging. The failed privatization of EDM in the power/water sector (para 3.16) has seriously compromised Mali's ability to attract foreign investor interest in the privatization of parastatals.

3.40 Throughout the period under review, and up until recently, the donor community, and IDA in particular, never proposed a clear-cut and uniform reform strategy for the cotton sector in Mali. There has been no consensus within IDA on reform options. There have been disputes on the role of producer associations or on the role of CMDT in non-core agro-industrial activities such as social programs or road building. Above all, IDA's credibility has suffered over time. While IDA is to be commended for having stayed involved in cotton sector reform in spite of all obstacles, its involvement has lacked firmness. There never was an operation focused only on cotton. Instead, cotton conditionality was included in adjustment operations together with other conditionality, mostly concerning improvements in public sector financial management. These latter conditions were usually complied with, while those regarding cotton were not. Because of the compliance with the public finance conditions, the Authorities pressed for the release of the tranches, and the Bank usually gave way. It created an impression of "softness" rather than "firmness," and credibility suffered.

Summary

3.41 IDA's program designed to promote private sector-led growth produced mixed results. It helped to strengthen domestic revenue mobilization and improve expenditure management, contributing to the improvements in macroeconomic performance. The program also helped to put in place a more transparent and effective institutional framework for managing the road sub-sector and promoted private sector participation in the delivery of services, especially maintenance; it introduced some improvements in the supply of electricity; promoted competition and private sector participation in the telecommunications sector; and contributed to the creation of innovative export systems for fruits such as mangoes. Overall outcomes in agriculture and rural development were mixed, but the recent agreement between all parties concerned on cotton sector strategy holds out promise. On the other hand, IDA interventions in trying to reform the power sector proved ineffective; reforms supported by the program in the financial sector still remain to be completed; and the transport sector remains a bottleneck to development. Overall, the outcome of IDA support has been moderately satisfactory.

Table 5. Objective 1: Summary Outcome Rating

Objectives	Outcome
Rapid, Sustainable Economic Growth	Moderately satisfactory
<ul style="list-style-type: none"> • Macroeconomic Stability • Private Sector Development • Agriculture and Rural Development 	<ul style="list-style-type: none"> • Satisfactory • Moderately unsatisfactory • Moderately satisfactory

NOTES

1. Mali is a member of the West African Economic and Monetary Union (WAEMU) in the CFA franc zone. Other member countries are: Benin, Burkina Faso, Cote d'Ivoire, Guinea-Bissau, Niger, Senegal and Togo.
2. World Bank. 2006. *Country Economic Memorandum / Sources of Growth with Equity*.
3. These are: Economic Management Credit (FY96), Third Structural Adjustment Credit (SAC III, FY02), and SAC IV (FY05). These credits followed SAC I (FY91) and the Economic Recovery Credit (FY94).
4. In this assessment a country was deemed to require "little or no upgrading" if at least 11 of the 16 benchmarks were met.
5. World Bank. 2004. *Republic of Mali: Transport Support to Sustainable Economic Growth*. Report No. 27669-MLI.
6. Banque de Developpement du Mali (BDM) and Banque Internationale du Mali (BIM).
7. Analysis and data are based in part on IMF Country Report No. 06/310, August 2006.
8. The credit is for US\$75 million shared equally between the three directly benefiting countries: Mali, Mauritania and Sénégal.
9. For example, the price of a call to Europe fell from 1,825 FCFA per minute in 2002 to 450 FCFA in 2004.
10. The Ministry of Investment Promotion.
11. 9,000 kilometers out of a total of 13,000 kilometers of paved and unpaved roads.
12. No reliable statistics are available, but it is estimated that less than 30 percent of the network was properly maintained in 1993, and there were substantial maintenance backlogs. By the mid 1990s, resources allocated to routine maintenance were about US\$4.6 million per year compared to requirements of US\$8 million (that is 57.5 percent).
13. This Assessment is based on the Transport Sector Project ICR, issued June, 2005.
14. 59 percent of paved roads, 69 percent of earth roads and 10 percent of tracks were in good to passable condition, compared with, respectively, 88 percent, 53 percent and 52 percent in 1995.
15. Mali Millennium Development Goals: Diagnostic and Tools. Dec. 2004.

4. Progress Toward Human Resource Development

4.1 The second major objective of IDA's program was to help promote human resource development and increase access of the population to basic social services. IDA's strategy aimed at improving education and health outcomes, and raising the living standards of the poor. In recent years, as in other countries in SSA, IDA support placed emphasis on helping Mali make progress toward achieving the MDGs by 2015.

A. Education

OBJECTIVES AND INSTRUMENTS

4.2 IDA's main objectives in the education sector were to foster a rapid expansion in primary school enrollment, improve the quality of education at all levels, and align post-primary education with labor market demands. Emphasis was also placed on improving girls' education; and due consideration was given to strengthening local government and community participation in school management and financing. To help achieve these objectives, IDA launched five new education projects over the period FY95-05.¹ In addition, IDA assistance included policy dialogue, technical assistance, and capacity building. While formal analytical work on the sector was limited, several studies were conducted during project preparation to guide project design and implementation.

RESULTS AND OUTCOMES

4.3 Considerable progress was made in expanding access to primary education as well as towards the goal of improving the female to male ratio in primary schools. With ups and downs, the overall education budget increased over the period under review. The primary education share of total education expenditures also appears to have increased.

4.4 On the other hand, Mali continues to lag significantly behind SSA averages on most education indicators (Table 6). A recent UNDP report concluded that much greater efforts are needed if Mali is to reach the MDG goal of universal primary education by 2015. More importantly, repetition rates in Mali's primary schools have remained high. There are no indicators of school achievement tests over time,

but several indicators suggest that primary education quality is very low. A one-time country comparison of primary school achievement is reported in the 2006 Education Country Status Report (CSR) from the findings of PASEC (Programme d'Analyse des Systèmes Educatifs de la Confemen) for 2002: Mali's primary school achievements are the third-lowest among the ten countries shown. Other indicators reported in the CSR also confirm the low quality of primary school achievements: less than half of the primary students who enroll in first grade reach grade six, and only half of adults who completed primary school can read, compared to an average of 72 percent for francophone African countries. The student-teacher ratio in primary school is 63 compared to an average of 42 for Africa as a whole. The ultimate indicator, that is, the literacy rate, has remained so low as to be the major constraint to any development efforts in any sector.

Table 6. Select Education Statistics

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	SSA (Latest yr avail.)
Literacy rate	22	23	23	24	25	19	--	--	--	19	65
Primary school enrollment (gross)	39	--	--	47	51	53	57	60	61	64 ^a	93
Female/male ratio in primary	--	--	--	71	72	75	74	76	77	79	87
Repetition rate in primary	--	--	--	--	17	17	18	19	20	19 ^a	11
Budget share for education	12	13	13	13	15	15	11	13	15	17	--

Source: Annex Table A2d.

a. The 2006 Mali Education Country Status Report shows primary gross enrollment at 69 percent for 2003-04, and the primary school repetition rate at 18.6 percent in 2004.

THE ROLE OF IDA

4.5 IDA was the lead donor in education policy dialogue with the Government and a major financial supporter in the sector. IDA support was most effective in helping Mali increase the gross enrollment ratio in primary schools, through the provision of infrastructure and support for the introduction of double shift teaching, redeployment of teachers from administrative positions to classroom teaching positions, and the recruitment of contractual teachers. Another significant outcome of IDA support was the increase in government resources allocated to the first cycle of basic education. Through its structural and sector adjustment credits, support for the HIPC initiatives and the PRSP, IDA continuously engaged the authorities in policy dialogue and successfully pressed for an increase in public resources to education. In most other areas, however, IDA support was less effective. The Vocational Education and Training Consolidation Project was to contribute to economic growth and human resource development, targeting in particular the skill requirements of relatively poor urban groups in the informal sector. But the total number of trainees was far below appraisal estimates. Learning was limited by the poor pre-entry skills of

students and inadequacy of some instructors. There was no evidence that the project targeted the urban poor for training. The major shortcoming of IDA's program overall was a lack of focus on quality issues.

4.6 Education quality did become an objective with the FY00 Improving Learning in Primary Schools Project, a small Learning and Innovation Loan (LIL), which was successful in expanding *pédagogie convergente* and provided some quality inputs (teacher training, student evaluation) for that sub-system, but outcomes related to decentralization and monitoring and evaluation were unsatisfactory. *Pédagogie convergente* is a bilingual education program in which students begin school in their first language and gradually transition to French. The program calls for active, constructive teaching methods, and for the inclusion of local contents. The first *pédagogie convergente* school opened in 1987. In the early 2000s, *pédagogie convergente* underwent additional IDA-supported improvements and expansion, and was assessed to be successful in reducing student dropout and improving learning outcomes. Subsequently, with a change of Government, *pédagogie convergente* lost its status as a priority program. In 2001 IDA moved to a sector-wide approach, which it helped to develop on the basis of the government's 10-year education development program (PRODEC), to not only help expand the coverage of primary education but also address the various dimensions of school quality, including reforms aimed at deepening the role of decentralization in promoting effective schooling. However, implementation of the Education Sector Investment Project (EdSIP), IDA's main instrument, has been slow. Evidence suggests that the first phase of EdSIP, which is now coming to its end, has only been moderately successful in reducing classroom size, enhancing the availability of textbooks and improving classroom teaching. As regard decentralization, the devolution of spending and schooling authority from central to local levels has only been partial.

4.7 A recent IEG assessment of IDA assistance to primary education since 1990 (including Mali)² succinctly identifies some of the primary shortcomings of IDA's assistance to the education sector in Mali. First, some of the policy proposals slowed progress in improving educational quality. While double-shift teaching permitted rapid increases in the enrollment rate, it greatly reduced scheduled instructional time per student, adversely affecting academic performance. Second, in the early 1990s, IDA encouraged the government to limit access to teacher education to high school graduates. While a seemingly worthwhile objective, IDA was unaware of a general reluctance of graduates to enter teaching. The result was a near paralysis in the teacher education program, whose effects are still being felt. Third, textbook financing by IDA, without due attention to procurement and distribution issues, has had little impact on placing textbooks in the hands of students. Fourth, preparation of the ongoing EdSIP highlighted poor reading levels and included a program called "Reading

First.” This program was to prioritize reading in the first and second grades and was to be assessed against a goal of 80 percent of second graders reading satisfactorily. In the course of project implementation, this program was de-emphasized and four years into the project no appropriate reading assessment instrument has been developed. Finally, several studies have been undertaken emphasizing access and gender equity, but a comprehensive sector wide review has yet to be done. IDA’s sector work never focused on learning outcomes (basic knowledge and skills), except in the bilingual education pilot, or on the constraints to the delivery of goods to the resource-starved schools. In addition to all of the above, the Government’s capacity to manage the education reform agenda is weak, with few incentives for good performance.

B. Health

OBJECTIVES AND INSTRUMENTS

4.8 At the beginning of the period under review, the Second Health, Population and Rural Water Supply Project (FY91-98) was ongoing. Its objectives were to (i) increase the coverage and quality of health services in four regions, (ii) improve access to and availability of affordable essential drugs; (iii) implement the emerging population policies; and (iv) provide access to safe water. This project was followed in FY99 by the Health Sector Development Program (HSDP), which was designed to support the implementation of the government’s health and social development program (PRODESS) through a sector-wide approach. The HSDP continued to emphasize expanding access to quality health care, including reproductive health and nutrition services, with a focus on meeting the needs of the underserved segments of the population. Additionally, it aimed at strengthening the institutional capacity for health system management; and developing sustainable financing schemes. In FY04, a multi-sector HIV/AIDS Project aimed at helping to control the spread of the HIV/AIDS epidemic was approved. In addition to lending, IDA undertook policy dialogue and financed several studies; but, as in education, formal analytical work on the sector was limited.

RESULTS AND OUTCOMES

4.9 The gains in health have been relatively modest, as indicated by the slow progress in reducing infant and child mortality. In 1990, the infant mortality rate was 140 deaths per 1,000 live births, while the under-five mortality rate was 250 deaths per 1,000 live births. In 2004, these rates were respectively 121 per thousand and 219 per thousand, still considerably above the average for SSA (Table 7). At this rate of progress, Mali is unlikely to reach the related MDGs by 2015. There was some progress in improving access to safe water and sanitation facilities, especially in urban areas; and child vaccination improved

significantly. The child immunization rate in 2004 was 75 percent for measles and 76 percent for DPT compared, respectively, with 37 percent and 51 percent in 2001. However, there has been little progress in reducing the prevalence and severity of malnutrition, a major cause of child mortality. Stunting and wasting have remained high. During 1995-2004, 33 percent of children under age 5 were wasting while 38 percent have been suffering of stunting. With respect to reproductive health, antenatal care coverage increased from 41 percent in 1998 to 59 percent in 2003 while the proportion of births attended by skilled health personnel rose from 31 percent to 42 percent. Prospects for future progress in health care are not encouraging. Between 1994 and 2000 the population per physician doubled, the population per midwife was up by 10 percent, and the population per nurse increased fivefold.³ Especially worrisome for the country's development outlook is that the total fertility rate, at 6.8 children on average in 2004, remains very high; in contrast, at 1.9 percent, HIV prevalence remained well below the average for SSA, estimated at 7.2 percent.

Table 7. Select Health Statistics

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	SSA (latest yr. avail.)
Life expectancy at birth (yrs)	47	--	47	--	--	48	--	48	48	48	46
Infant mortality rate (per 1,000)	131	--	--	--	--	124	--	--	--	121	100
Under-five mortality rate (per 1,000)	233	--	--	--	--	224	--	--	--	219	168
Fertility rate	7.3	--	7.2	--	--	7.0	--	6.9	6.9	6.8	5.3
Budget share for health	6.6	7.7	6.7	5.6	4.7	6.0	6.6	5.4	5.4	6.3	--

Source: Annex Table A2d.

THE ROLE OF IDA

4.10 As in education, IDA support in health was most effective in helping to expand physical access. The Second Health, Population and Rural Water Supply Project helped establish nearly 100 community health centers and strengthen 47 existing government health centers, which led to an increase in the proportion of the population with access to primary health care services from 3 percent in 1993 to 33 percent in 1996. The project also successfully supported pharmaceutical reform. The pharmaceutical parastatal was restructured, private competition was introduced in the sector, and a new drugs policy shifted the pharmaceutical parastatal away from purchasing high cost drugs to procuring only essential generics. As a result availability of low-cost quality drugs increased substantially. The project helped establish community health management committees at the new and upgraded health centers, which are managing health services and recovering most of the recurrent costs of the clinics through the sale of drugs. The population component contributed to increased awareness

of family planning issues; it increased NGO capacity and improved government ability to monitor demographic trends, but had no significant impact on total fertility rates. Finally the water supply component drilled and equipped 485 wells and rehabilitated 600 in excess of original targets, helping to expand access to safe water.

4.11 But the project also had important shortcomings. In particular, the rate of utilization of health services has remained low at 0.2 contacts/inhabitant/year in 2001, the same as in 1996;⁴ and despite high malnutrition rates, the project did not include a nutrition component. Little attention was given to capacity building (training of physicians, midwives and nurses) and hence to the quality of health services. Furthermore, the community health centers were unable to attract and retain qualified staff in part because the community health sector was set outside of the government civil service, and in part because of low pay; and the population and water supply components were not well coordinated with the health component, limiting synergies. More generally, the community health strategy did not address a number of significant constraints to improved health for the majority of the rural population, including financial barriers to access and the need for health education and outreach for preventive services. Moreover, in focusing attention on establishing a community health sector outside the civil service, the project left largely unaddressed the significant inefficiencies, inequities and urban bias prevailing in the government health sector. The HSDP is designed to address these structural constraints while reinforcing achievements through a sector-wide approach. Implementation, however, has been slow and the first phase of this long-term project is still ongoing. While it is too early to assess the project effectiveness available evidence indicates that progress has been uneven and that implementation experience has been unsatisfactory.

C. Raising Living Standards of the Population

OBJECTIVE AND INSTRUMENTS

4.12 IDA's strategy to help raise living standards evolved from an early focus, immediately after the devaluation, on strengthening Mali's social safety net system through labor schemes targeted at disadvantaged communities, to strengthening institutional and policy-making capacity at the local and national levels and broadening access of the poor to basic infrastructure services such as electricity, water and sanitation, and rural roads. A related objective was to increase the participation of women in political and economic activities and improve their access to productive assets, including micro-credit. Key IDA instruments were the Urban Development and Decentralization Project (UDDP, FY96) and the Grassroots Initiatives to Fight Poverty and Hunger Project (FY98), complemented by its lending in education, health, and transport. In addition, the Economic Management

Credit (FY96) included a gender component. ESW included a poverty assessment in FY93. A new poverty assessment, based on a more recent household survey, and a gender assessment became available in FY06, at the end of the period under review.

RESULTS AND OUTCOMES

4.13 Mali made progress in reducing poverty in the 1990s. According to government data, the incidence of poverty fell by 4 percentage points between 1989 and 2001. World Bank estimates show a relatively larger decline of 7 percentage points over the same period. The data also indicate that the decline in poverty has been larger since the 1994 devaluation than during the 1990s as a whole. In the post-devaluation period, per capita growth was strong and more stable, and inequality, measured by the Gini coefficient, fell. From 71 percent in 1994/96 the headcount index fell to 56.5 percent in 2001 (Table 8). But with growth coming predominantly from mining and commerce, activities in which the participation of the poor is limited, poverty has remained widespread in rural areas with wide differences among regions. In particular, at about 80 percent of the population in 2001, the incidence of poverty is highest in Sikasso, a large cotton-producing area.

Table 8. Poverty, Per capita consumption data
(% of population)

DNSI method (food energy intake)			Poverty/Inequality Indicators		
	1989	2001	National Poverty (Headcount index)		
			1994	2001	
National	72.8	68.3	Per capita Consumption	71.1	56.5
Urban	40.6	32.8	Consumption adjusted for growth	66.9	56.5
Rural	79.5	80.9	Asset Index	69 ^{a/}	57
World Bank Method (cost of basic needs)			National Inequality (Gini index)		
National	63.8	56.5	Per capita Consumption	45.4	40.1
Urban	32.5	24.6	Consumption adjusted for growth	--	40.1
Rural	74.9	67.9	Asset Index	24 ^{a/}	22

a/ Figures from 1996.

Source: World Bank staff using EMCES, EMEP and DHS data.

4.14 Data on household assets and access to basic social and infrastructure services suggest a general improvement in standards of living (Annex Table A2e). The poverty gap ratio and the severity of poverty were not available for the period 1994/96-2001 at the time of the IEG mission. At the same time, there was a perception in Mali that the benefits of growth accruing to the poor, especially in rural areas, have been low. In general, access to drinking water, sanitation facilities, electricity, roads, and ownership of durable goods are much lower in rural areas where the majority of the poor lives. This appears to confirm that the growth that Mali has experienced over the period under review has not been widely shared.

4.15 Progress in addressing gender inequity over the past decade has also been uneven (Annex Table A2f). At the political level, there is weak representation and participation of women in the decision-making process. In 2004, women constituted about 10 percent of Parliament as the last decade witnessed a decreasing trend of female representation in Parliament and ministerial level positions. With respect to social development, progress was more pronounced in the area of education where gender equality has improved as measured by the ratio of girls/boys in primary school enrollment although the dropout rate is much higher among girls (40 percent) than among boys (30 percent). The enrollment rate of girls at the secondary level also increased although the number of girls in secondary school is still low. Nevertheless, Mali's female literacy rate remains one of the lowest in the world at just 16 percent in 2003 compared with 32.7 percent for men. Data on women's access to assets are scarce, but it is widely accepted that access of women to productive activities beyond subsistence agriculture is disproportionately low.

THE ROLE OF IDA

4.16 IDA's contribution to efforts to improve living conditions varied. The UDDP substantially achieved the objective of improving the provision of basic urban infrastructure services, especially in Bamako and Mopti. Specifically, the project enabled about 179,000 people in these cities to gain access to potable water services, more than the target of 165,000, and provided better drainage systems as well as electricity services to 55,000 people in several poor neighborhoods in Bamako. The enhanced sanitation drastically reduced the incidence of endemic diseases such as cholera in Mopti. The project also generated short-term employment and helped to stimulate private sector activities. The Grassroots Initiatives to Fight Poverty and Hunger Project also had some significant outcomes. It helped more than 6,000 pupils attend classes, establish small-scale health centers in 19 villages, and provide access to water in 98 villages. In addition its support for irrigation schemes helped to increase the availability of water for agriculture, which contributed to increases in crop production. However, in contrast to the UDDP, the project achieved its objectives with many shortcomings. While it financed a large number of physical investments, the extent to which these investments helped improve the living conditions of the disadvantaged rural communities and meet their priority needs was limited. Similarly, while the project helped to establish community committees and associations, the effectiveness of the latter and the extent to which their capacity was strengthened cannot be firmly established. Finally, as regards the objective of strengthening institutional and policy-making capacity at the local and national levels in the fight against hunger and poverty, the project made no progress.

4.17 The EMC achieved only limited and partial progress in the implementation of the gender component. This component essentially sought to increase access by women to land under the *Office du Niger* land distribution scheme, as well as to credit. The number of women that was granted land in the areas controlled by the *Office du Niger* did increase compared to men; however, the number of women landholders remained a very small fraction (about 2.7 percent in 2003) of the total. Thus, whereas the credit helped to open up land acquisition to women, the extent of this progress was limited. Yet since 1996, when the government adopted a decree facilitating access by women to land, there have been no legal barriers to increasing the number of lots for women. Some observers have attributed the limited progress to traditional social norms rather than to project design; but others have noted that such traditional norms did not apply to land managed by the *Office du Niger* that can freely make it accessible to women just as much as to men. In addition, a study commissioned in 1997 to evaluate the savings and credit institutions, including a special fund associated with this credit for helping women's development, found that the fund was under-performing in most aspects. In general, mainstreaming of gender issues in IDA assistance has been very modest. There was scant integration of gender concerns into the design of projects, and, possibly because a gender assessment became available only in FY06, there was no sound analysis of gender issues in the recent CAS.

Summary

4.18 IDA's program to help promote human resource development and increase access of the population to basic social services produced mixed results. In the education sector, with IDA support, significant investment took place in infrastructure, which helped to increase enrollment ratios but school level inputs have not changed commensurably. There are more textbooks than at the beginning of the period under review, but they still are far from being used by all teachers and farther still from being in the hands of all students. Key reforms supported by the program to improve the quality of education started late and have not been comprehensive. IDA has not supported in-service teacher professional development in a substantive way. In health, IDA's program helped to increase access to health facilities but measures to improve utilization of health services have lagged. The program also paid inadequate attention to the poor nutritional status of children, a major factor behind infant mortality. The program helped to increase the enrollment ratio of girls in primary schools but lacked, throughout the period, a comprehensive gender strategy. Finally, the rural population has benefited little from the improvements in infrastructure services. Based on these results, the outcome of IDA program was *moderately unsatisfactory*.

Table 9. Objective 2: Summary Outcome Rating

Objectives	Outcome
Human Development and Access to Social services	Moderately unsatisfactory
<ul style="list-style-type: none"> • Raise access, improve efficiency and effectiveness of education system • Improve access and quality of health services • Improve access to basic infrastructure services 	<ul style="list-style-type: none"> • Unsatisfactory • Moderately unsatisfactory • Moderately satisfactory

NOTES

1. These included the: Education Sector Adjustment Credit (FY95, US\$50.0 million); Vocational Education and Training Consolidation Project (FY96, US\$13.4 million); Improving Learning in Primary Schools (FY00, US\$3.8 million); Education Sector Investment Program (FY01, US\$45 million); and, Mali Development Learning Center Project (FY04, US\$2.5 million).
2. IEG. 2006. *From Schooling Access to Learning Outcomes: An Unfinished Agenda. An Evaluation of World Bank Support to Primary Education.*
3. Source: "La Problématique de la Santé et de la Pauvreté au Mali." World Bank Africa Region, Department of Human Development, Working Paper Series No. 54.
4. Op. Cit.

5. Progress in Public Finance Management and Governance

A. Public Finance Management

OBJECTIVES AND INSTRUMENTS

5.1 The focus of IDA support in the area of public finance management was to help strengthen public sector financial accountability mechanisms covering public expenditure; procurement; and financial management systems. Reforms in these areas featured among the most important measures supported by five adjustment operations since 1990.¹ In addition, IDA provided substantial technical assistance and carried out core diagnostic reports, including the Country Portfolio Assessment Report (CPAR) and the Country Financial and Accountability Assessment (CFAA).

RESULTS AND OUTCOMES

5.2 The GoM undertook a series of substantial reforms that strengthened budget preparation and monitoring, expenditure management, and accountability and transparency in the use of public resources. Mali's public expenditure management system is impressive by Sub-Saharan African standards, and even more so when compared to that prevailing in countries with a similar per capita income. Some of the key reforms are listed in Annex B. The reforms have been achieved with substantial backing from the international donor community, especially the Bretton Woods Institutions, the European Union (EU) and France, but also from other bilaterals.

5.3 Although much was achieved, there are still some key outstanding issues. First, the array of tools which the government has developed as a consequence of the reforms – the macroeconomic framework, new budget nomenclatures, the Medium Term Expenditure Framework (MTEF), sector budget envelopes,² the multi-year investment program – remains inadequately integrated. Some of the procedures are carried out with timetables that are not properly synchronized, which tends to weaken the relevance of the planning exercises for the budget process and undermine the efficacy of the expenditure allocation procedure. Second, despite recent refinements, the sector MTEFs have so far failed to live up to expectations as tools to support line ministry negotiations with the Ministry of Finance. The sector MTEFs are distinct from the program budget process in that separate MTEF and program budget documents are produced. Although the

MTEFs are used in the budget negotiations, they do not seem to be fully appropriated by the sector Ministries concerned. Their preparation is largely undertaken to satisfy the requirements of donors. Finally, the reorientation of the government's expenditure programming towards results, notably in the area of poverty reduction, is somewhat undermined by the lack of a clear growth strategy and action plan for achieving it.

THE ROLE OF IDA

5.4 IDA played a significant role in the achievements in public financial management. The close collaboration of IDA staff with the Authorities, and the time and effort taken to achieve national ownership of the program, were key to this success. Technical assistance provided by IDA, much of it in the form of direct advice from staff, proved highly effective. As a result of this support, the government now carries out its own public expenditure reviews on an annual basis and the quality of these reviews has steadily improved since the practice was initiated in 1997.

B. Governance

1. DECENTRALIZATION

OBJECTIVES AND INSTRUMENTS

5.5 Mali's Decentralization Law of 1993 established the legal framework for intensive decentralization efforts in the following years. By 1998, the country was ready to begin implementing a decentralization process including transfer of responsibilities to local communities and transfer of financial and human resources to carry them out. Decentralized planning and service delivery was first introduced in the health sector, followed by education and rural development.

5.6 Support for Mali's decentralization processes features in all three CASs throughout the review period, as a more efficient and transparent means of prioritizing and delivering services as well as building capacity. Largely because most of Mali's major donors were already heavily involved in Mali's decentralization efforts, IDA chose not to support the process through a self-standing project but rather through operations in selected areas. These interventions have been in four main areas: projects in health and education; public financial management reform through adjustment lending; agricultural and rural development projects; and, projects to protect natural resources and the environment.

RESULTS AND OUTCOMES

5.7 The institutional framework for decentralization is effectively in place. But many problems remain. Progress in transferring financial resources to local communities in line with their new legal responsibilities has been slow. There is concern that the communities lack the technical capacity and accountability mechanisms necessary to manage these resources effectively. Mobilization of the communities' own resources has been weak. Program coordination between national sector programs and local development plans has been inconsistent.

THE ROLE OF IDA

5.8 In the *social sectors*, the focus was on greater local community participation in the managing and financing of primary health care and primary education service delivery, and on de-concentrating the work of the central ministries to regional and sub-regional levels. With IDA support, the government adopted the legal texts governing the transfer of competencies in both sectors. Important progress was also made in strengthening the capacities of sub-national level actors through the establishment of functioning Commune Advisory Centers (CACs) and technical and financial structures supporting the local governments. However, a major challenge is the lack of coherence between the national sector programs and those developed by local governments with the assistance of the CACs.

5.9 Reforms in *public financial management* made important contributions to the decentralization process. They include development of a budget nomenclature for local governments compatible with that used in the national budget (first used in the 2003 budget), and elaboration of Medium Term Expenditure frameworks for the health and education ministries. On the basis of these frameworks, two ten-year development programs, PRODESSA for health and PRODEC for education, have been developed, both with strong decentralization dimensions. A number of key donors, including IDA, are financing these programs. The EU and most bilaterals are changing to sectoral budget support programs.

5.10 It is too early to judge the outcome of efforts to decentralize the provision and management of *rural* infrastructure services and empower producer organizations to take increased responsibility for local development. There is evidence of progress: more than 200 village communities were helped to set up what appear to be sustainable institutions: development committees, local health associations, parent associations for education, and the like. IDA's PNIR project is succeeding in generating a genuine local demand for development projects, as well as a capacity to manage them. But the weaknesses prevalent in the decentralization process as a whole also manifest themselves in rural development activities: lack of cohesion between

the different layers of authority, a persistent tendency to manage from the top down, untimely transfer of funds, and unclear mandates at different government levels. Donors, including IDA, at times fall to the temptation to react to institutional weakness by setting up parallel mechanisms to get around these difficulties, especially when it comes to the transfer of funds. While this may accelerate project disbursement, it does little for long-run sustainable development.

5.11 Several laws exist on *environmental* protection, designed to be congruent with the decentralization process by ensuring that local communities become an essential part of natural resource management. A number of IDA projects have included components aimed at enhancing local capacity to manage natural resources, community awareness, natural resource diagnostics and local private sector involvement. To date, these project components have been generally successful in achieving this objective.

2. REDUCE CORRUPTION

OBJECTIVES AND INSTRUMENTS

5.12 In 1999, the government launched a “National Policy to Fight Corruption.” Implementation has progressed, though slowly because of the many issues involved and the weakness of the judicial system. In July 2002, the government formed an ad hoc committee on corruption as part of the Prime Minister’s office. The committee’s work benefited from the IDA-prepared “Recommendations to Reinforce the Anti-corruption Program,” dated April 2002. Apart from this, IDA’s strategy was to assist the government to implement the recommendations of the Anti-corruption program, especially through close dialogue.

RESULTS AND OUTCOMES

5.13 Within Mali, governance, and notably corruption, is perceived as a widespread problem. A study carried out by a local consultancy³ described it as having assumed “plague” proportions. An earlier study⁴ indicated that this view was close to that expressed by most of the people surveyed. The WBI Governance Indicators covering the period 1996-2005 suggest that governance perceptions of Mali are not particularly encouraging even if they are invariably superior to the averages of perceptions for SSA (Annex Tables A9 and A10). On the other hand, it is difficult to detect trends in governance indicators over time, partly because the standard errors of the observations are large. First, there would appear to have been no improvement over time in “control of corruption.” Second, among the other governance indicators, it is equally difficult to discern change except for the “Rule of Law” which appears to have improved.

THE ROLE OF IDA

5.14 Apart from IDA's assistance to help the government establish the anti-corruption committee in the Prime Minister's office (para. 5.12 above), its interventions during the 1990s were primarily in the area of governance—improving measures generally, and more in particular the efforts aimed at improvements in public financial management, discussed earlier. Many issues remain to be addressed, foremost among them the reform of the judiciary and the lack of a specialist agency with powers to investigate allegations of corruption and other offenses against good governance.

Summary

5.15 The part of IDA's program designed to strengthen public finance management produced many positive results. The program strengthened expenditure management and control, contributed to the organizational changes in the Ministry of Economy and Finance, and facilitated the initiation of computerization and completion of the audits of the 2003 and 2004 budgets. Much of IDA support for decentralization and deconcentration of government functions is recent and ongoing, but holds out the promise of improvements in service delivery. However, IDA's program in the area of governance seems insufficient and the reforms it supported have yielded limited results, with no significant improvements in the legal environment. The overall outcome of IDA support was *moderately satisfactory*.

Table 10. Objective 3: Summary Outcome Rating

Objectives	Outcome
Improve Public Finance Management and Governance	Moderately satisfactory
<ul style="list-style-type: none"> Improved public finance management 	<ul style="list-style-type: none"> Satisfactory
<ul style="list-style-type: none"> Strengthen decentralized institutions 	<ul style="list-style-type: none"> Moderately satisfactory

1. SAC I (FY91); the Economic Management Credit (FY96); SAC III (FY02) plus a Supplementary Credit (FY04); SAC IV (FY05); and the Economic Policy and Public Finance Management Credit (FY06).

2. The sectors thus far producing MTEFs are health, education and transport.

3. "Recherche à finalité pédagogique pour la lutte contre la corruption au Mali," GIRAD - Africa, Bamako, September, 2003.

4. Afrobarometer, op. cit.

NOTES

6. Overall Assessment

Outcomes

6.1 In the pursuit of *broad-based economic growth*, good progress was made towards the objective of macroeconomic stability. There was somewhat less progress towards the objective of agricultural and rural development, and disappointing progress towards the objective of private sector development. IDA made notable contributions to establishing a more rational and efficient tax system, and to improvements in tax administration and in budget preparation, execution and monitoring. In agricultural and rural development, IDA was successful in helping to promote diversification of production and exports, but failed in its efforts to help expand and strengthen small-scale irrigation. In the important cotton sector, after years of delay in introducing reform, the recent agreement between all parties concerned on cotton sector strategy holds out promise.

6.2 Progress towards the objectives supported by IDA in private sector development was limited. The financial sector remains poorly developed, access to cost-effective public utility services is still problematic, the failed privatization of EDM was a major setback in the power and water sector, and the regulatory and legal framework is still deficient. In transport development, IDA was successful in helping to put in place a more transparent and effective institutional framework for managing the road sub-sector. A Road Maintenance Fund was created and maintenance work is now handled by private contractors. Against these achievements there remain major shortcomings. Improvements in road conditions were slow to materialize, insufficient attention was paid until recently to the very deficient conditions of rural roads, sufficient resources for road maintenance are far from assured, and there was no improvement in railroad service to Dakar, a transport corridor which took on added importance following the political crisis in Côte d'Ivoire.

6.3 On balance, IEG rates the outcome of IDA support for broad-based economic growth as *moderately satisfactory*.

6.4 Progress towards *human resource development* was disappointing. In education, IDA support was effective in helping Mali to increase enrollment rates in primary schools and improve the female to male ratio. On the other hand, a major shortcoming of IDA's strategy was the lack of focus on quality issues, with the exception of one small pilot project. Some policy proposals, such as double-shift teaching, in

fact ended up having an adverse effect on quality. Mali's overall literacy rate remained exceedingly low and constitutes a primary obstacle to any development efforts. IDA also encountered little success in vocational education and training efforts.

6.5 As in education, IDA support in health was most effective in helping to expand access through investments in new and existing health centers. There was also progress on the institutional front through successful pharmaceutical reforms. But while physical access was facilitated, financial barriers to access are severe and the rate of utilization of health services remained low. It was also difficult to attract qualified staff to the newly set-up community health centers. In the end, the gains in health status of the population were modest. Of particular concern is the total fertility rate which remains exceedingly high. While IDA did help increase awareness of family planning issues, this had apparently little impact.

6.6 Finally, IDA's efforts to improve living standards, especially through the provision of infrastructure services did yield measurable benefits, at least in urban areas. In view of the poor outcomes primarily in education, but also in health, IEG rates the outcome of IDA's strategy in human resource development as *moderately unsatisfactory*.

6.7 IDA contributed significantly to the advances made in *public finance management and governance*. Mali's present public expenditure management system is impressive by SSA standards. The close collaboration of IDA staff with the authorities and the time and effort taken to achieve national ownership of the program were key to this success. As a result of this support the Government now carries out its own public expenditure reviews. In the area of improving governance, generally, IDA's efforts to promote decentralized delivery of services, with an eye on transparency and efficiency, were continuous. An institutional framework for decentralization was gradually put in place in several areas, including education, health, public finance management, and rural development. But much remains to be done to improve coordination and cooperation between different levels of government before the decentralization efforts will yield their intended benefits. On balance, IEG rates the outcome of IDA's assistance in the area of public finance management and governance as *moderately satisfactory*.

6.8 The outcome of the totality of IDA's assistance strategy for Mali during 1995-2005 is rated by IEG as *moderately satisfactory*.

Sustainability

6.9 The benefits that were derived from IDA's program in Mali are likely to be sustainable. This is the case, for example, of the progress

made towards macroeconomic stability. The capacity to manage the macroeconomy has improved, and there appears to be considerable government commitment to the reforms. However, there are risks. In particular, as a land-locked country in the Sahel, Mali remains highly vulnerable to exogenous shocks—bad weather, political developments in the region. In addition, the stalled reforms in the cotton and electricity sectors entail important fiscal risks.

6.10 The achievements in public financial management are also likely to be sustainable. These achievements were extensively backed by the donor community, including IDA. And, unlike in the social sectors, the assistance did not substitute for local skills. One of the more encouraging characteristics of these reforms is the high degree of national ownership. Likewise, the reforms in the area of decentralization benefited from high country ownership. They are likely to be sustainable, albeit, progressing at a slow pace.

Institutional Development

6.11 Major achievements, and failures, in this area have already been referred to under “outcomes” and are only summarized here. With IDA support, Mali made much progress in strengthening institutional capacity in the road sector. This was most clearly reflected in the changed system of incentives that induced the private sector to engage in maintenance activities. Institution-building was also apparent in public financial management, although this progress may be more accurately viewed as progress in organizational capacity, in particular, with regard to the Ministry of Economy and Finance. In the health sector, progress was made in creating a community-managed health sector with services financed through cost recovery, in reforming the pharmaceutical agency, and in creating a regulatory framework for the promotion of generic drugs. However, this was offset in part by the lack of progress in alleviating staff shortages in rural areas.

6.12 On the other hand, there are also important examples of a lack of institutional development impact: the failed privatization of the electric power company, the multi-year deferral of reforms in the cotton sector, and the problems encountered in the railroad sector and its privatization.

Contributions to Outcomes

IDA

6.13 In several areas, IDA’s performance was excellent with good long-term impact. The adjustment lending following the devaluation helped put the country on the path to macro stability. The new institutional framework in the road transport sector not only brought the

private sector into road maintenance activities but also enabled other donors to substantially increase their financing for road maintenance, rehabilitation and construction. IDA's efforts to strengthen public finance management helped foster genuine ownership of the reforms.

6.14 However, the CAE mission also heard strong criticism from Government, other donors and representatives of civil society about IDA. At times, the wisdom of IDA's strategy and/or its implementation was seriously questioned: there remains lingering resentment about the failed civil service reform component of SAC I (before the review period) which is blamed for the current shortage of qualified teachers, and about the failed privatization in the power sector, which is blamed for the developing electricity crisis.

6.15 IDA was said to be a poor listener, tending to impose its views and not always taking the time to make the case for the reforms it was proposing. Many questioned whether IDA took full account of the socio-political realities of Mali when devising its strategy: the privatization of the electricity company and IDA's earlier approach to the proposed privatization of the cotton parastatal were frequently cited to illustrate this point. IDA also appeared to have communications problems with donors. Given IDA's long involvement in the education sector and its moving towards a sector-wide approach, other donors were under the impression that IDA would participate in a program of budget support at the sectoral level. Just before the inter-donor agreement was to be signed, IDA declined to participate.

6.16 Finally, at all levels of government, there is concern with the lengthy delays in receiving a response from IDA on requested non-objections. Mali is thought to be a low priority for IDA staff and the absence of a Country Director in the field office does not help this image problem.

6.17 Several of these criticisms about IDA received by the CAE mission were echoed in the 2002 Mali Client Survey. While the overall conclusion of the Survey was that "Clients' overall impression of the World Bank's effectiveness in Mali is fairly favorable.", several shortcomings were also noted. Among others: "the Bank needs to be more proactive in communicating its poverty reduction mission outside of high-level Government circles. Clients cautioned that the Bank should play the role of *catalyst* and *adviser*, take local realities into account, and refrain from imposing its ideas."; "According to clients interviewed, the Bank's procedures are clear, transparent and effective. However, they are also found to be cumbersome, particularly in the area of procurement."; "The impact of adjustment loans, however, is seen as primarily negative, due to layoffs and early retirements, particularly in the health and education sectors."; and, "Some ... respondents think it important that greater decision-making authority be given to staff in Bamako."

OTHER DONORS

6.18 As mentioned earlier (para 2.1) IDA provided about 15 percent of net ODA to Mali during the period 1995-2004. Among the more significant other external partners in Mali's development efforts were, apart from the IMF, the EU and several bilaterals: four key bilaterals, France, the Netherlands, Germany and the U.S., together provided 42 percent of net ODA, most of it in the form of grants.

6.19 During the period under review Mali completed two programs supported by the *IMF's* Poverty Reduction and Growth Facility (PRGF) and its predecessor, the Enhanced Structural Adjustment Facility (ESAF). A PRGF approved in June 2004 is ongoing. The division of responsibilities between the IMF and IDA has worked well, with the IMF taking the lead in assisting Mali to maintain macroeconomic and financial stability through setting quantitative targets, while IDA leads the policy dialogue on structural, social and institutional reforms in a number of sectors. Structural reform measures in IMF and IDA programs, such as those related to cotton sector reform and public expenditure management, are well coordinated between the two institutions. IDA and the IMF also conducted joint assessments of progress under the PRSP.

6.20 *France*, Mali's largest donor, has remained influential in the country's economic management with technical assistance in virtually all areas of economic activity. Its development bank arm, the French Development Agency (AFD) Group, has been particularly active, together with IDA, in the cotton and electricity sectors with mixed results, especially in the privatization of CMDT and EDM. French officials interviewed in Mali for this evaluation pointed to IDA's inflexible and ineffective approach in the cotton sector, at least initially, and consequent disagreements with IDA staff on strategy. Since about 2003, AFD and IDA appear to have moved towards a common strategy for the liberalization of the cotton sector.

6.21 The focus of *USAID's* assistance program in Mali has been on health, private sector development, primary education and governance through decentralization. The priority areas of *Germany's* intervention have been agriculture and natural resource management, decentralization and water supply and sanitation, with the aim to contribute to agricultural development and improving living standards for the poor.

6.22 The *European Union* (EU), *African Development Bank* (AfDB) and the *United Nations Development Programme* (UNDP), all maintained an active assistance program. In recent years the EU has emerged as a leading multilateral donor. Under consecutive European Development Fund programs, massive investments have been directed to the road subsector. There is a particularly productive relationship between the

EU and IDA, with mutual support for the policy agenda in roads' development. The EU joined IDA in arguing for increased spending on road maintenance and made its support conditional on progress in this area. The EU is also the lead donor in decentralization efforts. The AfDB's focus is on rural and social sector development and reform of public utilities. AfDB provided cofinancing for several IDA adjustment credits.

THE GOVERNMENT

6.23 Government commitment to the reforms supported by IDA was uneven and varied across sectors and areas. In some areas, such as in public expenditure management, the level of commitment was high and this was reflected in the significant progress achieved. Conversely, in the general area of withdrawal of the State from the public enterprise sector, government commitment has wavered. The disengagement has been limited, characterized by delays and unclear signals from the authorities on policy priorities. This has been particularly the case in the failed privatization of the power company, EDM, which returned to majority state ownership in October 2005 as the strategic foreign owner withdrew over disputes concerning tariff setting and investment levels. Similarly, the State's disengagement from the banking and telecommunications sectors has been marked by continual delays. Liberalization of the cotton sector has proceeded very slowly. The Government now appears committed to privatize the cotton parastatal by 2008, but the problems encountered in the privatization of EDM created reputational risks, whose effects on the eventual sale of CMDT to private operators is unclear.

EXOGENOUS FACTORS

6.24 Exogenous factors have often tended to put a brake on Mali's economic progress. The agricultural sector is especially vulnerable to erratic rainfall and diseases: since 1998-99 there have not been two consecutive years of agricultural growth. In 2004/05 inadequate rainfall and a locust infestation combined to cut agricultural production by about 10 percent; agriculture recovered in 2005/06 when rainfall was good. At the regional level, the political conflict in Côte d' Ivoire that erupted in late 2002 led to the virtual blockage of the vital Abidjan-Bamako road corridor in the early years of the crisis, severely disrupting the flow of goods and services, including cotton exports. Finally, after a period of relative calm following the signing of a peace accord between the Government and the separatist Tuareg rebellion movement in the north in 1998/99, the rebellion exploded again in 2006. Although it appears to have been contained, it remains an important risk to economic development in the region.

7. Summary Findings and Recommendations

7.1 The findings of this evaluation can be summarized as follows: First, in the areas where significant progress was made, there was both acceptance by the Government of the need for reform and of the path to it, as well as a determined effort by IDA to further government ownership of the reform. This was the case in the area of public finance management, where IDA staff collaborated closely and persistently with the authorities, as well as in the areas of building an improved road maintenance system and advancing the decentralization process.

7.2 Second, in the many areas where there was little or insufficient reform progress, the Government may have accepted the need for reform, but the solutions and policies proposed were either resisted, because they did not incorporate a full appreciation of the nature and complexity of the issue at hand, or because they provided only a partial solution to the development problem in question. In retrospect, the privatization process of EDM was poorly implemented, while reform proposals for the cotton sector did not gain acceptance for many years; and there was insufficient appreciation of the importance of quality in education and of the importance of affordability in health care, as opposed to physical access.

7.3 Four key recommendations follow from the analysis in this evaluation:

- First and foremost, it is imperative to focus on education quality. Combined with efforts to increase financial access to health services, a gradual reduction in the fertility rate is likely to follow. The high fertility rate also needs to be addressed directly. There is little prospect for sustainable development and poverty reduction in Mali in the absence of lower population growth and substantial improvements in the quality of human capital.
- Second, in the area of rural development, the envisaged reforms in the cotton sector remain a major challenge as long as the sector is a drain on the budget. The reforms must be pursued vigorously together with diversification options. In addition,

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much more emphasis needs to be placed on creating an effective rural roads system.

- Third, a viable strategy for development of the electric power sector is urgent, given its importance for future private sector development.
- Fourth, a renewed effort is needed to reform the financial sector and improve access to finance. The poorly developed financial sector remains a primary obstacle to private sector growth and rural development.

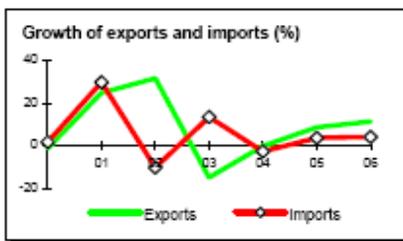
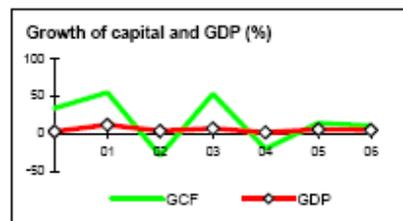
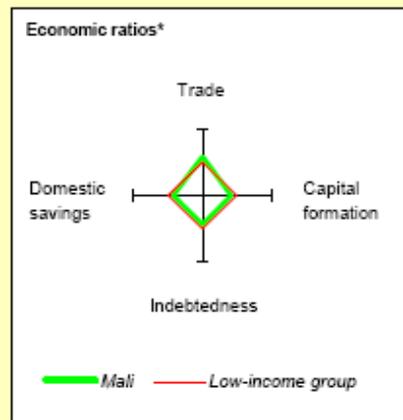
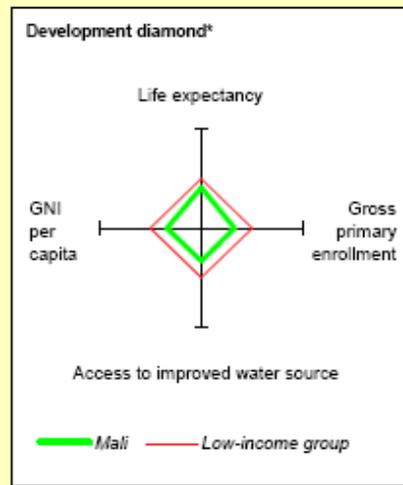
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Annex Table A1. Mali at a Glance (as of 09/28/07)

	Mali	Sub-Saharan Africa	Low-income		
POVERTY and SOCIAL					
2006					
Population, mid-year (millions)	13.9	770	2,403		
GNI per capita (Atlas method, US\$)	440	842	850		
GNI (Atlas method, US\$ billions)	6.1	648	1,562		
Average annual growth, 2000-06					
Population (%)	3.0	2.4	1.9		
Labor force (%)	2.5	2.8	2.3		
Most recent estimate (latest year available, 2000-06)					
Poverty (% of population below national poverty line)	..	..	..
Urban population (% of total population)	31	36	30		
Life expectancy at birth (years)	49	47	59		
Infant mortality (per 1,000 live births)	120	96	75		
Child malnutrition (% of children under 5)	33	30	..		
Access to an improved water source (% of population)	50	56	75		
Literacy (% of population age 15+)	24	59	61		
Gross primary enrollment (% of school-age population)	66	92	102		
Male	74	98	108		
Female	59	86	96		
KEY ECONOMIC RATIOS and LONG-TERM TRENDS					
	1986	1996	2005	2006	
GDP (US\$ billions)	1.7	2.6	5.3	5.9	
Gross capital formation/GDP	20.7	22.9	22.7	24.1	
Exports of goods and services/GDP	15.3	20.0	25.1	29.8	
Gross domestic savings/GDP	-1.3	7.2	9.8	21.5	
Gross national savings/GDP	5.6	12.8	9.6	28.2	
Current account balance/GDP	-15.1	-10.1	-8.6	-7.5	
Interest payments/GDP	0.8	2.3	0.4	..	
Total debt/GDP	103.9	114.8	56.0	..	
Total debt service/exports	20.3	18.6	6.6	..	
Present value of debt/GDP	26.1	..	
Present value of debt/exports	104.1	..	
	1986-96	1996-06	2005	2006	2006-10
<i>(average annual growth)</i>					
GDP	2.9	6.0	6.1	5.4	5.2
GDP per capita	0.3	3.0	3.0	2.5	3.7
Exports of goods and services	6.2	9.6	8.7	11.3	2.3

	1986	1996	2005	2006
STRUCTURE of the ECONOMY				
<i>(% of GDP)</i>				
Agriculture	42.4	51.8	36.6	36.8
Industry	16.0	17.9	24.2	24.1
Manufacturing	7.2	7.6	3.2	3.1
Services	41.6	30.3	39.3	39.1
Household final consumption expenditure	86.4	82.7	80.3	..
General gov't final consumption expenditure	14.9	10.2	9.9	..
Imports of goods and services	37.3	35.8	38.0	32.4
	1986-96	1996-06	2005	2006
<i>(average annual growth)</i>				
Agriculture	3.3	3.4	7.6	5.0
Industry	3.7	6.8	8.3	4.4
Manufacturing	4.3	-1.1	1.1	0.9
Services	1.5	5.4	5.6	6.7
Household final consumption expenditure	2.6	2.9	4.2	..
General gov't final consumption expenditure	1.1	8.3	-5.6	..
Gross capital formation	1.0	10.8	14.8	11.1
Imports of goods and services	2.2	6.0	3.7	4.1



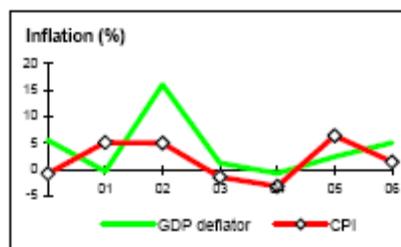
Note: 2006 data are preliminary estimates.

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.

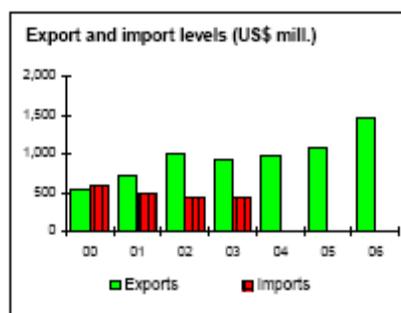
PRICES and GOVERNMENT FINANCE

	1986	1996	2005	2006
Domestic prices				
(% change)				
Consumer prices	..	6.8	6.4	1.5
Implicit GDP deflator	-9.2	5.4	2.4	5.1
Government finance				
(% of GDP, includes current grants)				
Current revenue	16.2	17.4	17.9	17.1
Current budget balance	5.5	7.1	4.5	3.8
Overall surplus/deficit	-11.6	-8.1	-5.9	-6.0



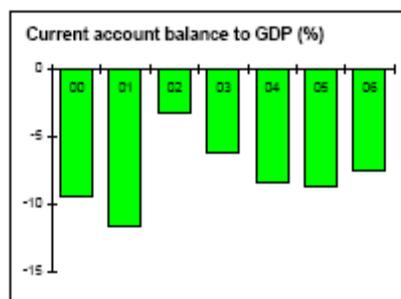
TRADE

	1986	1996	2005	2006
(US\$ millions)				
Total exports (fob)	206	433	1,073	1,467
Cotton	74	264	265	296
Gold	47	78	677	1,017
Manufactures	..	..	..	..
Total imports (cif)	484	772	..	..
Food	81	113	..	..
Fuel and energy	78	102	..	..
Capital goods	141	226	..	..
Export price index (2000=100)	94	118	114	..
Import price index (2000=100)	79	96	99	..
Terms of trade (2000=100)	119	123	114	..



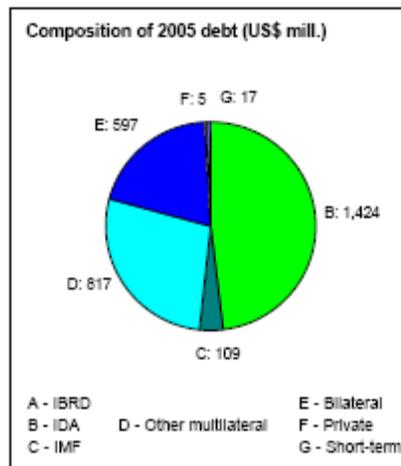
BALANCE of PAYMENTS

	1986	1996	2005	2006
(US\$ millions)				
Exports of goods and services	257	525	1,333	1,816
Imports of goods and services	626	936	1,795	2,183
Resource balance	-369	-412	-463	-367
Net income	-25	-50	-220	-265
Net current transfers	139	196	224	188
Current account balance	-254	-265	-459	-444
Financing items (net)	230	393	923	459
Changes in net reserves	23	-128	-464	-15
Memo:				
Reserves including gold (US\$ millions)	20	446	929	977
Conversion rate (DEC, local/US\$)	346.3	511.5	527.5	522.9



EXTERNAL DEBT and RESOURCE FLOWS

	1986	1996	2005	2006
(US\$ millions)				
Total debt outstanding and disbursed	1,743	3,007	2,969	..
IBRD	0	0	0	0
IDA	277	915	1,424	282
Total debt service	62	116	88	..
IBRD	0	0	0	0
IDA	3	13	20	18
Composition of net resource flows				
Official grants	155	209	436	..
Official creditors	162	109	174	..
Private creditors	0	0	3	..
Foreign direct investment (net inflows)	-8	45	159	..
Portfolio equity (net inflows)	0	0	0	..
World Bank program				
Commitments	37	181	161	8
Disbursements	45	84	111	123
Principal repayments	1	7	9	12
Net flows	44	77	102	112
Interest payments	2	6	11	7
Net transfers	42	71	91	105



Annex Table A2a. Mali: Economic and Social Indicators 1995-2005

Indicators	Mali											Mali	Burkina Faso	Cote d'Ivoire	Niger	Benin	SSA	Low Income
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Average						
Health and Sanitation																		
Immunization, DPT (% of children ages 12-23 months)	49.0	53.0	52.0	48.0	44.0	40.0	51.0	64.0	69.0	76.0	..	54.6	55.1	57.5	32.0	74.9	53.3	61.4
Life expectancy at birth, total (years)	47.1	..	47.4	..	..	47.6	..	47.7	48.0	48.3	..	47.7	47.0	46.9	43.6	53.9	46.5	58.1
Improved sanitation facilities (% of population with access)	..	..	..	..	..	..	..	..	..	46.0	..	46.0	13.0	37.0	13.0	33.0	37.0	38.3
Improved water source (% of population with access)	..	..	..	..	..	..	..	..	..	50.0	..	50.0	61.0	84.0	46.0	67.0	56.2	75.1
Mortality rate, infant (per 1,000 live births)	131.0	..	..	..	..	124.0	..	..	..	121.0	..	125.3	101.3	114.1	162.3	95.5	104.2	84.3
Population, total (million)	10.1	10.4	10.7	11.0	11.3	11.6	12.0	12.4	12.7	13.1	13.5	11.7	11.4	16.6	11.8	7.3	662.8	2,146
Population growth (annual %)	2.7	2.7	2.7	2.7	2.8	2.9	2.9	3.0	3.0	3.0	3.0	2.9	2.9	2.2	3.4	3.1	2.4	2.0
Urban population (% of total)	25.5	26.0	26.5	26.9	27.4	27.9	28.4	28.9	29.5	30.0	30.5	28.0	16.6	43.1	16.3	38.4	32.9	28.4
Education																		
Literacy rate, adult total (% of people ages 15 and above)	..	..	..	..	..	..	..	..	..	19.0	..	19.0	21.8	48.7	28.7	34.7	..	61.5
School enrollment, preprimary (% gross)	..	..	..	2.2	1.4	1.4	1.4	1.2	1.9	..	..	1.6	1.5	2.8	1.2	4.9	15.1	23.5
School enrollment, primary (% gross)	..	..	..	47.3	51.2	52.8	56.9	60.0	61.2	63.8	..	56.2	47.0	72.0	35.9	87.0	87.1	95.1
School enrollment, secondary (% gross)	..	..	..	..	13.9	15.0	..	..	20.2	22.3	..	17.9	11.2	22.9	6.4	22.3	29.2	42.7
Growth and Wealth																		
GDP growth (annual %)	6.2	3.2	6.8	6.0	6.7	3.2	12.1	4.2	7.4	2.2	5.4	5.8	4.7	2.0	3.4	4.7	3.8	5.6
GNI per capita, Atlas method (current US\$)	230	230	250	240	230	220	220	220	270	330	380	256	279	693	183	362	540	410
GNI per capita, PPP (current international \$)	630	650	680	710	750	770	860	880	940	950	1,000	802	1026	1454	729	951	1,653	1,860
GDP per capita growth (annual %)	3.4	0.5	3.9	3.2	3.8	0.3	8.9	1.1	4.3	-0.8	2.3	2.8	1.7	-0.2	-0.1	1.5	1.4	3.5
Gross domestic savings (% of GDP)	7.8	7.2	10.0	10.4	9.5	12.0	14.0	11.3	13.2	10.7	10.4	10.6	7.4	21.1	4.2	5.6	17.7	20.2
Gross capital formation (% of GDP)	22.9	22.9	20.6	20.9	21.2	24.6	31.0	18.6	24.2	19.0	23.8	22.7	21.9	12.0	12.3	18.4	18.4	22.8
Production and Trade																		
Agriculture, value added (% of GDP)	49.5	51.8	44.5	46.5	46.5	41.6	37.8	35.0	38.8	36.4	36.0	42.2	32.6	23.4	39.8	35.2	18.8	26.6
Industry, value added (% of GDP)	18.7	17.9	15.6	17.3	16.7	20.6	26.4	27.5	23.6	23.9	24.2	21.1	17.6	21.5	17.3	13.9	30.5	26.6
Services, etc., value added (% of GDP)	31.8	30.3	39.9	36.2	36.8	37.9	35.8	37.4	37.6	39.8	39.8	36.7	49.9	55.0	42.9	50.9	50.8	46.9
Exports of goods and services (% of GDP)	21.1	20.0	26.1	24.8	26.5	26.8	33.3	31.9	26.4	27.5	25.7	26.4	9.9	43.6	16.5	15.4	30.7	18.4
Imports of goods and services	36.2	35.8	36.8	35.2	38.2	39.4	50.3	39.2	37.4	35.8	39.1	38.5	24.7	34.5	24.6	28.2	31.5	21.1
Current account balance (% of GDP)	-11.5	-10.0	-7.2	-8.0	-9.8	-10.5	-11.8	-4.5	-6.2	..	..	-8.8	-11.3	-0.3	-6.8	-5.7	..	..
Government Finance																		
Govern. revenues, excl. capital grants (% of GDP) ^{1/}	16.5	17.4	18.9	17.0	18.3	15.7	16.1	15.2	17.3	17.6	19.7	17.2	13.7	18.0	11.0	16.6	23.4	..
Total expend. and net lending (% of GDP) ^{1/}	23.5	23.5	23.6	25.0	26.1	22.3	23.7	21.9	21.0	23.6	26.0	23.7	22.1	20.4	16.8	20.0	26.9	..
Overall surplus/deficit, excl. all grants (% of GDP) ^{1/}	-9.4	-8.1	-6.2	-9.2	-8.8	-8.5	-9.0	-7.4	-5.7	-7.7	-6.3	-7.8	-9.8	-2.8	-7.4	-4.0	-3.9	..
Primary deficit /surplus (% of GDP) ^{1/}	-0.5	0.2	0.6	-2.6	-2.6	-2.3	-3.9	-2.9	-0.5	-2.4	..	-1.7	-2.5	2.6	-2.2	0.2	..	..
Total debt service (% of GNI)	3.6	4.5	3.5	3.2	4.2	3.9	3.3	2.7	1.8	2.2	..	3.3	1.7	9.1	2.1	2.4	4.2	3.3
External debt (% of GNI)	122.3	117.0	130.1	125.9	126.5	124.6	118.1	91.1	74.4	71.4	..	110.1	49.7	126.5	81.3	68.4	66.2	46.4
Total reserves in months of imports	3.7	5.2	5.2	4.9	3.9	4.4	3.1	5.2	6.9	..	..	4.7	4.4	2.3	2.1	5.7	7.4	6.0
Inflation, consumer prices (annual %)	13.4	6.8	-0.4	4.0	-1.2	-0.7	5.2	5.0	-1.3	-3.1	6.4	3.1	3.2	4.1	3.4	4.3	..	..
Real effective exchange rate (1990 = 100) ^{2/}	61.6	64.2	60.4	63.3	60.7	56.4	58.5	61.3	62.0	59.9	..	60.8	81.6	64.0	73.5	61.3	..	..
Official exchange rate (LCU per US\$, period average)	499.1	511.6	583.7	590.0	615.7	712.0	733.0	697.0	581.2	528.3	527.5	598.1	598.1	598.1	598.1	598.1	..	..

1/ WB Africa Region database. 2/ IMF reports

Source: WB World Development Indicators (September 2006 update) for all indicators excluding those noted.

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Annex Table A2b. GDP at Constant Prices – Primary Sector

1987 Prices	1996	1997	1998	1999	2000	2001	2002	2003	2004e	Least Square Growth Rate
Billion of CFA Francs										
Primary Sector	327.5	328.0	363.8	392.0	351.1	391.0	378.3	445.9	440.6	3.6%
Agriculture	184.4	182.1	209.6	232.4	186.3	221.7	204.1	269	253.6	3.9%
Food crops, excluding rice	110.7	106.1	125.5	146	117.2	120.9	124.8	164.7	145.6	3.7%
Rice	35.4	32.7	40.6	46.2	42.9	54.1	40.9	55.7	59.1	6.4%
Industrial crops, excluding cotton 1/	8	8.5	9	9.6	10.1	9.7	10	10.8	9.6	2.8%
Cotton	30.4	34.8	34.5	30.6	16.2	36.9	28.4	37.8	39.3	1.8%
Livestock	92.2	93.9	100.8	104.8	108.6	111.6	115.1	116.2	124.7	3.6%
Fishery and Forestry	50.9	52	53.4	54.8	56.2	57.7	59.1	60.7	62.3	2.5%
Share of Primary Sector GDP										
Primary Sector	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	
Agriculture	0.56	0.56	0.58	0.59	0.53	0.57	0.54	0.60	0.58	
Food crops, excluding rice	0.34	0.32	0.34	0.37	0.33	0.31	0.33	0.37	0.33	
Rice	0.11	0.10	0.11	0.12	0.12	0.14	0.11	0.12	0.13	
Industrial crops, excluding cotton 1/	0.02	0.03	0.02	0.02	0.03	0.02	0.03	0.02	0.02	
Cotton	0.09	0.11	0.09	0.08	0.05	0.09	0.08	0.08	0.09	
Livestock	0.28	0.29	0.28	0.27	0.31	0.29	0.30	0.26	0.28	
Fishery and Forestry	0.16	0.16	0.15	0.14	0.16	0.15	0.16	0.14	0.14	
Annual Percent Change (%)										
Primary Sector	2.3	0.2	10.9	7.7	-10.4	11.7	-3.5	17.9	0.0	
Agriculture	5	-1.2	15.1	10.9	-19.8	19.0	-7.9	31.8	-5.7	
Food crops, excluding rice	-2.5	-4.1	18.3	16.4	-19.7	3.2	3.2	32.0	-11.6	
Rice	32.7	-7.4	24	13.9	-7.2	26.1	-24.4	36.1	6.0	
Industrial crops, excluding cotton 1/	-12.9	6.3	6.6	6.2	5.0	-3.4	2.8	7.7	-11.4	
Cotton	15.8	14.5	-0.7	-11.4	-47.2	128.4	-23.0	33.1	4.0	
Livestock	-2.7	1.8	7.4	3.9	3.6	2.8	3.1	1.0	7.3	
Fishery and Forestry	2.3	2.2	2.6	2.7	2.5	2.5	2.6	2.6	2.6	

1/ Includes groundnuts, tobacco, and fruits

Source: Based on IMF reports.

Annex Table A2c. Mali: Agricultural Production

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Least Square Growth Rate
Area Harv (Hectares)																
Groundnuts in Shell	248	169	170	189	255	168	136	152	133	251	200	197	205	210	210	0.5%
Maize	170	186	192	257	284	207	186	202	239	426	161	261	317	365	365	4.3%
Millet	1,213	1,075	1,061	1,346	1,404	1,286	936	879	911	932	1,079	1,142	1,558	1,250	1,250	0.3%
Rice, Paddy	197	263	233	246	284	307	328	328	326	325	353	468	360	406	451	5.0%
Seed Cotton	205	215	246	200	269	336	420	498	504	482	228	532	449	550	540	7.0%
Sorghum	809	707	934	1,031	977	853	541	573	617	733	675	702	923	1,000	1,000	0.2%
Production (Metric ton)																
Groundnuts in Shell	180	184	127	149	215	157	134	144	152	278	193	140	121	156	156	-0.6%
Maize	197	257	193	283	322	266	294	343	393	620	215	302	364	365	365	3.8%
Millet	737	890	582	708	898	707	739	641	814	819	759	793	795	815	815	0.7%
Rice, Paddy	282	454	410	428	469	476	627	576	718	727	743	941	710	938	877	7.3%
Seed Cotton	276	272	319	240	293	406	452	523	518	460	243	571	440	635	600	5.5%
Sorghum	531	770	602	777	746	712	541	560	600	689	565	518	642	650	650	-0.6%
Yield (Hectogram per hectare)																
Groundnuts in Shell	7.3	10.9	7.5	7.8	8.4	9.4	9.8	9.5	11.4	11.1	9.7	7.1	5.9	7.4	7.4	-1.0%
Maize	11.6	13.8	10.1	11.0	11.3	12.8	15.8	17.0	16.4	14.5	13.3	11.6	11.5	10.0	10.0	-0.5%
Millet	6.1	8.3	5.5	5.3	6.4	5.5	7.9	7.3	8.9	8.8	7.0	6.9	5.1	6.5	6.5	0.4%
Rice, Paddy	14.4	17.3	17.6	17.4	16.5	15.5	19.1	17.6	22.0	22.4	21.1	20.1	19.7	23.1	19.4	2.4%
Seed Cotton	13.4	12.7	13.0	12.0	10.9	12.1	10.8	10.5	10.3	9.5	10.7	10.7	9.8	11.5	11.1	-1.5%
Sorghum	6.6	10.9	6.4	7.5	7.6	8.3	10.0	9.8	9.7	9.4	8.4	7.4	7.0	6.5	6.5	-0.9%

Source: FAOSTAT data. 2005.

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Annex Table A2d. Mali: Social Indicators Summary

	1989/ 1991	1994/ 1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	SSA (latest yr avail.)
I – EDUCATION														
Illiterate pop as share of pop 15+ (%) ^{a/}	81.2	78.0	77.2	76.5	75.8	75.1	81.0	..	..	..	..	..	..	35.1
Literacy rate, adult total (% of people ages 15 and above)	19 ^{e/}	22 ^{f/}	23	23	24	25	19	..	..	..	19.0	..	..	65.0
School enrollment, primary (% gross)	25.9	39 ^{g/}	..	..	47.3	51.2	52.8	56.9	60.0	61.2	63.8	..	..	93.1
School enrollment, primary (% net)	20.9	..	..	..	..	40.2	..	..	46.8	46.6	46.5	..	..	..
Ratio of female to male primary enrollment	60.5	..	..	..	70.9	72.1	75.2	74.1	76.3	77.4	78.8	..	..	87.1
Repetition rate, primary (% of total enrollment)	27.5	..	..	..	..	17.4	17.4	17.5	19.3	19.8	19.0	..	..	10.9
Share of Total Budget spent on Education ^{b/}	..	11.5	13.0	13.2	12.6	15.0	15.4	11.3	13.3	14.5	17.0	15.1	16.9	..
II - HEALTH														
Life expectancy at birth, total (years)	46.0	47.1	..	47.4	..	..	47.6	..	47.7	48.0	48.3	..	..	46.2
Infant mortality rate (per 1,000 live births)	140.0	131.0	..	..	..	..	124.0	..	..	..	121.0	..	..	100.5
Infant mortality rate (per 1,000 live births) ^{c/}	..	122.5	..	..	..	..	..	113.4	..	..	..	..	..	..
Under-five mortality rate (per 1,000 live births)	250.0	233.0	..	..	..	..	224.0	..	..	..	219.0	..	..	168.2
Under-five mortality rate (per 1,000 live births) ^{c/}	..	237.6	..	..	..	..	..	229.1	..	..	..	..	..	..
Maternal mortality ratio (modeled est., per 100,000 live births)	..	..	..	..	..	..	1200.0	..	..	..	..	..	..	920.9
Fertility rate, total (births per woman)	7.4	7.3	..	7.2	..	..	7.0	..	6.9	6.9	6.8	..	..	5.3
Total fertility rate (children per women) ^{c/}	..	6.7	..	..	..	..	..	..	6.8	..	..	..	..	..
Adolescent fertility rate (births per 1,000 women ages 15-19)	..	..	..	229.2	225.1	221.0	216.9	212.7	208.6	204.6	200.7	..	..	135.3
Physicians (per 1,000 people)	0.051	0.043	0.063	..	..	..	0.044	..	..	..	0.079	..	..	0.1
Share of Total Budget spent on Health ^{b/}	..	6.6	7.7	6.7	5.6	4.7	6.0	6.6	5.4	5.4	6.3	6.7	7.8	..
III - POPULATION AND POVERTY														
Population, total (million)	8.9	10.1	10.4	10.7	11.0	11.3	11.6	12.0	12.4	12.7	13.1	13.5	..	741.4
Population growth (annual %)	2.5	2.7	2.7	2.7	2.7	2.8	2.9	2.9	3.0	3.0	3.0	3.0	..	2.1
GNI per capita, Atlas method (current US\$)	260	230	230	250	240	230	220	220	220	270	330	380	..	744.8
Per Capita Consumption data ^{d/}														
<i>a) National Stats. Dept. method (food energy intake)</i>														
National	72.8	..	..	..	..	..	..	68.3	..	..	..	..	..	..
Urban	40.6	..	..	..	..	..	..	32.8	..	..	..	..	..	..
Rural	79.5	..	..	..	..	..	..	80.9	..	..	..	..	..	..
<i>b) World Bank method (cost of basic needs)</i>														
National	63.8	..	..	..	..	..	..	56.5	..	..	..	..	..	..
Urban	32.5	..	..	..	..	..	..	24.6	..	..	..	..	..	..
Rural	74.9	..	..	..	..	..	..	67.9	..	..	..	..	..	..
Poverty (Headcount Index) ^{d/}														
Per capita Consumption	..	71.1	..	..	..	..	..	56.5	..	..	..	..	..	..
Asset Index	..	..	69	..	..	..	..	57	..	..	..	..	..	..
Inequality (Gini Index) ^{d/}														
Per capita Consumption	..	45.4	..	..	..	..	..	40.1	..	..	..	..	..	..
Asset Index	..	..	24	..	..	..	..	22	..	..	..	..	..	..

a/ WB Africa Regional database, September 2006

b/ IMF Statistical Appendix January 2002, IMF Statistical Appendix March 2006, and IMF Fourth Review of PRGF August 2006.

c/ Demographic and Health Surveys (DHS) website

d/ WB staff estimations (MDG: Diagnostics and Tools, Dec. 2004, p. 13 and 14)

e/ African Development Indicators, June 2005 publication.

f/ WB Edstats 2005, in Mali case study (not for citation)

g/ Ministry of National Education 2005, in Mali case study (not for citation).

Source: WB World Development Indicators (September 2006 update), except were noted.

Annex Table A2e. Mali: Assets and Access to Basic Infrastructure

Assets in DHS data

	National		Urban		Rural	
	1996	2001	1996	2001	1996	2001
Has radio	0.57	0.70	0.73	0.84	0.50	0.66
Has television	0.08	0.15	0.26	0.43	0.02	0.05
Has refrigerator	0.03	0.05	0.11	0.2	0.00	0.00
Has bicycle	0.37	0.50	0.17	0.35	0.45	0.56
Has motorcycle/scooter	0.17	0.21	0.28	0.33	0.13	0.17
Has car/truck	0.03	0.05	0.09	0.14	0.00	0.01
Has telephone	0.01	0.02	0.02	0.09	0.00	0.00

Access to Basic Infrastructure Services

	National		Urban		Rural	
	1996	2001	1996	2001	1996	2001
Electricity	0.06	0.11	0.22	0.37	0.00	0.02
Water						
Piped into dwelling	0.05	0.08	0.16	0.27	0.01	0.02
Piped into yard/plot	0.11	0.19	0.34	0.32	0.02	0.15
Open well in dwelling	0.19	0.22	0.25	0.28	0.16	0.21
Open well in yard/plot	0.47	0.45	0.19	0.11	0.58	0.56
Protected well in dwelling	0.01	0.00	0.00	0.00	0.02	0.00
Protected well in yard/plot	0.03	0.05	0.00	0.02	0.04	0.06
Protected public well	0.01	0.00	0.00	0.00	0.01	0.01
Other	0.14	0.00	0.06	0.00	0.17	0.00
Toilet						
Flush Toilet	0.01	0.06	0.03	0.14	0.00	0.03
Traditional pit toilet	0.62	0.64	0.75	0.65	0.56	0.63
Ventilated improved pit latrine	0.07	0.10	0.16	0.19	0.04	0.07
No facility, bush, field	0.30	0.21	0.06	0.02	0.39	0.27

Source: World Bank staff using DHS data.

Annex Table A2f. Selected Gender Indicators, 1990-2004

Indicators	Mali			Sub-Saharan Africa		
	1990	2000	2004	1990	1999/00	2004
Fertility rate, total (births per woman)	7.4	7.0	6.8	6.2	5.5	5.3
Maternal mortality ratio (modeled estimate, per 100,000 live births)	..	1,200.0	..	..	920.9	..
Life expectancy at birth (years)						
Female	46.9	48.3	49.0	51.0	47.0	46.8
Male	45.1	46.9	47.7	47.5	45.3	45.7
Illiterates as share of population 15+ (%)						
Female	89.6	88.1	..	59.7	45.4	..
Male	72.1	73.3	..	40.2	29.7	..
Primary School enrollment (% gross)						
Female	19.4	45.2	56.1	64.5	76.5	87.1
Male	32.1	60.2	71.2	77.7	89.7	99.0
Secondary School enrollment (% gross)						
Female	4.6	10.9	16.8	20.2	23.0	25.8
Male	8.8	19.1	27.7	25.3	27.3	33.6
Ratio of girls to boys in primary and secondary education (%)	58.9	71.3	74.4	79.7	82.5	83.4
Proportion of seats held by women in national parliament (%)	..	12.0	10.0	..	11.2	13.4

Source: WB World Development Indicators, September 2006

Annex Table A3a. Mali: Sectoral Allocation of IDA Commitments, FY1985-2005
(US\$ million)

	1985-1994	1995-2005
Sector Board		
Social Sectors		
Education	26.0	101.3
Health, Nutrition and Population	26.6	40.0
Social Development		21.5
Social Protection	20.0	13.4
Infrastructure		
Energy and Mining	39.0	80.1
Transport	113.6	48.7
Environment	20.4	
Economic Policy	95.0	110.4
Financial Sector		21.0
Public Sector Governance	49.5	85.0
Private Sector Development	12.0	80.5
Rural Sector	163.0	168.8
Urban Development	28.0	90.0
Total	593.1	860.7

Mali: Sectoral Allocation of IDA Commitments, FY1985-2005 (percent of total allocations)

	1985-1994	1995-2005
Sector Board		
Social Sectors		
Education	4.4	11.8
Health, Nutrition and Population	4.5	4.6
Social Development	0.0	2.5
Social Protection	3.4	1.6
Infrastructure		
Energy and Mining	6.6	9.3
Transport	19.2	5.7
Environment	3.4	0.0
Economic Policy	16.0	12.8
Financial Sector	0.0	2.4
Public Sector Governance	8.3	9.9
Private Sector Development	2.0	9.3
Rural Sector	27.5	19.6
Urban Development	4.7	10.5
Total	100.0	99.9
Share of Adjustment Lending		

Source: WB Business Warehouse table 2a.1 as of October 16, 2006

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Annex Table A3b. Planned and Actual Lending FY1995-2005
Base Case Scenario (In US\$ million)

FY		Planned Amount	Approved Amount
1995			
	Education SECAL	na	50
	Agro-Processing	na	6
	AGETIPE Supplement I (<i>Public Works</i>)	na	10
	Selingue Rehabilitation	na	Delayed to FY96
	Private Irrigation Promotion	na	Delayed to FY97
	Subtotal FY95	na	66
1996			
	SAL II (<i>Economic Mgmt.</i>)	na	60
	Primary Education Project	na	Dropped
	Vocational Education Project	na	13.4
	Urban Project (<i>Urb Dev & Decentralization</i>)	na	Delayed to FY97
	Regional Hydropower Development SIL (<i>Manantali project</i>)		Delayed to FY97
	Institutional Development project		Dropped
	<i>Additional</i>		
	Selingue Rehabilitation		27.3
	Subtotal FY96	na	100.7
1997			
	Poverty Project (<i>Grassroots Hunger/Poverty</i>)	na	Delayed to FY98
	AGETIPE II Urban Works (merged w/ FY96 planned Urban project)	na	80
	Banking & Financial Sector Reform	na	Dropped
	<i>Additional</i>		
	Regional Hydropower Development SIL		17.1
	Private Irrigation Promotion		4.2
	Subtotal FY97	na	101.3
1998			
	Health / AIDS project	na	Delayed to FY99
	Integrated Agric Sector Support	na	Dropped
	<i>Additional</i>		
	Grassroots Hunger/Poverty		21.5
	Subtotal FY98	na	21.5
1999			
	Rural Infrastructure	60	Delayed to FY00
	Basic Education Pilot (LIL)	5	Delayed to FY00
	<i>Additional</i>		
	Health / AIDS project	50	40
	Subtotal FY99	115	40
2000			
	Institutional Development	25	Dropped
	Financial Sector Operation	25	21
	<i>Additional</i>		
	Rural Infrastructure		115.1
	Basic Education Pilot (LIL)		3.8
	Subtotal FY00	50	139.9
2001			
	Community Based Rural Development (<i>Agric Serv & Producer Organiz</i>)	35	Delayed to FY02
	Cultural Heritage (LIL)	5	Dropped
	Integrated Community Activities	20	Dropped
	Basic Education	25	45
	<i>Additional</i>		
	Oil Shock Supplemental		25.4
	Subtotal FY01	85	70.4

Annex Table A3b. Planned and Actual Lending FY1995-2005 (cont'd.)		
FY	Planned Amount	Approved Amount
2002		
	<i>Additional</i>	
Community Based Rural Development (<i>Agric Serv & Producer Org.</i>)		43.5
	SAC III	70
Subtotal FY02	na	113.5
2003		
Subtotal FY03	na	0
2004		
HIV AIDS MAP	15	25.5
SAC III Supplemental	15	15
Interim Transport (<i>Transp Corridors Improvement</i>)	38.7	48.7
SAC IV	55	Delayed to FY05
Global Dist. Learning Network (<i>Dev Learning Center LIL</i>)	2.5	2.5
Household Energy	35.8	35.7
Subtotal FY04	162	127.4
2005		
Rural Community Based Development	50	Delayed to FY06
Agric. Diversification & Competitiveness	35	Delayed to FY06
Sources of Growth	55	55
	<i>Additional</i>	
	SAC IV	25
Subtotal FY05	140	80
Planned Lending		
FY95-98	320 - 380	
FY99-01	250	
FY04-05	302	
Total FY1995-2005		860.7

Source: Mali CASs and Business Warehouse as of October 18, 2006

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Annex Table A3c. Mali: World Bank Commitments by Sector Board FY95-05 (US\$ millions)

Sector Board\Fiscal year	1995	1996	1997	1998	1999	2000	2001	2002	2004	2005	Total FY95-05
Education	50.0					3.8	45.0		2.5		101.3
Energy and Mining		27.3	17.1						35.7		80.1
Economic Policy		60.0					25.4			25.0	110.4
Financial Sector						21.0					21.0
Health, Nutrition and Population					40.0						40.0
Public Sector Governance								70.0	15.0		85.0
Private Sector Development									25.5	55.0	80.5
Rural Sector	6.0		4.2			115.1		43.5			168.8
Social Development				21.5							21.5
Social Protection		13.4									13.4
Transport									48.7		48.7
Urban Development	10.0		80.0								90.0
All Sector Boards	66.0	100.7	101.3	21.5	40.0	139.9	70.4	113.5	127.4	80.0	860.7

Source: Business Warehouse table 2a.3 as of May 15, 2006

Annex Table A3d. Mali: Yearly Net Receipts from All Donors, CY1995-2004
Total Receipts: ODA+OOF+Private (Amount in US\$ million)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	1995-04
ALL Donors, Total	588.05	534.21	439.42	408.29	470.44	385.3	332.7	329.81	558.6	533.39	4,580.2
DAC Countries, Total	308.1	329.28	270.81	293.24	361.35	334.1	200.79	118.47	286.12	294.26	2,796.5
Multilateral, Total	293.51	212.65	174.18	121.54	108.32	51.79	118.75	157.53	273.07	239.67	1,751.0
G7, Total	246.87	253.61	211.62	236.77	313.31	266.88	121.58	35.84	183.41	165.25	2,035.1
DAC EU Members, Total	198.27	256.85	180.85	182.38	247.69	207.7	133.11	29.55	182.44	171.79	1,790.6
Non-DAC Bilateral Donors, Total	-13.56	-7.72	-5.57	-6.49	0.77	-0.59	13.16	53.81	-0.59	-0.54	32.7
France	92.04	108.96	78.82	82.84	166.9	94.37	62.35	-48.97	77.92	19.3	734.5
IDA	79.61	77.2	67.49	38.98	46.27	40.7	69.02	86.28	106.61	69.72	681.9
EC	82.47	59.4	51.44	35.51	23.15	9.56	28.79	57.2	107.92	116.8	572.2
Netherlands	33.32	42.72	33.39	36.07	26.06	42.71	43.04	38.36	46.05	78.94	420.7
United States	31	5	39	51.47	56.18	56.44	24.76	44.23	50.15	47.74	406.0
Germany	57.22	70.12	54.52	49.27	47.29	29.18	15.85	26.79	23.44	27.43	401.1
Japan	47.79	38.07	26.05	26.92	25.52	32.18	23.08	17.02	14.05	13.69	264.4
AIDF	44.89	17.99	12.02	18.1	20.92	4.72	3.94	6.51	43.01	36.79	208.9
Canada	16.33	14.25	9.26	17.93	17.25	23.32	5.09	12.65	23.11	44.11	183.3
Norway	8.97	9.89	8.03	8.1	8.66	6.58	6.84	7.11	7.48	8.01	79.7
Switzerland	5.74	5.18	7.52	6.44	5.91	7.64	7.8	7.91	8.85	8.87	71.9

Private Direct Investment and Other Private Capital (Amount in US\$ million)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	1995-04
ALL Donors, Total	1.71	15.34	10.06	63.48	122.29	41.96	-1.71	-134.53	20.25	-24.68	114.2
DAC Countries, Total	1.71	15.34	10.06	64.48	121.34	41.26	-1.71	-134.53	19.56	-24.86	112.7
G7, Total	0.2	16.2	9.9	65.25	123.81	41.55	-10.67	-140.04	-0.31	-39.46	66.4
DAC EU Members, Total	1.71	15.76	9.06	34.59	100.43	30.61	-0.79	-128.56	27.52	-27.07	63.3
Non-DAC Bilateral Donors, Total	-	-	-	-1	0.95	0.7	-	-	0.69	0.18	1.5

Other Official Flows (OOF) - Disbursements (Amount in US\$ million)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	1995-04
ALL Donors, Total	45.01	27.64	0.45	-2.55	-6.38	-16.38	-19.19	-2.35	-4.42	-9.38	12.5
DAC Countries, Total	21.26	16.4	4.15	-7.42	2.75	-6.91	-6.04	-3.75	-5.31	-8.42	6.7
Multilateral, Total	23.75	11.24	-3.7	4.87	-9.13	-9.47	-13.15	1.4	0.89	-0.96	5.7
G7, Total	21.26	16.4	4.35	-7.42	2.91	-6.91	-6.04	-3.82	-5.31	-8.42	7.0
DAC EU Members, Total	21.26	16.4	4.15	-7.42	2.75	-6.91	-6.04	-3.75	-5.31	-8.42	6.7

Disbursements – Official Development Assistance and Official Aid (ODA) (Amount in US\$ million)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	1995-04
ALL Donors, Total	541.33	491.23	428.91	347.36	354.53	359.72	353.6	466.69	542.77	567.45	4,453.6
DAC Countries, Total	285.13	297.54	256.6	236.18	237.26	299.75	208.54	256.75	271.87	327.54	2,677.2
Multilateral, Total	269.76	201.41	177.88	116.67	117.45	61.26	131.9	156.13	272.18	240.63	1,745.3
G7, Total	225.41	221.01	197.37	178.94	186.59	232.24	138.29	179.7	189.03	213.13	1,961.7
DAC EU Members, Total	175.3	224.69	167.64	155.21	144.51	184	139.94	161.86	160.23	207.28	1,720.7
Non-DAC Bilateral Donors, Total	-13.56	-7.72	-5.57	-5.49	-0.18	-1.29	13.16	53.81	-1.28	-0.72	31.2
France	81.7	82.3	63.17	59.69	58.24	98.1	60.82	63.57	69.89	81.52	719.0
IDA	79.61	77.2	67.49	38.98	46.27	40.7	69.02	86.28	106.61	69.72	681.9
EC	82.47	59.4	51.44	35.51	23.15	9.56	28.79	51.83	107.92	116.8	566.9
Netherlands	33.42	42.82	33.49	36.07	26.22	42.52	41.47	38.17	42.62	64.14	400.9
Germany	46.2	65.69	55.68	51.38	48.76	31.64	19.29	27.95	23.53	26.36	396.5
United States	31	5	38	28.47	34.18	56.44	24.76	49.23	56.02	45.5	368.6
Japan	47.79	38.07	26.05	26.92	25.52	32.18	23.08	17.02	14.05	13.69	264.4
AIDF	44.89	17.99	12.02	18.1	20.92	4.72	3.94	6.51	43.01	36.79	208.9
Canada	16.33	14.25	9.26	11.04	18.34	12.67	8.97	13.62	25.2	44.14	173.8
Norway	8.97	9.89	8.03	8.1	8.66	6.58	6.73	7.11	7.48	8.01	79.6
Switzerland	5.74	5.6	7.52	6.44	5.91	7.64	4.95	7.91	8.85	8.87	69.4
UNDP	6.36	8.32	11.32	9.84	7.51	1.96	2.63	3.56	3.83	8.25	63.6
ODA/OA	541.33	491.23	428.91	347.36	354.53	359.72	353.6	466.69	542.77	567.45	4,453.6
OOF	45.01	27.64	0.45	-2.55	-6.38	-16.38	-19.19	-2.35	-4.42	-9.38	12.5
Private Net	1.71	15.34	10.06	63.48	122.29	41.96	-1.71	-134.53	20.25	-24.68	114.2
Total Receipts	588.05	534.21	439.42	408.29	470.44	385.3	332.7	329.81	558.6	533.39	4,580.2

Source: OECD Development Assistance Committee, October 4, 2006

Annex Table A5. Mali: Projects at Risk and IEG ratings (US\$ million)

Annex Table A5a. Mali: Current Projects at Risk

Region	# Project	Net Comm Amt	# Act Problem Projects	% Act Problem Project	# Potential Problem Projects	% Potential Problem Projects	# Projects At Risk	% At Risk	Comm At Risk	% Commit at Risk
Mali	13	573.4	2	15.4	0	0.0	2	15.4	42.5	7.4
Benin	7	229.6	0	0.0	0	0.0	0	0.0	0.0	0.0
Burkina Faso	13	538.6	2	15.4	0	0.0	2	15.4	94.4	17.5
Niger	9	305.1	2	22.2	1	11.1	3	33.3	82.3	27.0
Africa	355	18,500.2	49	13.8	25	7.0	74	20.8	3,424.7	18.5

Source: Business Warehouse table 3c.4 as of November 16, 2006.

Annex Table A5b. Mali: IEG Ratings FY1995-2005

Region	Total Evaluated (\$M)	Total Evaluated (No)	Outcome % Sat (\$)	Outcome % Sat (No)	Inst Dev Impact % Subst (\$)	Inst Dev Impact % Subst (No)	Sustainability % Likely (\$)	Sustainability % Likely (No)
Mali	902.4	28	73.1	67.9	33	35.7	61.6	53.8
Benin	427.0	27	88.1	80.8	42	48.0	83.5	75.0
Burkina Faso	873.2	28	91.1	85.7	39	42.9	71.8	74.1
Cote d'Ivoire	1,483.4	25	63.0	48.0	11	32.0	57.9	39.1
Niger	586.6	21	67.1	61.9	30	38.1	56.5	47.4
Africa	30,726.3	828	69.5	62.5	35	35.5	52.5	47.5
World Bank	221,482.9	2,989	77.9	73.6	47	44.4	72.4	64.4

Source: Business Warehouse table 4a.5 as of November 16, 2006.

Annex Table A5c. Mali: Projects at Risk by Fiscal Year

Fiscal year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
# Projects	15	16	17	15	13	16	15	14	10	11	10	12
Net Comm Amt	428.4	495.9	517.2	428.3	386.9	526.8	491.4	545.6	518.2	522.0	432.0	538.4
# Problem Projects	1	2	3	3	1	1	0	3	1	2	3	2
# Projects At Risk	8	2	3	4	1	1	0	4	1	3	4	2
% At Risk	53.3	12.5	17.6	26.7	7.7	6.3	0.0	28.6	10.0	27.3	40.0	16.7
Comm At Risk	233.3	18.0	65.0	65.3	27.3	40.0	0.0	229.3	21.0	163.5	112.2	42.5
% Commit at Risk	54.5	3.6	12.6	15.2	7.1	7.6	0.0	42.0	4.1	31.3	26.0	7.9

Source: Business Warehouse table 3a.4 as of November 16, 2006

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Annex Table A6. Mali: Closed and Active Projects since FY1995

Project ID	Approval FY	Latest DO ^{a/}	Latest IP ^{a/}	Latest Risk Rating	Project Status	Date, Rev Closing	Sector Board	IBRD/IDA Amt.	IEG Outcome ^{a/}	IEG Sustainability	IEG ID Impact	
P001748	ML-Finance Sec Dev (FY00)	2000	S	MS	#	Active	04/30/2008	Financial Sector	21			
P035630	ML-Agr & Producer Org (FY02) - (PASAOP)	2002	S	S	#	Active	12/31/2006	Rural Sector	43.5			
P040650	ML-Edu Sec Exp Prgm APL (FY01)	2001	S	MS	#	Active	06/30/2006	Education	45			
P040652	ML-Health Sec Dev Prog SIL - (PRODESS)	1999	MU	S	#	Active	12/31/2006	Health, Nutrition and	40			
P041723	ML-Rural Infrastr (FY00) - (PNIR)	2000	S	S	#	Active	06/30/2007	Rural Sector	115.1			
P073036	ML-Household Energy & Univ Access (FY04)	2004	#	S	#	Active	06/30/2009	Energy and Mining	35.65			
P079351	ML-Transp Corridors Improv (FY04)	2004	MS	MS	#	Active	12/31/2008	Transport	48.7			
P080935	Growth Support	2005	MS	MS	#	Active	09/30/2011	Private Sector Development	55			
P082187	ML-Dev Learning Ct LIL (FY04) - (PCFD)	2004	MU	MU	#	Active	06/30/2009	Education	2.5			
P082957	ML-HIV/AIDS MAP (FY04)	2004	S	S	#	Active	07/31/2009	Private Sector Development	25.5			
P001717	Highways V	1986	S	S	#	Closed	06/30/1995	Transport	48.6	MS	Uncertain	Modest
P001731	SAL I	1991	S	S	#	Closed	06/30/1995	Economic Policy	70.0	MS	Likely	Negligible
P001726	Edu Sec Consolidation	1989	S	S	#	Closed	12/31/1995	Education	26.0	U	Likely	Modest
P001743	P.E. Inst Dev	1988	U	U	#	Closed	04/30/1996	Public Sector Governance	9.5	U	Uncertain	Modest
P001752	Public Works & Capac	1992	HS	HS	N	Closed	03/31/1997	Social Protection	20.0	S	Uncertain	Substantial
P035662	Education SECAL	1995	HS	S	#	Closed	12/31/1996	Education	50.0	MS	Uncertain	Negligible
P001723	Power II	1989	S	S	S	Closed	06/30/1998	Energy and Mining	33.0	U	Unlikely	Modest
P001725	Ag Services	1991	S	S	M	Closed	06/30/1998	Rural Sector	24.4	MS	Unlikely	Modest
P001744	Ag SECAL	1990	S	S	N	Closed	12/31/1997	Rural Sector	53.0	S	Likely	Substantial
P001718	Office du Niger II	1988	S	S	N	Closed	11/30/1998	Rural Sector	39.8	S	Likely	Substantial
P001727	Health/Population/Ru	1991	S	S	N	Closed	12/31/1998	Health, Nutrition and Population	26.6	S	Likely	Substantial
P001756	Mining Capacity	1992	U	U	H	Closed	06/30/1999	Energy and Mining	6.0	MS	Uncertain	Modest
P001682	ML Household Energy Project	1995	S	S	S	Closed	12/31/2000	Environment (GEF)	0.0	MU	Non-evaluable	Substantial
P001735	Economic Mgmt	1996	S	S	N	Closed	06/30/2001	Economic Policy	60.0	MU	Likely	Modest
P001745	Mali: Natural Resource Management Project	1992	HS	HS	N	Closed	12/31/2000	Environment	20.4	MS	Unlikely	Substantial
P001747	Private Sector Assistance	1993	S	S	M	Closed	03/31/2002	Private Sector Dev.	12.0	MU	Unlikely	Modest
P001751	Mali: Ag. Research	1994	S	S	M	Closed	12/31/2001	Rural Sector	20.0	MS	Likely	Modest
P034617	ML Selingue Rehab.	1996	S	S	M	Closed	06/30/2002	Energy and Mining	27.3	HS	Highly Likely	HIGH
P001738	Mali: Irrig Promotion	1997	S	S	S	Closed	03/31/2003	Rural Sector	4.2	U	Unlikely	Negligible
P001746	Vocat. Educ. & Trg Consolid.	1996	U	U	M	Closed	12/31/2002	Social Protection	13.4	MU	Unlikely	Modest
P001755	Mali: Agro-Processing Trd	1995	S	S	M	Closed	12/31/2002	Rural Sector	6.0	MS	Likely	Modest
P058770	Improving Learning in Primary Schools	2000	S	S	S	Closed	06/30/2003	Education	3.8	S	Likely	Substantial
P035617	Mali: Grassroots Hun/Povt	1998	S	S	N	Closed	01/31/2004	Social Development	21.5	MS	Non-evaluable	Modest
P046651	ML-Regional Power SIL (FY97)	1997	S	S	M	Closed	06/30/2004	Energy and Mining	17.1	S	Likely	Substantial
P072785	ML - SAC III	2002	S	S	M	Closed	12/31/2003	Public Sector Governance	70.0	S	Likely	Modest
P001730	ML Transport Sector	1994	S	S	#	Closed	12/31/2004	Transport	65.0	MS	Likely	Substantial
P001750	ML-Urb Dev & Decentr (FY97)	1997	MU	S	#	Closed	06/30/2005	Urban Development	80.0	MU	Unlikely	Modest
P083272	ML - SAC IV	2005	S	S	#	Closed	05/26/2005	Economic Policy	24.6	S	Likely	Modest

Source: Business Warehouse table 2a.1 and 4a.6 as of November 16, 2006

a/ HS (Highly Satisfactory); S (Satisfactory); MS (Moderately Satisfactory); MU (Moderately Unsatisfactory); U (Unsatisfactory)

Annex Table A7. Mali: Bank Budget by Cost Category FY1995-2005 (\$ thousands)

Country/Region Cost Category	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	% (FY1995- 2005)
Mali												
Project Supervision	1,115	1,014	830	1,090	1,020	1,148	1,152	1,437	1,613	1,087	1,292	42.9
Lending	907	1,393	1,067	1,301	947	1,624	655	573	915	1,320	1,300	40.2
Country Economic & S	166	124	118	210	229	234	67	284	473	564	734	10.7
Country Program Supp	84	59	61	223	64	238	139	146	169	62	58	4.4
Client Training	--	15	25	76	103	1	--	24	16	212	72	1.8
Country Services	2,271	2,604	2,100	2,899	2,363	3,245	2,013	2,464	3,185	3,245	3,456	100.0
Africa												
Project Supervision	35,423	35,903	35,752	36,084	32,610	36,766	30,582	36,373	39,799	42,208	49,724	33.7
Lending	37,278	32,060	26,767	27,575	23,605	29,014	25,460	30,934	31,086	43,548	38,291	28.3
Country Economic & S	19,725	17,869	16,343	21,961	22,383	28,858	19,685	30,840	32,590	36,071	35,951	23.2
Country Program Supp	1,698	2,274	3,203	2,855	2,008	13,956	15,533	19,853	21,104	25,025	28,070	11.1
Client Training	4,020	3,064	3,425	4,358	3,724	2,532	2,791	3,765	5,130	5,078	6,628	3.7
Country Services	98,143	91,170	85,489	92,833	84,329	111,125	94,052	121,764	129,710	151,930	158,665	100.0

Source: Business Warehouse table 4.1 and 4.2 as of May 15, 2006

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Annex Table A8. Mali: World Bank's Senior Management

Year	Vice President	Country Director	Resident Representative /Country Program Director
1998	Jean-Louis Sarbib	Hasan A. Tuluy	Grace Yabrudy
1999	Jean-Louis Sarbib	Hasan A. Tuluy	Grace Yabrudy
2000	Callisto Madavo	Hasan A. Tuluy	Grace Yabrudy
2001	Callisto Madavo	A. David Craig	Judith Press
2002	Callisto Madavo	A. David Craig	Judith Press
2003	Callisto Madavo	A. David Craig	Judith Press
2004	Gobind Nankani	A. David Craig	Alassane Diawara
2005	Gobind Nankani	A. David Craig	Alassane Diawara
2006	Gobind Nankani	Nils O. Tcheyan (Acting)	Alassane Diawara
2007	Obiageli Katryn Ezekwesili	James P. Bond	Alassane Diawara

Source: World Bank Directory

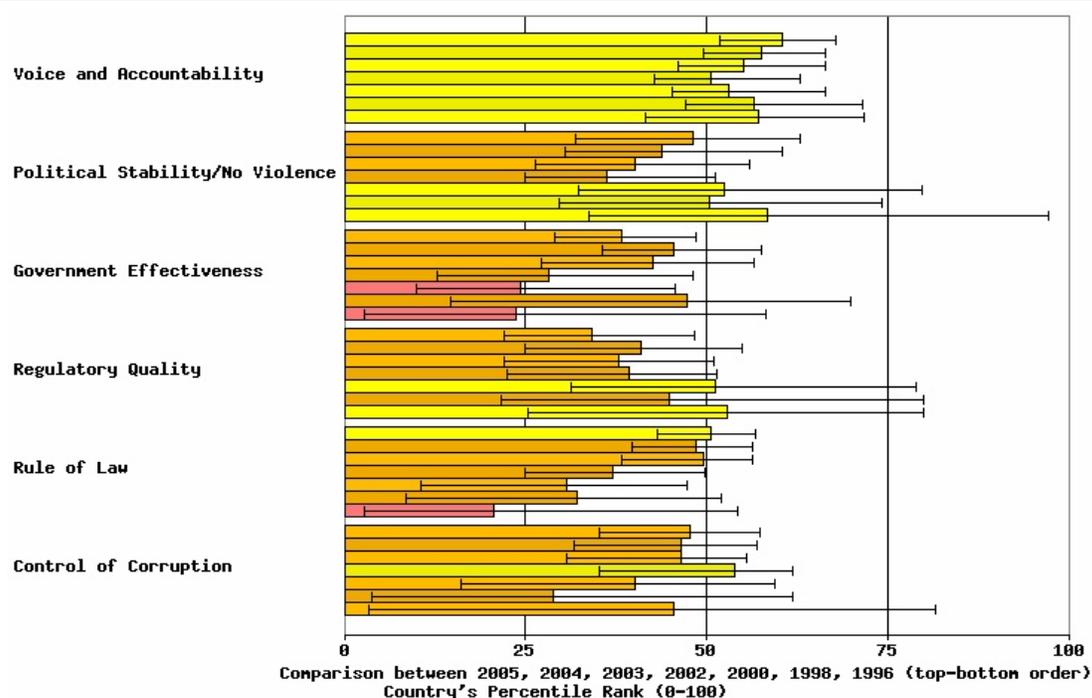
Annex Table A9. Governance Indicators for Mali

	1996	1998	2000	2002	2003	2004	2005
Voice and Accountability							
Percentile Rank (0-100) a/	57.2	56.5	53.1	50.7	55.1	57.5	60.4
Estimate (-2.5 to + 2.5) b/	0.26	0.37	0.26	0.1	0.35	0.35	0.47
Standard Error	0.32	0.26	0.25	0.22	0.18	0.17	0.15
Political Stability/No Violence							
Percentile Rank (0-100)	58.5	50.5	52.4	36.3	40.1	43.9	48.1
Estimate (-2.5 to + 2.5)	0.45	0.13	0.21	-0.26	-0.17	-0.03	0.06
Standard Error	0.5	0.35	0.43	0.29	0.29	0.25	0.28
Government Effectiveness							
Percentile Rank (0-100)	23.8	47.4	24.4	28.2	42.6	45.5	38.3
Estimate (-2.5 to + 2.5)	-0.72	-0.26	-0.72	-0.65	-0.39	-0.26	-0.46
Standard Error	0.4	0.39	0.29	0.21	0.18	0.18	0.16
Regulatory Quality							
Percentile Rank (0-100)	52.9	44.8	51.2	39.4	37.9	40.9	34.2
Estimate (-2.5 to + 2.5)	0.12	0.07	0.17	-0.42	-0.41	-0.35	-0.5
Standard Error	0.41	0.48	0.36	0.22	0.21	0.2	0.18
Rule of Law							
Percentile Rank (0-100)	20.6	32.2	30.8	37	49.5	48.6	50.7
Estimate (-2.5 to + 2.5)	-0.83	-0.67	-0.69	-0.51	-0.19	-0.19	-0.12
Standard Error	0.44	0.29	0.23	0.2	0.18	0.16	0.17
Control of Corruption							
Percentile Rank (0-100)	45.4	28.9	40.2	53.9	46.6	46.6	47.8
Estimate (-2.5 to + 2.5)	-0.32	-0.64	-0.45	-0.17	-0.35	-0.32	-0.29
Standard Error	0.71	0.35	0.31	0.23	0.21	0.2	0.2

a/ Percentile rank indicates the percentage of countries worldwide that rate below the selected country (subject to margin of error).

b/ Greater or positive estimates represent better performance.

Comparison between 2005, 2004, 2003, 2002, 2000, 1998, 1996 (top-bottom order)



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Annex Table A10. Governance Indicators for Mali
Percentile Rank (0-100)^{a/}

	1996	1998	2000	2002	2003	2004	2005
Voice and Accountability							
Mali	57.2	56.5	53.1	50.7	55.1	57.5	60.4
Niger	35.1	19.8	44	43.5	39.6	42.5	44.9
Mauritania	22.6	19.3	27.1	27.1	27.1	15.5	19.8
Nigeria	3.8	9.2	28.5	23.7	29.5	27.5	30
SSA Average	32.4	32.7	31.4	29.5	32.2	32.7	32.8
Political Stability/No Violence							
Mali	58.5	50.5	52.4	36.3	40.1	43.9	48.1
Niger	36.3	34.9	37.7	30.7	37.7	30.2	28.8
Mauritania	59.4	55.7	29.7	50	41.5	40.1	35.4
Nigeria	6.1	13.2	7.5	7.5	7.1	4.7	4.7
SSA Average	34.3	27.1	27.3	31.5	31.5	33.3	33.9
Government Effectiveness							
Mali	23.8	47.4	24.4	28.2	42.6	45.5	38.3
Niger	10.5	10	12.9	15.8	18.2	25.8	24.4
Mauritania	63.8	49.8	44	56.5	58.9	55	48.8
Nigeria	5.2	5.3	13.9	12.4	17.7	15.8	20.1
SSA Average	30.5	32.1	30.2	28.1	28.4	28.1	27
Regulatory Quality							
Mali	52.9	44.8	51.2	39.4	37.9	40.9	34.2
Niger	14.7	27.6	33.5	24.6	29.6	25.1	31.2
Mauritania	22.5	27.1	29.1	55.7	49.8	51.7	49
Nigeria	13.7	25.6	29.6	11.3	10.3	8.9	16.3
SSA Average	29.7	31.8	31.6	29.8	29.6	28.7	28.1
Rule of Law							
Mali	20.6	32.2	30.8	37	49.5	48.6	50.7
Niger	5.7	26	20.7	25	25	18.3	23.2
Mauritania	30.6	33.7	34.6	40.9	40.4	38.9	37.7
Nigeria	7.7	3.8	9.6	4.3	3.8	4.3	5.8
SSA Average	32.3	29.6	29.8	29.4	28.5	27.7	28
Control of Corruption							
Mali	45.4	28.9	40.2	53.9	46.6	46.6	47.8
Niger	45.4	11.8	18.6	13.2	11.8	17.2	22.7
Mauritania	N/A	44.1	27	60.8	62.3	55.9	50.2
Nigeria	4.4	5.4	5.4	2.5	4.9	4.9	6.4
SSA Average	31	30	32.8	32.2	30.5	29.9	29

a/ Percentile rank indicates the percentage of countries worldwide that rate below the selected country (subject to margin of error).

Source: World Bank Governance Indicators website, September 2006

Annex Table A11: Mali - Millennium Development Goals

	1990	1995	1998	2001	2004
Goal 1: Eradicate extreme poverty and hunger					
Income share held by lowest 20%	..	5	..	..	..
Malnutrition prevalence, weight for age (% of children under 5)	..	27	..	33	..
Poverty gap at \$1 a day (PPP) (%)	..	37	..	..	..
Poverty headcount ratio at \$1 a day (PPP) (% of population)	..	72	..	..	..
Poverty headcount ratio at national poverty line (% of population)	..	..	64	..	..
Prevalence of undernourishment (% of population)	..	..	32	..	28
Goal 2: Achieve universal primary education					
Literacy rate, youth total (% of people ages 15-24)	..	..	..	..	24
Persistence to grade 5, total (% of cohort)	70	..	78	84	79
Primary completion rate, total (% of relevant age group)	10.5	13	21.3	32.3	44
School enrollment, primary (% net)	21	..	40	47	46
Goal 3: Promote gender equality and empower women					
Proportion of seats held by women in national parliament (%)	..	..	12	12	10
Ratio of girls to boys in primary and secondary education (%)	58.9	..	68.3	71.3	74.4
Ratio of young literate females to males (% ages 15-24)	..	..	..	..	52.3
Share of women employed in the nonagricultural sector (% of total nonagricultural employment)	36	..	..	..	..
Goal 4: Reduce child mortality					
Immunization, measles (% of children ages 12-23 months)	43	52	54	61	75
Mortality rate, infant (per 1,000 live births)	140	131	..	124	121
Mortality rate, under-5 (per 1,000)	250	233	..	224	219
Goal 5: Improve maternal health					
Births attended by skilled health staff (% of total)	..	23.7	..	40.6	..
Maternal mortality ratio (modeled estimate, per 100,000 live births)	..	..	..	1200	..
Goal 6: Combat HIV/AIDS, malaria, and other diseases					
Children orphaned by HIV/AIDS	..	..	..	..	94000
Contraceptive prevalence (% of women ages 15-49)	..	7	..	8	..
Incidence of tuberculosis (per 100,000 people)	303.6	..	..	..	281.3
Prevalence of HIV, female (% ages 15-24)	..	..	..	..	1
Prevalence of HIV, total (% of population ages 15-49)	..	..	..	2	2
Tuberculosis cases detected under DOTS (%)	..	14	17.5	17.7	18.8
Goal 7: Ensure environmental sustainability					
CO2 emissions (metric tons per capita)	0	0	0	0	..
Forest area (% of land area)	12	..	..	11	10
GDP per unit of energy use (constant 2000 PPP \$ per kg of oil equivalent)	..	..	..	..	..
Improved sanitation facilities (% of population with access)	36	..	..	..	46
Improved water source (% of population with access)	34	..	..	..	50
Nationally protected areas (% of total land area)	..	..	..	..	3.7
Goal 8: Develop a global partnership for development					
Aid per capita (current US\$)	54.2	53.3	31.6	29.5	43.2
Debt service (PPG and IMF only, % of exports of G&S, excl. workers' remittances)	15	16	11	9	6
Fixed line and mobile phone subscribers (per 1,000 people)	1.3	1.7	2.9	8	36.2
Internet users (per 1,000 people)	0	0	0.2	1.7	3.8
Personal computers (per 1,000 people)	..	0.3	0.8	1.2	3.2
Total debt service (% of exports of goods, services and income)	12	13	11	8	6
Unemployment, youth female (% of female labor force ages 15-24)	..	..	..	..	..
Unemployment, youth male (% of male labor force ages 15-24)	..	..	..	..	..
Unemployment, youth total (% of total labor force ages 15-24)	..	..	..	..	..
Other					
Fertility rate, total (births per woman)	7.4	7.3	7.2	6.9	6.8
GNI per capita, Atlas method (current US\$)	260	230	240	220	330
GNI, Atlas method (current US\$) (billions)	2.3	2.4	2.6	2.6	4.4
Gross capital formation (% of GDP)	23	22.9	20.9	31	19
Life expectancy at birth, total (years)	46	47.1	47.4	47.7	48.3
Literacy rate, adult total (% of people ages 15 and above)	..	..	..	..	19
Population, total (millions)	8.9	10.1	11	12	13.1
Trade (% of GDP)	50.9	57.3	60	83.6	63.3

Source: World Development Indicators database, September 2006. Figures in italics refer to periods other than those specified.

Annex B: Summary of Public Financial Management Improvements in Mali 1990-2005

1990-1995

- ❖ Measures to ensure adequate budgetary allocation for non-wage current expenditures.
- ❖ Maintaining a cap on growth in the annual public sector wage bill.
- ❖ Unifying the budget by integrating subsidiary budgets and special funds in the overall budget.
- ❖ Increase the proportional allocation of funds to social sectors and maintenance of existing infrastructure.
- ❖ Improved public investment programming and monitoring.

1996-2001

- ❖ Preparation of a procedural manual for budget preparation and implementation.
- ❖ Budget preparation process completely computerized, and staff trained to operate the system.
- ❖ Budget allocations to education and health increased further, enabling the recruitment of some 600 more teachers and 200 additional medical staff, the purchase of needed materials, and the maintenance of facilities.
- ❖ In 1998, the Government adopted a programmatic approach to budgeting, which would eventually lead to the annual preparation by each Ministry of a three year forecast of expenditures by program, subprogram, and activity, linked to objectives and supported by results indicators.
- ❖ To improve the monitoring of public expenditures, the Ministry of Finance embarked in 1997 on an annual analysis of budget implementation (a Public Expenditure Review – PER). With close advice from the Bank, the quality and coverage of these PERs increased yearly.
- ❖ Tracking study of allocated expenditures carried out for the health sector.

2002-2005

- ❖ Deepening and widening of reforms and procedural improvements already carried out.
- ❖ Preparation of an information system integrating the functions of all the departments of the Ministry of Finance. This has been in operation since the 2004 budget.
- ❖ Production of consolidated Treasury balance statements that are produced and issued on a monthly basis.
- ❖ Strengthening and widening of the audit function.
- ❖ Development of a compatible budget nomenclature for local governments compatible with that used in the national budget. This was first used in the 2003 budget.
- ❖ Preparation of Medium Term Expenditure Frameworks (MTEF), based on the MDGs, for the health and education sectors; they were applied in the 2004 budget.
- ❖ Subsequent development of MTEFs for other priority sectors.
- ❖ Preparation each year of a macroeconomic framework, providing key targets for variables such as growth, inflation etc. to underline the MTEF.
- ❖ Medium Term Budgetary Framework (MTBF) established for the whole of the Government.
- ❖ Since 2003, each Ministry prepares annual program budgets which cover three years in accordance with the 1998 decision.
- ❖ Tracking studies for expenditures in the social sectors.

ANNEX B

SUMMARY OF PUBLIC FINANCIAL MANAGEMENT IMPROVEMENTS IN MALI 1990-2005

- ❖ Application of harmonized regional procedures in accordance with WAEMU rules and regulations.
- ❖ Introduction of new budget nomenclature, which, in addition to the usual economic and functional classification, uses specific codes to identify poverty-reducing expenditure financed with HIPC-related resources.
- ❖ Progressive integration of PRSP targets into the budgetary process.
- ❖ Completion of an action plan in October 2004 for synthesizing and integrating the various recommendations of donor-sponsored studies into a single, manageable whole.
- ❖ Introduction of monitoring indicators in the Finance Ministry's Financial Control Department to facilitate quality control and improve efficiency through performance auditing.
- ❖ New computerized system for monitoring implementation of the three year public investment program.
- ❖ Expansion of the computerized information system to the auxiliary accounts to enable monitoring of short term payables and receivables.
- ❖ Procurement:
 - Development of computerized procurement tracking system
 - Disseminating unit cost information on government procurements.
- ❖ Integrating the computer systems of the three main departments in the Ministry of Finance (the Directorates of Budget, Financial Control and Treasury).
- ❖ Strengthening internal/external auditing and performance evaluation:
 - Increasing the number of financial and management audits.
 - Expanding computerization and adding new equipment.
 - Completing the training of inspectors and auditors.
 - Development of a list of performance indicators.
 - Production of reports on performance indicators every 45 days.
 - Strengthening the Chamber of Accounts of the Supreme Court through training and computerization.
 - Appointment of a *Vérificateur Indépendant* (Auditor General).
 - Reducing the backlog and bringing up to date reports on budget implementation (*Loi de régleme*nt). Three years ago, reports were nearly ten years out of date. The CAE Evaluation Mission was informed that the 2004 report was submitted to the National Assembly by October, 2005.
- ❖ Institutional audit in 2004 of the implementation process of the Poverty reduction Strategy Framework (PRGF)

Ongoing

- ❖ Preparation of referendum for separating the Chamber of Accounts from the Supreme Court and making it an independent Court of Accounts (*Cour de Comptes*).
- ❖ Preparation of a "logical framework" to integrate and make consistent all the different initiatives of recent years, and to coordinate their time frames.
- ❖ Strengthening of links between budget policy and the PRGF, including adaptation of PRGF implementation to the MTEF.
- ❖ Implementation of 2004 institutional audit of the PRGF including reorganization and skills enhancement of the PRGF Unit.
- ❖ Preparation of terms of reference for the next phase of the PRGF implementation process (2007-2011).
- ❖ Implementation of the integrated action plan for synthesizing and making consistent various donor recommendations.

Annex C: List of People Met

Office of the Prime Minister

H.E. Mr. Maiga Ousmane Issoufi, Prime Minister
Mr. Touré Madani, Economic Advisor
Mr. Moussa Ouattara, Coordinator, Millennium Challenge Account (MCA) Project

Ministry of Economy and Finance

Mr. Diarra Sékouba, Technical Adviser and Coordinator, PRSP Unit
Ms. Kouyaté Asitan, Chargée de mission,
Mr. Wague Sambou, Technical Advisor/Secretary General
Mr. Oumar BA, Chief, Electronic Data Unit, Treasury Department
Mr. Ben Bouille Boubacar, Accountant, Treasury Department
Mr. Souleymane Ongoiba, Deputy Director, Treasury Department
Mr. Abu Dramane Ouattara, Information Officer, Treasury Department
Mr. Walbani Boubacar Sidiki, Director General, Public debt

Ministry of Investment Promotion and Small and Medium Enterprises

H.E. Mr. Ousmane Thiam, Minister

Ministry of Equipment and Transport

H.E. Mr. Abdoulaye Koita, Minister
Mr. Dina Coulibaly, Technical Adviser, Ministry of Transport
Mr. Issa Diallo, Deputy Director, National Highways
Mr. Mahamadou Diallo, Technical Adviser, Ministry of Transport
Mr. Yaya Diarra, National Coordinator, National Rural Infrastructure Program
Mr. Tiémoko Yoro Koné, Coordinator, Transport Sector Project
Mr. Bakary Sangaré, Deputy Coordinator, Transport Sector Project
Mr. Djibril Tall, National Director of Transport

Ministry of Mines, Energy and Water

H.E. Mr. Hamed Diane Semega, Minister
Mr. Souleymane Diallo, Director of Cabinet
Mr. Daouda Kane, Deputy General Manager, Electricite du Mali (EDM)
Mr. Biramou Sissoko, National Coordinator, Gourma Biodiversity Project
Mr. Malick Alhousseini, National Director, Water Supply

Electricity and Water Regulatory Commission

Mr. Seydou Camara, Financial Analyst
Mr. Abdoulaye Diarra, Administrative and Financial Director
Mr. Baba Djourte, Journalist and Advisor

ANNEX C
LIST OF PEOPLE MET

Mr. Demba N'Daw, Commissioner
Mr. Moctar Touré, President
Mr. Ibrahima Sidi Traoré, Executive Secretary

Ministry of Communications and New technologies

H.E. Mr. Gaoussou Drabo, Minister
Mr. Sékou Coulibaly, Technical Advisor
Mr. Baba Konaté, Technical Advisor

Telecommunication Regulatory Commission

Mr. Modibo Camara, President
Mr. Alioune N'Diaye, Directeur Général, Ikatel
Mr. Moctar Traoré, Economist

Ministry of Agriculture

H.E. Mr. Seydou Traoré, Minister
Dr. Hamadoun Sow, Director, Planning and Statistics
Dr. El Hassane Drave, Division Chief, Planning and Statistics
Mr. Mamadou Karounga Keita, Monitoring and Evaluation officer
Mr. Paul Kifere Dembili, Crop Adviser, Agricultural Competitiveness Project
Mr. Souf Brehima Diarra, Technical Adviser, Agricultural Competitiveness Project
Mr. Traoré Cissé, Advisor to Minister of Agriculture
Mr. Keita Mamadou, Project officer
Mr. Maiga Sekou, Director, Rural Community Support Project
Mr. Touré Abdoulaye, Coordinator, PASAOP

Mission de Restructuration du Secteur Coton (MRSC)

Mr. Coulibaly Tièna, Consultant
Mr. Kontao Aly, Relations with producers' associations

Ministry of Education

Mr. Bâ Youba, Administratif and Financial Director
Mr. Bani Touré, Economics Professor, Université of Mali
Mr. Keneko dit Barthelemy Togo, Secretary General

Ministry of Health

Mr. Touré Adama Yacouba, Administratif and Financial Director
Mr. Coulibaly Etienne, Chief, Human Resources Department
Dr. Salif Samaké, Director, Planning and Statistics Unit

Ministry of Environment and Sanitation

H.E. Mr. Nancoman Keita, Minister
Colonel Felix Dakouo, National Director, Natural Conservation
Mr. Cheikue Diolide, Director of Sanitation and Pollution Control
Mr. Moulaye Farota, Technical Adviser
Mr. Alassane Boniang Maiga, Technical Adviser

Ministry of Social Development and Solidarity

Mr. Alassane Bocoum, National Director of Social Development

AGETIP

Mr. O.S.M. Arbihama, Director General

Mr. Samou Abass Sangaré, Special Adviser to the Director General

AGETIER

Mr. Tiékoura Coulibaly, Director General

Distance Learning Center

Ms. Sidibé Zamilatou Cissé, Project coordinator

Mr. Touré Sidi Mohammed, Administratif and Financial Director

Central Bank of West African States (BCEAO), National Agency

N'DA Soumaila, Director

Mr. Coulibaly Youssouf, Chief, Payment Systems

Mr. Djaby Souahibou, Chief, Credit Department

Ms. Diarra Houleynatousy, Credit Department

Mr. Zerbo Brahima, Chief, Research and Statistics Department

Mr. Bocoum Barema, Chief, Department of Studies

Ms. Cissoko Nalado, Credit Department

Banque de Développement du Mali

Mr. Abdoulaye Daffe, President

Ms. Camara Mariam Sow, Director

Mr. Mamadou Tirera, Director

Banque Internationale pour le Mali

Mr. Mamadou Igor Diarra, President

Credit Initiative

Mr. Bakary Traoré, Administrator

Private Sector Center

Mr. Baidy Diakité, Director

TOMOTA GROUPE

Mr. Aliou Tomota, Director

Mr. Mansour Haidara, Director, Development

Mr. Charles Ndoye, Financial Director

Permanent Assembly of Chambers of Agriculture of Mali (APCAM)

Mr. Bakary Togola, President

Mr. Fousseyni Traoré, Secretary General

Mr. Mene Diallo, Member

Mr. Tahirou Bamba, Member

ANNEX C
LIST OF PEOPLE MET

Mr. Matha Diarra, Technical Advisor
Mr. Idrissa Diallo, Technical Advisor

National Council of Civil Society of Mali

Mr. Boureima Allaye Touré, President
Mr. Sekou Sangaré, Coordinator
Mr. El Hadj Sidi Konaté, Treasurer
Mr. Yaya Alpha Diallo, Human Rights and Good Governance
Mr. Yero Diallo, Network of Journalists
Ms. Coulibaly Salimata Diarra, President, Consumers Association

Agha Khan Development Network

Mr. Ferid Nandjee, Resident Representative

European Union

Ms. Irene Horejs, Head of Delegation
Mr. Thierry Cozier, Advisor, Infrastructure and Mining sector

French Embassy

H.E. The Ambassador
Mr. Didier VELLER, Chief of Economic Mission
Mr. Piet Jean-Claude, Chief of cooperation et cultural actions
Ms. Brignonen Sandrine, Officer, Cooperation et Cultural Actions

Agence Française de Développement (AFD)

Mr. Vavasseur Jean-François, Directeur

GTZ

Dr. Hermann Grell, Director

German Embassy

H.E. Dr. Reinhard Schwarzer, Ambassador

Belgian Embassy

Dr. Jean-Pierre Noterman, Belgian Cooperation for Development
Mr. Ludo Rochette, Second Secretary
Mr. Ronny Dynoodt, Advisor

Canadian Embassy

H.E. Ms. Isabelle Roy, Ambassador
Ms. Christiane VEKEMAN, Good Governance Program
Ms. Marchand Suzanne, First Secretary

Embassy of China

H.E. Mr. Wenhua Wei, Ambassador
Mr. Wei Xia, First Secretary
Mr. Youhua Zhang, Economic and Trade Advisor

Embassy of the Netherlands

Mr. De Vries Peter, Head of Cooperation

Embassy of Sweden

Mr. Broback Ulrika, First Secretary, Budget Support and Public Finances

Swiss Embassy

Mr. Jean-Luc Virchaux, Director, Swiss Agency for Development and Cooperation

USAID

Ms. Latanya Mapp Frett, Supervisory Program officer

Mr. Camara Amadou, Program Officer

UNESCO

Mr. Vincent Seck, Program Coordinator

Ms. Rokia Ba, Program Officer

IMF

Mr. Dominic Bouley, Fiscal Affairs Department

Mr. Cyrille Briançon, Former Mission Chief

Mr. Abdoul Aziz Wane, Resident Representative

Mr. Christopher Lane, Mission Chief

African Development Bank (AfDB)

Mr. Jean-Pierre Rigoulot, Resident Representative

Mr. Ba Mamadou Samba, Principal Agronomist

Ms. Sow K. Issabre, Financial Analyst

World Bank

Ms. Mary BARTON-DOCK, Sector Manager, ESSD

Mr. Philippe BENOIT, Lead Specialist, Energy, AFR

Mr. David CRAIG, Former Country Director

Mr. Yusupha CROOKES, Former Sector Manager, Energy

Ms. Catherine FARVACQUE, Urban Specialist

Mr. Willhem FLOOR, Former Task Manager, Energy

Mr. Jean-Noël GUILLOSSOU, Former Task Manager, Transport

Sunita KIKERI, Adviser, Privatization

Mr. Patrick LABASTE, Lead Economist, ESSD

Mr. François LEMIEUX, Managing Director, Transrail

Ms. Linda MCGINNIS, Former Resident Representative.

Fanny Kathinka MISSFELDT-RINGIUS, Energy Economist, AFR

Mr. François NANKOBOGO, Task Manager, Growth Support Project

Nyaneba NKRUMAH, Task Manager, Environment

Ms. Judith PRESS, Former Country Manager

Mr. Nadjib SEFTA, Former Task Manager, Energy

Mr. Michael STEVENS, Former Lead Public Sector Management Specialist

ANNEX C
LIST OF PEOPLE MET

Ms. Christina Wood, Senior Economist
Mr. Michel Wormser, Sector Director, Energy and Infrastructure
Mr. Ryba André, Lead Financial Sector Specialist,
Mr. Diawara Alassane, Resident Representative
Mr. Diarra Moussa, Communications Officer
Mr. Diop Mahine, Ingénieur Municipal
Ms. Tonia Tarek, Lead Public Health Specialist
Mr. Mamadou Tangara, Operations Analyst
Mr. Phanse Mariko, Administration and Finance
Ms. Yeyande Kasse Sangho, Senior Operations Officer
Mr. Konaté Abdoulaye, Resident Senior Economist
Mr. Seck Atou, Education Economist
Mr. Robert Prouty, Education Specialist

Others

Mr. Adama Samassekou, Former Minister of Education
Mr. Mandé Sidibé, Former Prime Minister

Annex D: Guide to IEGWB's Country Assistance Evaluation Methodology

1. This methodological note describes the key elements of IEGWB's country assistance evaluation (CAE) methodology.¹

CAEs rate the outcomes of Bank assistance programs, not the Clients' overall development progress

2. A Bank assistance program needs to be assessed on how well it met its particular objectives, which are typically a sub-set of the Client's development objectives. If a Bank assistance program is large in relation to the Client's total development effort, the program outcome will be similar to the Client's overall development progress. However, most Bank assistance programs provide only a fraction of the total resources devoted to a Client's development by donors, stakeholders, and the government itself. In CAEs, IEGWB rates only the outcome of the Bank's program, not the Client's overall development outcome, although the latter is clearly relevant for judging the program's outcome.

3. The experience gained in CAEs confirms that Bank program outcomes sometimes diverge significantly from the Client's overall development progress. CAEs have identified Bank assistance programs which had:

- satisfactory outcomes matched by good Client development;
- unsatisfactory outcomes in Clients which achieved good overall development results, notwithstanding the weak Bank program; and,
- satisfactory outcomes in Clients which did not achieve satisfactory overall results during the period of program implementation.

Assessments of assistance program outcome and Bank performance are not the same

4. By the same token, an unsatisfactory Bank assistance program outcome does not always mean that Bank performance was also unsatisfactory, and *vice-versa*. This becomes clearer once we consider that the Bank's contribution to the outcome of its assistance program is only part of the story. The assistance program's outcome is determined by the *joint* impact of four agents: (a) the Client; (b) the Bank; (c) partners and other stakeholders; and (d) exogenous forces (e.g., events of nature, international economic shocks, etc.). Under the right circumstances, a negative contribution from any one agent might overwhelm the positive contributions from the other three, and lead to an unsatisfactory outcome.

5. IEGWB measures Bank performance primarily on the basis of contributory actions the Bank directly controlled. Judgments regarding Bank performance typically consider the relevance and implementation of the strategy, the design and supervision of the Bank's lending interventions, the scope, quality and follow-up of diagnostic work

¹ In this note, *assistance program* refers to products and services generated in support of the economic development of a Client country over a specified period of time, and *client* refers to the country that receives the benefits of that program.

and other AAA activities, the consistency of the Bank's lending with its non-lending work and with its safeguard policies, and the Bank's partnership activities.

Rating Assistance Program Outcome

6. In rating the outcome (expected development impact) of an assistance program, IEGWB gauges the extent to which major strategic objectives were relevant and achieved, without any shortcomings. In other words, did the Bank do the right thing, and did it do it right. Programs typically express their goals in terms of higher-order objectives, such as poverty reduction. The country assistance strategy (CAS) may also establish intermediate goals, such as improved targeting of social services or promotion of integrated rural development, and specify how they are expected to contribute toward achieving the higher-order objective. IEGWB's task is then to validate whether the intermediate objectives were the right ones and whether they produced satisfactory net benefits, and whether the results chain specified in the CAS was valid. Where causal linkages were not fully specified in the CAS, it is the evaluator's task to reconstruct this causal chain from the available evidence, and assess relevance, efficacy, and outcome with reference to the intermediate and higher-order objectives.

7. For each of the main objectives, the CAE evaluates the relevance of the objective, the relevance of the Bank's strategy toward meeting the objective, including the balance between lending and non-lending instruments, the efficacy with which the strategy was implemented and the results achieved. This is done in two steps. The first is a top-down review of whether the Bank's program achieved a particular Bank objective or planned outcome and had a substantive impact on the country's development. The second step is a bottom-up review of the Bank's products and services (lending, analytical and advisory services, and aid coordination) used to achieve the objective. Together these two steps test the consistency of findings from the products and services and the development impact dimensions. Subsequently, an assessment is made of the relative contribution to the results achieved by the Bank, other donors, the government and exogenous factors.

8. Evaluators also assess the degree of Client ownership of international development priorities, such as the Millennium Development Goals, and Bank corporate advocacy priorities, such as safeguards. Ideally, any differences on dealing with these issues would be identified and resolved by the CAS, enabling the evaluator to focus on whether the trade-offs adopted were appropriate. However, in other instances, the strategy may be found to have glossed over certain conflicts, or avoided addressing key Client development constraints. In either case, the consequences could include a diminution of program relevance, a loss of Client ownership, and/or unwelcome side-effects, such as safeguard violations, all of which must be taken into account in judging program outcome.

Ratings Scale

9. IEGWB utilizes six rating categories for **outcome**, ranging from highly satisfactory to highly unsatisfactory:

<i>Highly Satisfactory:</i>	The assistance program achieved at least acceptable progress toward all major relevant objectives, <u>and</u> had best practice development impact on one or more of them. No major shortcomings were identified.
<i>Satisfactory:</i>	The assistance program achieved acceptable progress toward all major relevant objectives. No best practice achievements or major shortcomings were identified.
<i>Moderately Satisfactory:</i>	The assistance program achieved acceptable progress toward most of its major relevant objectives. No major shortcomings were identified.
<i>Moderately Unsatisfactory:</i>	The assistance program did not make acceptable progress toward most of its major relevant objectives, or made acceptable progress on all of them, but either (a) did not take into adequate account a key development constraint or (b) produced a major shortcoming, such as a safeguard violation.
<i>Unsatisfactory:</i>	The assistance program did not make acceptable progress toward most of its major relevant objectives, and either (a) did not take into adequate account a key development constraint or (b) produced a major shortcoming, such as a safeguard violation.
<i>Highly Unsatisfactory:</i>	The assistance program did not make acceptable progress toward any of its major relevant objectives and did not take into adequate account a key development constraint, while also producing at least one major shortcoming, such as a safeguard violation.

10. The **institutional development impact (IDI)** can be rated as: *high, substantial, modest, or negligible*. IDI measures the extent to which the program bolstered the Client's ability to make more efficient, equitable and sustainable use of its human, financial, and natural resources. Examples of areas included in judging the institutional development impact of the program are:

- the soundness of economic management;
- the structure of the public sector, and, in particular, the civil service;
- the institutional soundness of the financial sector;
- the soundness of legal, regulatory, and judicial systems;
- the extent of monitoring and evaluation systems;
- the effectiveness of aid coordination;
- the degree of financial accountability;
- the extent of building NGO capacity; and,
- the level of social and environmental capital.

ANNEX D

GUIDE TO IEGWB'S COUNTRY ASSISTANCE EVALUATION METHODOLOGY

11. **Sustainability** can be rated as *highly likely, likely, unlikely, highly unlikely*, or, if available information is insufficient, *non-evaluable*. Sustainability measures the resilience to risk of the development benefits of the country assistance program over time, taking into account eight factors:

- technical resilience;
- financial resilience (including policies on cost recovery);
- economic resilience;
- social support (including conditions subject to safeguard policies);
- environmental resilience;
- ownership by governments and other key stakeholders;
- institutional support (including a supportive legal/regulatory framework, and organizational and management effectiveness); and,
- resilience to exogenous effects, such as international economic shocks or changes in the political and security environments.