

# PROJECT COMPLETION REPORT (PCR)

## A. PROJECT INFORMATION AND KEY DATES

### I. BASIC INFORMATION

Project Reference: P-ML-AA0-016	Project Name: Second Line of Credit to BNDA	Country: MALI	
Loan Instrument(s): Loan No. 2100150007026		Sector: Rural Development	Environmental Category: IV (IF)
Initial Commitment: UA 15,000,000	Amount Cancelled: UA 74,206	Amount Disbursed: UA 14,925,794 (12/02/11)	% Disbursed: 99.51% (Feb. 2011)
Borrower: Republic of Mali			
<p>Executing agency(ies) [Mention the key ministries, project implementation units, civil society agencies and organizations responsible for the project implementation]</p> <p>BNDA (National Bank for Agricultural Development) (On-lending Agreement with the Ministry of the Economy and Finance), Ministry of Environment and Sanitation; the Malian Textiles Development Company (CMDT); Farmers' Organizations (FOs); Cotton Producers' Cooperatives (CPC), Association of Cotton Producers (ACP); Village Associations (VA); Decentralized Financial System (DFS)</p>			
<p>Co-financial and Other External Partners: [Mention all sources and amounts of funding, technical assistance and other sources utilized under the project]:</p> <p>BNDA : UA 32.50 million  ADF Loan : UA <u>15.00 million</u>  TOTAL UA 47.50 million</p>			

### II. KEY DATES

Project Concept Notes approved by the Operations Committee N/A	Appraisal Report approved by the Operations Committee N/A	Approval by the Board of Directors 12 December 2002	
Restructuring			
	Initial Date	Actual Date	Difference in months [between actual date and initial date]
EFFECTIVENESS	31 January 2003	24 February 2004	+17 months
MID-TERM REVIEW		N/A	
CLOSURE	31 December 2006	31 July 2010	+ 43 months

### III. RATINGS SUMMARY

CRITERIA	SUB-CRITERIA	Scores
PROJECT OUTCOME	Achievement of Outcomes	3
	Achievement of Outputs	3
		1
	<b>OVERALL PROJECT OUTPUT</b>	<b>3</b>
BANK PERFORMANCE	Design and Readiness	3
	Supervision	3
	<b>OVERALL BANK PERFORMANCE</b>	<b>3</b>
BORROWER PERFORMANCE	Design and Readiness	3
	Implementation	2
	<b>OVERALL BORROWER PERFORMANCE</b>	<b>3</b>

### IV. BANK STAFF RESPONSIBLE

FUNCTIONS	AT APPROVAL	AT COMPLETION
Regional Director	Mr. E.G. Taylor-Lewis, Director, OCCW	Mr. F. J. M Perrault, Director, ORWB
Sector Director	Mr. CD, Spencer, Director, OCAR	Mr. A. Abou-Sabaa, Director, OSAN
Project Manager	Mr. M. Dikombe, OCAR 1	Mr. F. Ondobo, OSAN.2
PCR Team Leader		Mr. F. Ondobo, OSAN.2
Members of PCR Team		Ms. D. Mouna, MLFO

### B. PROJECT CONTEXT

Summarize the rationale for Bank assistance. Text

1. In Mali, the national economy is still largely dominated by agriculture. Despite continued urbanization, nearly 70% of the population live in rural areas, with almost 80% relying entirely or partly on agricultural production for their livelihood. However, for several years now, the contribution of the agricultural sector to the country's economic growth has stagnated. Indeed, with the exception of rice, yields have been relatively at a standstill. Subsistence agriculture, characterized by very low productivity levels, under-equipment and low intensity, remains the dominant model for the 800,000 farms and for the vast majority of small family farms or small production units, with 68% of farmers having less than 5 ha and 86% less than 10 ha, while 62% of farmland is devoted to cereals produced mainly for domestic consumption. The use of animal traction is widespread only in cotton farming, and motorized equipment is increasingly used by *Office du Niger*. The use of fertilizers and pesticides is limited to rice farming, market gardening and cotton farming, all sub-sectors of which account for 60% of (domestic) consumption of fertilizers and 80% of pesticides consumption. Therefore, there is a crucial need to move from subsistence farming to market-oriented agriculture.

2. Agricultural sub-sectors also need to be structured, for they are poorly organized, with no umbrella coordinating mechanism for stakeholders. For now, cotton and rice are the only sub-sectors enjoying a minimum organization and a fairly secure investment framework. Given these challenges, there is need to promote and modernize farms, with a view to making them more market-oriented, while encouraging the intensification of production techniques, mechanization and automation of agricultural equipment, as well as capacity building. However, this would require that production be diversified by exploring various revenue opportunities, and that food security not based solely on rice production be guaranteed. To achieve such food security, it is necessary to make room for the promotion of products such as market gardening crops. Consequently, the extension of the second ADF line of credit aims to help boost production, improve

competitiveness and modernize farms in the agricultural and livestock sectors through credit to rural customers. Such credit allows producers, through their farmers' cooperatives (FOs), to acquire the means of production necessary for implementing crop season plans designed by supervisory structures.

## C. PROJECT OBJECTIVE AND LOGICAL FRAMEWORK

### 1. State the project development objective(s) (as presented in the appraisal report)

The sector objective of the second line of credit to BNDA is to contribute to rural poverty reduction, with a view to bringing down the incidence of poverty from 63.8% in 2002 to 47.5% in 2006. Specifically, it seeks to increase production and to improve competitiveness and modernization of holdings in the agricultural and livestock sectors through sub-project financing for the benefit of rural dwellers.

### 2. Describe the major project components, indicating how each of them will contribute to achieving the project objectives

The second line of credit to BNDA has two main components: (i) Provision to BNDA of a line of credit of UA 13,969,000 intended to strengthen its cash flow position and support the implementation of its Medium-Term Programme (MTP) for 2001-2005, with special emphasis on the development of cotton and cereals; and (ii) Provision of institutional support amounting to UA 1,061,000 aimed at strengthening BNDA's information system and establishing an environmental evaluation and monitoring mechanism.

#### Component A - LINE OF CREDIT

The line of credit granted to BNDA is aimed at providing credit for rural clients, including farmers, through their associations, to enable them to acquire the inputs needed to implement seasonal crop plans. The ultimate goal of the line of credit is to reduce poverty in rural areas. Therefore, it is part of the effort to boost agricultural production, upgrade the livestock and modernize farms for better productivity. The main activities covered are: (i) financing of inputs for the production of cotton, cereals and market gardening crops; (ii) financing of farming by providing funding for livestock inputs, cattle and sheep feedlots and the reconstitution of livestock; (iii) financing of production marketing in order to overcome the difficulties in the sale of cereals; and (iv) financing of capital goods.

#### Component B - INSTITUTION BUILDING

The institution building component aims to: (i) receive technical assistance to establish a mechanism for evaluating and monitoring environmental and social sub-projects financed by the second line of credit; (ii) implement a project for the establishment and strengthening of savings and loans institutions in Gao Region (PRCREC); (iii) strengthen BNDA's IT capacity by providing funding to subsidize the purchase of computer hardware and software. This support is aimed at strengthening IT support for BNDA operations.

The establishment of an environmental evaluation and monitoring mechanism based on: (i) strengthening BNDA environmental governance by setting out an environmental and social policy; and (ii) defining the necessary procedures and instruments for taking this policy into account in all bank activities, especially at headquarters and the sales and marketing department; (iii) initiating broad-based consultations with partners involved in LOC implementation and strengthening BNDA's relations with its partners, especially Decentralized Financial Systems (DFS) and the technical supervisory organizations, by integrating the performance monitoring and evaluation process and raising awareness regarding the need to integrate environmental and social aspects into activities carried out with their funding.

The implementation of PRCREC will help to strengthen viable savings and loans institutions in Gao Region to serve as

BNDA conduits, contributing effectively to the financing of agriculture and, to a great extent, the reduction of poverty among the rural population of the area.

3. Provide a brief assessment (up to two sentences) of the project objectives along the following three dimensions: rate the assessment using the scale provided in Appendix 1

PROJECT OBJECTIVES DIMENSIONS		ASSESSMENT	SCORE
RELEVANT	a) Relevant to the country's development priorities	The LOC development objectives are well in line with the Government's priority areas of intervention, which consist in improving the country's food security and the living conditions of rural communities that make up nearly 70% of Mali's population.	4
ACHIEVABLE	b) Objectives deemed achievable in view of the contributions of the project and estimated deadlines	The ambitious sector objective to reduce poverty from 63.8% in 2002 to 47.5% in 2006 was achieved with a rate of 47.4% in 2006, according to the baseline data for 2006 contained in the May 2010 review of the Poverty Reduction Strategy Paper (PRSP 2007-2011). Overall, the specific objectives are deemed realistic and achievable within the set timeframe. The expected increase of 59,300 tonnes in cotton production from 2002 to 2006, representing an annual growth of 2.5% (10.5% annually over the period 1999-2002), is considered realistic in light of the significant crisis-related uncertainties that prevailed during the period.	3
CONSISTENT	c) Consistent with Bank national or regional strategy	The LOC objectives are part of the Bank's intervention strategy in Mali based on the Poverty Reduction Strategy Paper in which food security and rural development are priority areas of Government action.	4
	d) Consistent with Bank strategy	The LOC objectives are consistent with the Bank's priorities in agriculture and rural development, namely improving productivity and food security through investment in irrigation infrastructure, marketing networks and sustainable management of natural resources.	3

4. Draw up the logical framework. In the absence of a logical framework, complete the table below, indicating the overall project objective, the key project components, the key activities of each component and the expected outcomes and outputs, as well as the indicators for measuring the achievement of outputs. You may create additional rows for the components, activities, outcomes or outputs, if necessary.

COMPONENTS	ACTIVITIES	OUTCOMES	EXPECTED OUTPUTS	MEASURABLE INDICATORS
COMPONENT A : <i>Line of credit for agricultural sector financing</i>	Activity 1: Agricultural sub-sector financing: Financing the procurement of inputs for the farming of: (i) cotton; (ii) cereals; and (iii) market gardening	Production has improved in the cotton, cereals and market gardening sectors; The number of village associations receiving funding has	Cotton production was estimated 615,981 tonnes in 2005; Cereal production (maize, millet and sorghum) reached 1.8 million tonnes in 2005; A net minimum income	Cotton production in 2005 and at project closure; Cereal production in 2005 and at project closure; Net minimum income of credit

	<p>crops; finance small-scale irrigation and income-generating activities for women and young people</p>	<p>increased. Graduates have received loans. The LOC has promoted the emergence of women and their integration into the economy. The sub-projects funded are financially viable.</p>	<p>of CFAF 418,348 was achieved by the beneficiaries in 2005; At least 10,479 village associations were granted agricultural credit; At least two young people received loans, at least 20% of loans granted were to women; The recovery rate of loans to the agricultural sector was at least 90%; The internal rate of return (IRR) for each sub-project was over 15%</p>	<p>beneficiaries; Number of village associations that received loans; Number of young people who received loans; Ratio of loans to women; The recovery rate; The internal rate of return.</p>
	<p>Activity 2: Financing of the livestock sub-sector: Financing livestock inputs, cattle and sheep feedlots and restocking</p>	<p>The number of recipients of loans for cattle and sheep feedlots increased; The DFS served as conduits for loans; The sub-projects funded are financially viable.</p>	<p>At least 18 recipients of funding for the financing of feedlots; and At least 69 recipients of funding through the DFS.  The recovery rate is at least 85% for DFS loans and at least 90% for agricultural sector loans; The IRR for each sub-project is over 15%.</p>	<p>Number of recipients of loans to finance cattle and sheep feedlots; Number of beneficiaries reached through the DFS; The recovery rate; The internal rate of return.</p>
	<p>Activity 3: Financing equipment and materials. Financing the procurement of equipment and material for: (i) dry farming; (ii) small-scale irrigation; and (iii) stockbreeding</p>	<p>Small holdings have been modernized and their productivity increased; Sub-projects are financially viable</p>	<p>Increased productivity; The recovery rate of agricultural sector loans is at least 90%; The IRR for each sub-project is over 15 %</p>	<p>Agricultural output (kg/ha); Recovery rate; The internal rate of return</p>
	<p>Activity 4 : Marketing: Financing the marketing of cereals</p>	<p>Recipient village associations were able to sell their products at decent prices; The sub-projects are financially viable</p>	<p>At least 45 of the recipients of marketing financing loans were reached; The agricultural sector loan recovery rate is at least 90%; The IRR for each sub-project is over 15%</p>	<p>The number of recipients of loans for the marketing of cereals; The selling price of cereals; The internal rate of return.</p>
<p>COMPONENT B: <i>Institution Building</i></p>	<p>Activity 1: Financing the procurement of</p>	<p>BNDA information</p>	<p>Increased efficiency of information processing</p>	<p>N/A</p>

	computer hardware and software	system is strengthened		
	Activity 2 : Establish, restructure and strengthen the DFS network in the northeast region of Mali by integrating the 5 existing savings and loans institutions at Menaka and Ansongo	BNDA has a structured network of DFS in the northeast region of Mali which serves as conduits in terms of loans	Increased BNDA presence in the region	N/A
	Activity 3: Establishing a mechanism for monitoring and evaluating the environmental impact of sub-projects financed	Information management and environmental impact monitoring and evaluation systems have improved	The sub-projects financed operate in accordance with national and Bank environmental guidelines	N/A

5. For each dimension of the logical framework, briefly indicate (in not more than two sentences) the extent to which the logical framework contributed to the achievement the following objectives. Insert an appraisal score using the scoring scale in Appendix 1. In the absence of the logical framework, give this section a score of 1 (one).

LOG FRAME DIMENSIONS		ASSESSMENT	SCORE
LOGICAL	a) Envisage a logical, causal sequence for the achievement of the project development objectives	The selected components complement one another by combining IT capacity building with the financing of operational activities, with a view to creating a system that effectively supports and stimulates credit operations. Logically, the activities hinge, and in a complementary manner, on development objectives by focusing on lending activities in various agricultural sub-sectors (cotton, cereals, livestock, etc.) and targeting different stages of the production process (inputs, equipment and marketing), while integrating cross-cutting issues such as gender and the strengthening of decentralized financial systems.	3
MEASURABLE	b) State measurable and quantifiable objectives and outputs	Generally, the objectives and outputs of Component 1 were quantified and are measurable. However, the objectives of the institutional component were not quantified, hence the limited scope of their impact on the ground.	2
THOROUGH	c) State the key assumptions and risks	The logframe does not include risk factors.	2

## D. OUTCOMES AND OUTPUTS

### I. ACHIEVEMENT OF OUTPUTS

In the table below, assess the achievement of actual vs. expected outputs for each major activity. Import the expected output from the logical framework presented in Section C. Score the achievement rate of the expected outcomes. Weight the scores by the activities' approximate share of project costs. Weighted scores are auto-calculated by the computer. The

overall output score will be auto-calculated as the sum of the weighted scores. Override the auto-calculated score, if desired, and provide justification.

KEY ACTIVITIES		Appraisal score	Proportion of project costs in percentage (as stated in the appraisal report)	Weighted score (auto-generated)
Expected outputs	Actual outputs			
<b>COMPONENT A: Line of credit for the financing of the agricultural sector</b>			0.929	
1.1 Output in the cotton sector improved.	1.1 Cotton seed production reached 620,665 tonnes in 2004 but experienced a steady decline from 2005 to 2009.	3	3.097	
1.2 Output in the cereal and market gardening sectors improved.	1.2 Production in the cereal and market gardening sectors registered a steady increase over the project period.	3	1.548	
1.3 The number of village associations receiving funding increased.	1.3 1.3 The number of village associations receiving funding increased throughout the project but declined from 2008.	3	N/A	
1.4 The LOC promoted the emergence of women and their integration into the economy.	1.4 The financing of market gardening production covers the Niono area where women's groups are mainly responsible for shallot production.	3	N/A	
1.5 The funded sub-projects are financially viable.	1.5 BNDA policy on loans to farmers' cooperatives is based on the financing of adequately profitable sub-projects	3	N/A	
1.6 .1.6 The number of recipients of feedlot-financing loans increased.	1.6 The livestock sector is facing funding difficulties due to poor organization of professionals and inadequate understanding of marketing outlets, as well as problems linked to the supply of livestock inputs.	2	N/A	
1.7 Decentralized financial systems (DFS) served as conduits for loans.	1.7 DFS served only minimally as conduits for loans in 2007 and 2008. However, about 15 savings and loans institutions were opened in 2009.	2	0.333	
1.8 Small holdings were modernized, leading to increased productivity.	1.8 Cereal output reached 1,207 kg/ha in 2004/2005 but declined thereafter. However, the highest yield of 1,398 kg/ha was achieved in 2008/2009. Cotton production remained below 1,100 kg/ha, except for the 2003/2004 season. There is still need for regular support in	3	N/A	

	the transfer skills to cotton farmers.			
1.9 Recipient village associations were able to sell their products at fair prices.	1.9 In less than five years, the producer price of cotton dropped by 24% from CFAF 210 to CFAF 160; The mechanism for fixing the producer price of cotton seed is determined by world prices and not by production costs.	2	N/A	
<b>COMPONENT B: <i>Institution Building</i></b>			<b>0.071</b>	
2.1 BNDA information system has been strengthened.	2.1 BNDA switched to new software on 17 May 2005, which paved the way for the development of an integrated centralized and highly efficient banking system known as SAB.	3	N/A	
2.2 BNDA has a structured network of DFS in the northeast region of Mali that serves as a conduit for loans.	2.2 The strengthening of the network of agencies suffered from the negative impact of the cotton crisis as well as the global economic meltdown from which Mali was obviously not immune.	2	N/A	
2.3 The systems of information management and environmental impact monitoring and evaluation have improved.	2.3 A highly efficient mechanism for environmental impact monitoring and evaluation has been introduced, but only towards the end of the project	2	0.266	
<b>OVERALL OUTPUT SCORE [corresponds to the sums of the weighted score]</b>				<b>3</b>


Check here to override the auto-calculated score

<b>Give reasons for overriding the auto-calculated score</b>	
Enter the new score or re-enter the auto-calculated score	3

## II. ACHIEVEMENT OF OUTCOMES

1 Using the monitoring data available, assess <u>expected outputs</u> for each major activity. Import the expected outputs from the logical framework in Section C. Score the extent to which the expected outputs were achieved. Weight the scores by the activities' approximate share of project costs. Weighted scores are auto-calculated by the computer. The overall output score will be auto-calculated as the sum of the weighted scores. Override the auto-calculated score, if desired, and provide justification.		
OUTPUTS		Appraisal score
Estimate	Actual	
<b>COMPONENT A : Line of credit for financing the agricultural sector</b>		
1.1 Cotton production is estimated at 615,981 tonnes in 2005.	1.1 Cotton production in 2005 stood at 535,491 tonnes. Output for the same year (2005) was estimated at 1,028 kg/ha, as against a baseline of 1,179 kg/ha.	3
1.2 The production of cereals (maize, millet and sorghum) reached 1.8 million tonnes in 2005.	1.2 Cereal output reached 2.42 million tonnes in 2005, exceeding the estimates by 34.45%	4
1.3 A net minimum income of CFAF 418,348 was achieved by loan recipients in 2005.	1.3 The gross national income per capita was USD 450 in 2005. This level is well below the net minimum income of CFAF 418, 348 to be achieved by recipients.	2
1.4 At least 10,479 village associations received agricultural loans.	1.4 11,797 village associations received agricultural loans between 2004 and 2008.	3
1.5 At least two young people were granted loans;	1.5 BNDA did not provide individual financing under the line of credit.	1
1.6 At least 20% of loans granted were to women.	1.6 Loans were granted to 55 women producers' cooperatives, representing 5% of the loans granted to producers' cooperatives.	2
1.7 The agricultural sector loan recovery rate is at least 90%.	1.7 The average recovery rate recorded during the project is 95.29%.	3
1.8 The IRR of each sub-project is above 15%.	1.8 The IRR of the sub-projects was not determined	1
1.9 At least 18 recipients of feedlot loans were reached.	1.9 BNDA did not finance stockbreeding and feedlots under this line of credit. Only agricultural equipment and materials were funded.	1
1.10 At least 69 recipients were reached through DFS financing	1.10 Only 5 recipients were reached through DFS financing in 2008.	1
1.11 The recovery rate is at least 85% for DFS loans and at least 90% for agricultural sector loans.	1.11 The agricultural sector recovery rate is above 90%, but it was noticed that cotton farmers' cooperatives have cases of unpaid loans.	3
1.12 Increased productivity. ;	1.12 Recorded cotton yields per hectare between 2005 and 2009 stood respectively at 1,044 kg, 970 kg, 864 kg, 853 kg and 1,024 kg. Recorded cereal yields per hectare between 2005 and 2009 were 1,207kg, 1,089kg, 1,125kg, 1,318kg and	3

	1,101 kg.	
1.13 At least 45 recipients of funding for marketing reached.	1.13 Two associations received marketing funding amounting respectively to CFAF 1,000,000,000 and CFAF 1,004,304,317.	3
<b>COMPONENT B: Institutional Support</b>		
2.1 Increased effectiveness of information processing.	2.1 A detailed audit was conducted in 2007 as part of IT security; implementation of recommendations continued in 2008.	3
2.2 Increased BNDA assistance in the region.	2.2 The establishment within 15 months of about 15 viable savings and loans institutions in the project area was the culmination of a process started on 15/04/2009 by the EICB-IRAM consultant.	2
2.3 The sub-projects funded operate in line with the national and Bank environmental guidelines.	2.3 SOFRECO - the consulting firm in charge of implementing the environmental monitoring system - was recruited in March 2009 for 18 months.	2
<b>OVERALL OUTPUT SCORE</b> [Corresponds to the sums of the weighted rating]		3

 Check here to override the auto-calculated score

**Give reasons for overriding the auto-calculated score**

Insert the new score or re-enter the auto-calculated score

3

2. Other outputs: Comment on the additional outputs not envisaged in the logical framework, and focused mainly on cross-cutting issues (gender, for example)

Guidelines on environmental and social mainstreaming (ADB LOC) conducted by SOFRECO at the end of the project may be summed up as follows:

- Identification and evaluation of the environmental impacts of the following sub-projects:
  - Agro-chemical inputs
  - Equipment and marketing
  - Stockbreeding and feedlot activities
- Establishment of a sorting grid in accordance with Decree No. 08-346 on ESIA. This grid outlines activities funded through the LOC, classifies them according to their environmental impact and spells out the BNDA approach to be followed by loan officers;
- Revision of the loan procedures manual;
- Technical assistance to the National Directorate of Sanitation, Pollution and Nuisance Control (DNAPCN) and the Ministry of Agriculture to establish specifications for the import of agro-chemical inputs in Mali;
- Set up and implementation (through a 12-day training) of a capacity building plan. Training seminars were held in Bamako (OHVN and the peri-urban area), Koutiala (Mali South area) and Niono (*Office du Niger* area), bringing together internal and external stakeholders interested in the environmental mainstreaming of LOC-funded activities (BNDA loan officers, DNAPCN, Plant Protection Authority, Rural Advisers, representatives of farmers' cooperatives). Five modules were released:

- Environmental protection regulatory framework;
  - Mechanisms for monitoring and evaluating environmental and social impact;
  - Environmental and social risks related to crop season loans: the case of pesticide supply;
  - Public consultation and gender mainstreaming (organized in Koutiala and Niono under the chair of the prefects of these localities);
  - ESIA and ESMP: decision support instruments;
  - Licensing of pesticides and control of counterfeits in a bid to preserve the environment and protect public health;
  - Integrated control and threshold treatment: a case for the reasonable use of pesticides;
  - Farming practices that degrade natural resources: soil fertility recovery techniques;
  - Regional workshops on the role of women and youths in raising awareness on pesticide-related environmental and health risks.
- On a trial basis, conduct an environmental impact study by a BNDA client (*Les Moulins du Sahel*) aimed at informing the bank about the consistency of an ESIA;
  - Amendment of the general conditions of BNDA loans (in French and Bamana) by adding a clause on the client's commitment to comply with environmental and social regulations in force.

3. Risks to sustained achievement of outputs. Highlight the factors that affect, or could affect the long-term or sustained achievement of project outputs. Indicate if any new activity or institutional change is recommended to help sustain outputs. The analysis should draw upon the sensitivity analysis in Annex 3 where appropriate.

BNDA noted the following difficulties in the supply of GSCVM cereal inputs over the last three seasons:

(1) Lack of organizational capacity: lack of basic structures at the top to speed up operations (reception and distribution of inputs in villages); (2) lack of management capacity: inventory management by supplier and by provider is problematic; (3) lack of logistics: input storage and preservation facilities (warehouses, transport) have no insurance coverage; (4) lack of financial base: unavailability of financial security that could reassure input suppliers.

The current difficulties in the cereal supply chain stem from stakeholders' unpreparedness and the lack of appropriate accompanying measures, including the existence of a recurrent budget. Admittedly, the Forum-adopted recommendation was approved by the Government, but the withdrawal of the Malian Textiles Development Company (CMDT) from the input supply chain should be preceded by a thorough analysis of stakeholders' capacity to take its place. Stakeholders are, for the most part, unions that are obviously without the financial and material resources required for transactions of this magnitude.

The physical and logistic organization of the cereal input supply chain is now a major challenge for producers, rural sector funding institutions and the agricultural credit policy as a whole.

Late payments, the frequent lack of payment guarantee, the virtual absence of improvement in fertilizer formulations, the duration (timeframe) and intricate nature of procurement procedures contribute to rendering the Malian market unattractive to foreign suppliers.

Agricultural input financing constraints

Production constraints:

Agricultural input financing is subject to extremely severe climatic constraints. Indeed, the climatic situation strongly impacts the crop season plans and largely determines agricultural production and productivity. This situation undermines the capacity of farmers' cooperatives to repay their loans, especially in the absence of a coverage mechanism (natural disaster fund, agricultural insurance, interest rebates).

## Organizational and risk management constraints faced by village associations (VAs)

Recent developments in agricultural credit activity in cotton-growing areas have been characterized by a number of difficulties that could jeopardize the continued effectiveness of credit distribution:

- Serious crisis of confidence among members of farmers' cooperatives,
- Misappropriation and/or misuse of loans,
- Individual and collective over-indebtedness of farmers' cooperatives,
- Split-up of farmers' cooperatives,
- Illegal sale of farm and cotton seed inputs,
- CMDT's resumption of cotton buying from some village associations.

It should be noted that in areas where BNDA activities were linked to on-going ADB-funded projects, including the Seed Sector Support Project (PAFISEM), the outcomes were very positive because of the existence of well-organized farmers' cooperatives.

Assessment of input financing over the last three crop seasons.

Examination of the trends of the amounts of input loan financing for the last three crop seasons and the status of loan maturity and repayment reveals that input loan grants contribute significantly to the formation of the bank's net income. Thus, developments or changes in the organization and financing of agricultural inputs in cotton-growing areas have a direct impact on the balance of the bank's operations and should be carefully considered.

## E. PROJECT DESIGN AND READINESS FOR IMPLEMENTATION

1. Indicate to what extent the Bank and Borrower ascertained that the Project takes into account the Borrower's capacity to implement the project, while ensuring that the project is well designed and that the mechanism necessary for its implementation has been put in place. Analyze all aspects of project design. Issues arising from project design are: whether the project's design takes into account lessons drawn from previous PCRs in the sector or in the country (name a few key PCRs); whether the project is based on serious analytical studies (name a few key documents); extent to which the Bank and Borrower adequately evaluated the capacity of the executing agencies and project implementation unit, the degree of consultations and partnerships, the project's economic justification and the arrangements made for technical assistance.

[No more than 250 words. Any other statement concerning implementation should be presented under Annex 6: Project Description]

The UA 15 million line of credit awarded to BNDA is a continuation of the first LOC of UA 4.6 million granted in 1986 and whose performance was deemed generally satisfactory. From an institutional standpoint, the BNDA has since its inception in 1981 been the main funding institution of the rural sector in Mali. Over the second LOC implementation period, it granted more than 95% of the agricultural sector credit. Subject to the prevailing banking regulations in the WAEMU zone and having appropriate governance and management organs, the Institution demonstrated its institutional capacity to execute the first LOC in line with the allocation objectives of financing cotton sector inputs. The design of the second LOC took into account the lessons drawn from the first operation, namely: (i) further diversify the project sub-sectors and reach beyond the cotton sector; and (ii) strengthen the monitoring of funded sub-projects and the management capacity of village associations and decentralized financial systems. From the socio-economic standpoint, BNDA support for cotton development and cereal farming was increasingly sought by the Government when it made poverty reduction and food security priority areas. In this regard and in order to overcome the limitations suffered by the first LOC, the following steps were taken in designing the second LOC: (i) consultations were held with development partners to ensure adequate and

complementary financial support to enable the implementation of BNDA's Medium-Term Plan for 2001-2005; (ii) the specific objectives of the second LOC were diversified to cover the cotton, cereal and livestock sub-sectors, as well as various stages of the production process, from input financing to marketing and farm modernization; (iii) DFS capacity building, particularly in the northeast of the country, was provided for; a system for monitoring and evaluating the environmental, financial and socio-economic impact of the LOC was also established; (iv) greater attention was given to gender issues; and (v) provision was made for strengthening the Institution's IT capacity in order to adequately support the growth of operations.

2. For each dimension of the project design and readiness for implementation, make a brief assessment (no more than two sentences). Award an assessment score using the scoring scale in Appendix 1.

ASPECTS RELATED TO PROJECT DESIGN AND IMPLEMENTATION READINESS		APPRAISAL	APPRAISAL SCORE
REALISM	a) Owing to its complexity, the project is subject to an analysis of the country's capacity and its political commitment.	The level of complexity of the second line of credit is deemed low and its successful implementation is due primarily to BNDA's institutional capacity which is scored as satisfactory in view of its financial situation at the time of implementing the LOC. The political commitment to combat poverty through the development of the agricultural sector is clearly reflected in the rural development master plan adopted and implemented in 1992 (updated in 2001).	3
RISK ASSESSMENT AND MITIGATION	b) The project design takes the risks analyzed adequately into account.	The design of the line of credit took into account the following major risk factors: (i) the institution's reliance on the cotton sector as a result of the unpredictable effects of the industry's restructuring, vagaries of the weather and price fluctuations; and (ii) the obsolescence of the IT system. Given these risks, the complementary efforts of AFD and KFW that consisted in financing the diversification of BNDA activities, and institution building in terms of funding for computer equipment, constituted mitigative measures.	3
USE OF COUNTRY SYSTEMS	c) The procurement, financial management, monitoring and/or other systems are based on the systems already used by the Government and other partners.	The procurement arrangements require that BNDA comply with the Bank's relevant rules and procedures. Financial management, for its part, is regulated by the mechanism in force within the Institution. Regarding environmental impact management, both the national and Bank environmental guidelines were followed.	3
For the following dimensions, give separate assessment ratings for Bank performance and the borrower performance:			Appraisal score
			Bank
			Borrower

CLARITY	d) Responsibilities for project implementation are clearly defined.	Concerning project implementation, the sharing of responsibilities was clearly defined. However, as part of the on-lending of the loan to BNDA, the beneficiary's fiduciary obligations were not clearly spelt out.	3	3
PROCUREMENT READINESS	e) Implementation documents (specifications, design and procurement documents, etc.) are ready at appraisal.	Procurement relating to the institution building component suffered considerable delays. Procurement documents were not ready at appraisal due to on-lending constraints.	2	2
MONITORING READINESS	The indicators and monitoring plan are Adopted	Monitoring and evaluation were not carried out in a specific manner. Furthermore, as far as monitoring and impact assessment are concerned, responsibility for implementation was not entirely assigned to the national counterpart.	3	2
BASELINE DATA	h) Baseline data collection is completed or on-going	The baseline was established during the preparation of the project appraisal report. However, the assessment of the performance of village associations was not completed before the end of the project. At the time of project appraisal, economic and financial analysis was yet to be carried out.	2	1

## F. IMPLEMENTATION

1. Give the key project implementation characteristics of the following aspects: adherence to schedules, quality of the construction and other works, performance of the consultants, efficacy of Bank supervision and Borrower's monitoring. Determine to what extent the Bank and the Borrower ensured compliance with the safeguards.

(no more than 300 words). [Any other remarks on implementation should be presented in Annex 6 entitled: Project Description

The implementation of the line of credit suffered considerable delays due to late fulfilment of conditions precedent to effectiveness and conditions precedent to first disbursement. Approved on 12 December 2002, the line of credit was not implemented until 24 February 2004, about 14 months after its approval. The first disbursement was not made until 27 October 2004, about 22 months after the approval date. As a result of the delays, the initial closing date of 31 December 2006 had to be extended by three years seven months to 31 July 2010 to allow the project to implement two crucial parts of the institution building component, namely: (i) the monitoring and management of the environmental impact; and (ii) the establishment, restructuring and building of the capacity of decentralized financial systems in Gao Region. The LOC received six Bank supervision missions between September 2005 and November 2009 - that is, one per year, with the exception of 2009 during which two missions were fielded. Generally, the successive missions found that the performance of the LOC in terms of loan distribution was satisfactory except for the livestock sub-sector which received no funding on the LOC, contrary to provision made in the appraisal report. Debt recovery was deemed satisfactory overall. However, shortcomings were identified in understanding and preparing the procurement dossiers. This contributed to the delay in implementing the institution building component. Similarly, BNDA's monitoring of the performance of the consultant in charge of strengthening DFS in Gao was unsatisfactory, considering the significant delay in performing that task. Lastly, the mechanism for monitoring and evaluating the financial and socio-economic impact of the LOC was not set up as required in the appraisal report and the loan agreement.

2. Comment on the role of other partners (donors, NGO, contractors, etc.). Assess, if necessary, the efficacy of the co-financing and donor coordination modalities.

As part of setting up the line of credit, the Bank held consultations with donors involved in agricultural sector financing in Mali. The discussions led to the establishment of a consultative framework bringing together KfW, AFD and ADB, with a view to financing the BNDA medium-term programme. As part of the agreed institution building, ADB provided institutional support aimed at strengthening BNDA's IT services. For its part, AFD funded a study on BNDA's IT security system. As far as operations financing is concerned, ADB and AFD activities were complementary, since AFD focused on funding the diversification of BNDA's activities by granting an EUR 6 million line of credit for financing SMEs, with a view to reducing the Institution's high dependence on the cotton sector - a major risk factor during the deployment of the line of credit.

3. Harmonization: Indicate whether the Bank explicitly applied itself to harmonizing the instruments, systems and/or methods with the other partners.

In spite of the high level of cooperation that prevailed among donors during the set-up phase, thanks to which there was complementarity in financing BNDA medium-term projects, effective harmonization of practices was lacking during the LOC implementation phase and was mentioned nowhere in the supervision reports.

4. For each aspect of project implementation, show to what extent the project achieved the objectives hereunder. Make a brief assessment (no more than two sentences) and give an assessment score in accordance with the scale in Appendix 1.

ASPECTS RELATED TO PROJECT IMPLEMENTATION		ASSESSMENT		Appraisal score
TIMELINESS	a) Extent of compliance with the planned closing date. If the	Gap (in months) between the		1

	gap on the right is: below 12, score of 4 between 12.1 and 24, score of 3 between 24.1 and 36, score of 2 above 36.1, score of 1	projected closing date and the actual closing date or the date of 98% attainment of disbursement.		
		43 months		
BANK PERFORMANCE	b) Bank compliance with:			
	Environmental protection measures	The project's environmental category is level IV, which assigns to the financial intermediary the responsibility for mitigating the environmental impact of sub-projects. In designing the allocated funding, the Bank provided for the recruitment of a consultant (through limited shopping) to manage the environmental impact of LOC-funded activities, in accordance with relevant national and Bank guidelines.		3
	Fiduciary requirements	A fiduciary framework was designed by the Bank. Indeed, the appraisal report recommends the establishment of financial and accounting mechanisms for internal and external monitoring and control, aimed at keeping separate accounts from those of BNDA. Furthermore, the unit responsible for overseeing the LOC and submitting half-yearly reports showing the status of physical and financial execution was duly identified, namely the BNDA Network and Operations Department (DREX).		3
	Agreements signed under the project	The Bank fulfilled its commitments under the loan agreement.		4
	c) Bank supervision was satisfactory in terms of the combination of skills and the practicality of solutions.	Supervision missions comprised a disbursement assistant, a procurement officer and specialists in irrigation, agronomy and agricultural economics. However, it should be noted that disbursement and procurement specialists came in late (4 <sup>th</sup> and 5 <sup>th</sup> supervision missions) in 2008 and 2009.		3
d) Bank supervision of project management was satisfactory.	The LOC received one Bank supervision mission per year, from 2005 to 2008, and two supervision missions in 2009. Under the terms of the appraisal report, supervision missions are planned based on the contents of the half-yearly activity reports showing the status of LOC physical and financial execution. It is worth noting that the Borrower failed to meet the deadlines for submission of half-yearly reports, which had a negative impact on		2	

		the Bank's monitoring mechanism.	
PERFORMANCE BORROWER PERFORMANCE	e) The Borrower complied with:		
	Environmental protection measures	The performance of the consultant responsible for implementing the environmental monitoring mechanism started late (March 2009), compared to the project implementation schedule. The project closure date was extended by three years seven months to allow the completion of this component, among others. Following the environmental monitoring results contained in the report submitted to the Bank, it is possible to satisfactorily conclude the adoption of measures for subsequent compliance with national and Bank environmental guidelines on implementation of LOC-financed activities.	3
	Fiduciary requirements	The fiduciary framework of the line of credit was supposed to include an accounting mechanism that would allow separate bookkeeping for the line of credit, given that the BNDA general audit report was to include LOC accounts and state the accounts' compliance with the provisions of the loan agreement. It is obvious that these measures were not taken. As a result, the audit reports for 2008 and 2009 submitted to the Bank for comment were not validated at the time of drafting this completion report.	2
	Agreements signed under the project	The line of credit was executed in line with the loan agreements. However, the Borrower failed to comply with the "other conditions" stipulating the establishment within BNDA, latest 30 June 2004, of an internal monitoring and evaluation mechanism for measuring the impact of the line of credit in financial, economic and social terms and in terms of income generation and improvement for the beneficiaries, especially women and young people.	3
	f) The Borrower was attentive to conclusions and recommendations of the Bank project supervision missions	The Borrower's performance in terms of compliance with the Bank's recommendations is mixed. The missions successively identified the Borrower's non-compliance with: (i) the timeframe for producing half-yearly reports; and (ii) the Bank requirements regarding the audit of LOC accounts which were not fulfilled in the specific manner required of ADF LOCs. Successive recommendations relating to	2

		the funding of the livestock sub-sector and the establishment of a mechanism for the monitoring and evaluation of the impact of the LOC were not implemented.	
	g) The Borrower collected and used monitoring information for decision-making.	In the absence of a monitoring/evaluation mechanism, the desired objectives were not achieved. However, implementation was started by the SOFRECO consultancy firm in March 2009 and spanned 18 months.	1

## G. COMPLETION

1. Was the PCR submitted on schedule, in compliance with Bank Policy?			
Date project reached 98% disbursement rate (or closing date, if applicable)	Date PCR was sent to <a href="mailto:pcr@afdb.org">pcr@afdb.org</a>	Monthly gap	APPRAISAL SCORE (generated automatically) If the difference is equal to or less than 6 months, the score is 4. If the difference is above 6 months, the score is 1.
As at the completion date, 99% of the loan was disbursed		4	4
<p>Briefly describe the PCR process. Describe the Borrower's and co-financiers' involvement in producing the document. Highlight any major differences of opinion concerning the assessments made in this PCR. Describe the team composition and confirm whether a site visit was undertaken. Mention any major collaboration from other development partners. State the extent of the Bank's Country Office involvement in producing the report under consideration. Indicate whether comments from Peer Reviewers were received on time (provide names and positions of Peer Reviewers).</p> <p>[150 words maximum]</p>			
<p>As part of preparation of the completion report on the second line of credit to BNDA, the mission met with the French Development Agency (AFD), one of the key donors in Mali's agricultural sector and the country's development partner. The exchanges focused on AFD and ADB activities relating to the funding of the BNDA Medium-Term Programme (MTP) as defined during consultations held at the LOC set-up phase. The discussions also reflected the satisfactory spirit of coordination prevailing among KFW, AFD and ADB - major players in the MTP funding. Indeed, AFD and ADB grants were mainly channelled towards diversification of on-going BNDA activities in the early 2000s, when there was heavy reliance on cotton with the attendant high risk, given the uncertainty characterizing the sub-sector. Therefore, the level of complementarity of major donors' efforts is generally satisfactory. The AFD granted an EUR 6 million line of credit, at concessional rate, for the financing of Small and Medium Enterprises. Funding was also provided to enhance the SME customer credit risk rating system, risk analysis and management. Lastly, in accordance with commitments to strengthen the IT system during the MTP financing, AFD financed a study on the BNDA IT security system. The ADF grant was allocated to financing computer hardware.</p>			

## H. LESSONS DRAWN FROM THE APPRAISAL

<p>Summarize the <u>major</u> lessons that the Bank and the Borrower may eventually draw from the project outputs.</p> <p>[ 300 words maximum. Any other subject regarding implementation should be presented under Annex 6 entitled: Project Description]</p>
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Agricultural credit is a key factor in rural development. Although crucial, it does not suffice and is not an end in itself.

In fact, the success and viability of an agricultural credit policy in the Malian context is contingent on the following factors:

- Rainfall and water sources;
- Technical supervision and training of the rural population;
- Organization of marketing and market outlets;
- Strength of farmers' cooperatives or agricultural enterprises.

Once the above conditions are met, agricultural credit may become a powerful tool and a development stimulus.

In many cases, agricultural credit is considered as an adjustment parameter; that is, it is often proposed as a solution to technical production problems, marketing difficulties, training shortcomings and the lack of borrower credibility.

The BNDA experience demonstrates that not all rural economic activities can receive bank funding in the current context. The fact that farmers are unable to generate enough income to repay their loans and enjoy financial stability is mainly attributable to high loan interest rates (often above 17%), production uncertainty due to reliance on rainfall, poor management of resources by village associations (particularly because of ineffective technical supervision, poor organization of marketing and market outlets, and lack of management skills by farmers' cooperatives). It is an established fact that recovery rates for the line of credit are above 90%, which is very satisfactory.

The LOC was implemented in a context where the cotton sector was hit by crisis due mainly to the significant and sustained drop in world cotton prices, an unfavourable USD/EUR exchange rate, and a number of domestic factors. The endogenous factors of this crisis are related to the drop in production that has remained below 1,100 kg of cotton seed per hectare for the past 10 years. In spite of the crisis, cotton made a significant contribution to the country's economic growth. Thought should be given to innovative ways of increasing production. In cotton-producing areas, particularly in the South, the land reserved for cotton cultivation keeps shrinking since the purchase price of cotton seed is now based on world market prices and not on production costs. Production costs increase yearly due to the ever-rising price of fertilizers and other inputs crucial to cotton cultivation. Considering that in less than five years the producer price has dropped by 24%, from CFAF 210 to CFAF 160, the Malian Government, in an effort to motivate farmers and revitalize the sector, should, in a short term, guarantee a minimum of CFAF 200 per kilogramme and subsidize fertilizers. Additionally, the Malian Government should provide financial support to the Malian Textiles Development Company (CMDT) to enable the company to clear its outstanding debts to suppliers.

To tackle these challenges, the Government of the Republic of Mali in 2001 initiated a broad-based cotton sector reform programme aimed at improving sector performance. This programme, outlined in the Cotton Sector Development Policy Paper (LPDSC), was adopted in 2001 and led to: (i) the privatization of the Malian Cottonseed Oil Producing Company; (ii) the establishment of Cotton Inter-Professional Association (IPC-Mali) with its four regional committees; (iii) the establishment of the Cotton Classification Board (OCC); (iv) the setting up of a sector support fund; and (v) the setting up of a mechanism to fix the producer price of cotton seed, taking into account world market prices, as well as the commercial, industrial and agricultural costs of production. The Cotton Sector Development Policy Paper will be implemented for the period 2010/2011. It aims to: (i) increase the cotton sector's contribution to sustainable economic development by fully developing the resources of cotton-growing areas; and (ii) alleviate poverty by bringing together all the stakeholders concerned.

It should also be noted that Mali is one of the four recipient countries of the Bank's support to the cotton sector under the Cotton Sector Support Project (PAFICOT).

## I. PROJECT SCORE SUMMARY

All appraisal scores are automatically-generated from the relevant PCR section

CRITERIA	SUB-CRITERIA	Appraisal Score
PROJECT OUTPUT	Achievement of Outcomes	3
	Achievement of Outputs	3
	Schedule Compliance	1
	<b>OVERALL SCORE FOR PROJECT OUTPUTS</b>	<b>3</b>
BANK PERFORMANCE	Design and readiness	
	Project objectives are relevant to the country's development priorities	4
	Project objectives are feasible with the project's inputs and in the expected timeframe	3
	Project objectives are consistent with the Bank's country or regional strategy	4
	Project objectives are consistent with the Bank's overall priorities	4
	The logical framework presents a logical causal sequence for achieving the project's development objectives	3
	Objectives and outputs, as presented in the logical framework, are measurable and quantifiable	2
	The logical framework presents the risks and key assumptions	1
	The country's capacity and political commitment are commensurate with the project's complexity	3
	The project's design includes adequate risk	2
	The procurement, financial management and monitoring systems and/or other processes are based on those already used by the Government and/or other partners	3
	Project implementation responsibilities are clearly defined	4
	Requisite project implementation documents (on technical specifications, design, procurement, etc.) are ready at appraisal	2
	Monitoring indicators and the monitoring schedule are adopted	2
	Baseline data collection is completed or on-going	2
	<b>PARTIAL SCORE FOR PROJECT DESIGN AND READINESS</b>	<b>3</b>
	Supervision:	
	Bank compliance with:	
	Environmental protection measures	3
	Fiduciary arrangements	2
	Project agreements	4
	Bank supervision was satisfactory in terms of the skills mix and the feasibility of solutions	3
Bank oversight of project management was satisfactory	2	
The PCR was submitted on a timely basis	4	
<b>PARTIAL SCORE FOR SUPERVISION</b>	<b>3</b>	
<b>OVERALL SCORE FOR BANK PERFORMANCE</b>	<b>3</b>	
BORROWER PERFORMANCE	Design and readiness	
	Responsibilities for project implementation are clearly defined	4
	Requisite project implementation documents (on technical specifications, design, procurement, etc.) are ready at appraisal	2
	Monitoring indicators and the monitoring schedule are adopted; baseline data collection is completed or on-going	2
	<b>SCORE FOR PROJECT DESIGN AND READINESS</b>	<b>3</b>
Implementation		

	Borrower complied with:	
	Environmental protection measures	3
	Fiduciary arrangements	3
	Project agreements	3
	Borrower was responsive to Bank supervision findings and recommendations	2
	Borrower collected and used monitoring information for decision-making	2
	<b>PARTIAL SCORE FOR IMPLEMENTATION</b>	<b>2</b>
	<b>OVERALL SCORE FOR BORROWER PERFORMANCE</b>	<b>3</b>

## J. PROCESSING

STAGE	SIGNATURE AND REMARKS	DATE
Sector Manager Clearance		
Regional Director Clearance		
Sector Director Approval		

## Scoring Scale and Explanations

SCORE	EXPLANATION
4	Very Good Fully achieved with no shortcomings
3	Good Most objectives achieved despite a few shortcomings
2	Fair Partially achieved. Shortcomings and achievements are roughly balanced
1	Poor Very limited achievement with extensive shortcomings
NA	Not Applicable

Note: The formulas round up or down for decimal points. Only whole numbers are computed.

## PROJECT COST AND FINANCING

## a. Project Cost by Component (CFAF million)

Components	Appraisal		Completion	
	Amount	%	Amount	%
A Line of Credit	41,130,139	97.77	39,647,999	98.24
B Institution Building	939,707	02.23	709,274	01.76
TOTAL	42,069,847	100.00	40,357,273	100.00

## b. Resources by Source of Financing (CFAF million)

Source	Appraisal	Completion
ADF	13,285,215	11,572,640
BNDA	28,784,632	28,784,632
Total	42,069,847	40,357,273

## BANK SUPERVISION MISSIONS

No.	Type of Mission	Mission Head	Composition	Period
1	Supervision Mission	Mr. Touba Bédingar, Agricultural Economist	Mr. Touba Bédingar, Agricultural Economist	From 27/09/2005 to 07/10/2005
2	Supervision Mission	Ms. N.O. Touré, Microfinance Specialist	Ms. N.O. Touré, Microfinance Specialist	From 09/03/2006 to 23/03/2006
3	Supervision Mission	Mr. A. Diaw, Financial Analyst	Mr. A. Diaw, Financial Analyst	From 18/02/2007 to 07/03/2007
4	Supervision Mission	Ms. Koudeidiatou Issabre- Sow – Financial Analyst, MLFO	Mr. Bambo Dembele – Disbursement Assistant, MLFO	From 09/06/2008 to 13/06/2008
5	Portfolio Improvement Mission	Mr. Mamadou Abdoul KANE, Chief Engineer, Water Resources, OSAN.2	Mr. Driss Khiati – Senior Irrigation Engineer, OSAN.2 Mr. Macky Amadou DIOUM – Agricultural Economist, OSAN.2 Ms. Souweye Maiga Diawara, Procurement Assistant, MLFO Mr. Doumbia, Procurement Consultant	From 25/01/2009 to 12/02/2009
6	Supervision Mission	Mr L. Kane, Agricultural Economist, OSAN.2	Ms. Koudeidiatou Issabre- Sow – Financial Analyst, MLFO Mr. Abdoulaye Djiro – Agronomist, MLFO	From 15/11/2009 to 26/11/2009

## SUMMARY OF RECOMMENDATIONS OF SUPERVISION MISSIONS AND IMPLEMENTATION

No.	Type of Mission	Period	Mission Comments	Mission Recommendations	IP	DO
1	Supervision Mission	From 27/09/2005 to 07/10/2005	The second line of credit to BNDA is being implemented smoothly, except for grant components concerning BNDA capacity building that have experienced start- up difficulties. All resources allocated for	The reimbursement rate is 100% for farm inputs and 98% for equipment. An exception is the “Institution Building” component which is yet to be implemented. The mission called on the Malian authorities to speed up the implementation of this component, considering that the project has practically 15 months	2.20	2.00

			credit operations have been disbursed, and the last instalment was made in September 2005. The resources were used for loans in the following areas: cotton, cereals, market gardening, and marketing equipment/materials. The reimbursement rate is 100% for farm inputs and 98% for equipment.	left before its closing date of 31 December 2005.		
2	Supervision Mission	From 09/03/2006 to 23/03/2006	There has been a significant delay in implementing institutional support aimed at building BNDA capacity in areas of environmental monitoring and evaluation of sub-projects financed by the line of credit, DFS capacity building and the procurement of computer hardware and software. The deadline for the project's final disbursement was extended to 31 December 2007.	The mission underscored the need for the Malian party to expedite the process of the launching various bid invitations, especially as the project has only nine months to go before the closing date of 31 December 2006. The Malian authorities requested additional time of at least two years to recruit consultants to set up a mechanism for environmental monitoring and evaluation, and DFS capacity building. The mission took note of this request and invited the Malian party to submit the request to the Bank along with a specific timeline, for a letter of consent, latest 30 June 2006.	2.00	2.00
3	Supervision Mission	From 18/02/2007 to 07/03/2007	The LOC implementation is proceeding normally; the reimbursement rate is 100% for the first instalment. The "institution building" component started off with the procurement of computer hardware. The process to recruit consulting firms is on-going.	(I) Submit to the Bank, latest 30 June 2007, the status of reimbursement of the second instalment; (II) Submit to the Bank, latest 30 June 2007, the results of the bid analysis for the recruitment of consulting firms; (III) Submit to the Bank, latest 30 June 2007, the half-yearly report for July-December 2006; (IV) Submit to the Bank, latest	1.64	2.00

				30 June 2007, the audit report for fiscal 2006.		
4	Supervision Mission	From 09/06/2008 to 13/06/2008	BNDA has shown good performance in terms of credit distribution and recovery. However, the mission notes that its performance with regard to implementing the LOC in compliance with the provisions of the appraisal report and the loan agreement, and in keeping with LOC objectives, needs improvement. The LOC was fully disbursed. The reimbursement rate stands at 98.5%.	<p>Most of the recommendations of the previous mission have been implemented, except for the recommendation concerning the submission of the half-yearly report for July-December 2006.</p> <p>Mission recommendations:</p> <ul style="list-style-type: none"> <li>(i) Submit to the Bank, latest 30 June 2008, draft contracts on environmental impact and strengthening DFS;</li> <li>(ii) Submit to the Bank, latest 31 July 2008, the half-yearly report for July-December 2006 and the half-yearly reports for fiscals 2007 and 2008;</li> <li>(iii) Submit to the Bank, latest 30 June 2008, the audit report for fiscal 2007;</li> <li>(iv) Set up a mechanism for monitoring/evaluating the outcomes and impact of the line of credit, in compliance with the project appraisal report and the loan agreement;</li> <li>(v) Submit to the Bank a request for the extension of the final loan disbursement deadline, along with a timeframe for implementing outstanding activities;</li> <li>(vi) Ensure the provision of credit for the livestock sector, given that no LOC funding was available for this sector at the time of the mission.</li> </ul>	1.57	2.00
5	Portfolio Improvement Mission	From 25/01/2009 to 12/02/2009	Shortcomings in the understanding and preparation of procurement documents contributed to the delay in implementing the grant component. At the time of the mission, the	<p>Mission recommendations are as follows:</p> <ul style="list-style-type: none"> <li>(i) Take all necessary steps to address the Bank's comments on previous audits and submit the audit report for fiscal 2008 on schedule;</li> <li>(ii) Take all necessary steps to</li> </ul>	1.69	2.50

			hiring of consultants for: (i) environmental monitoring; and (ii) DFS capacity building, and procurement of computer hardware were still underway.	expedite and conclude by 31 July 2010 the delivery of services by the two consultants in charge of environmental monitoring and DFS capacity building.		
6	Supervision Mission	From 14/11/2009 to 27/11/2009	<p>The mission expressed dismay that several recommendations of previous Bank missions had not been implemented, in particular: (i) the non-allocation of credit to the livestock sub-sector; (ii) the unavailability of a mechanism for measuring the socio-economic impact of the LOC; (iii) the delay in submitting and even the non-submission of half-yearly reports; and (iv) the failure to take into account the Bank's comments on the auditing of LOC accounts.</p> <p>Furthermore, the mission pointed out the need for BNDA to step up the monitoring of activities of the Office in charge of setting up and strengthening DFS operations in the country's Northeast.</p>	<p>Mission recommendations are as follows:</p> <ul style="list-style-type: none"> <li>(i) Prioritize the refinancing of DFS whose activities have a significant impact on increasing income and reducing poverty in rural areas;</li> <li>(ii) Ensure closer monitoring of the activities of the DCEG/IRAM group in charge of establishing and strengthening savings and loans institutions in Gao Region;</li> <li>(iii) Submit to the Bank, latest 28 February 2010, the half-yearly report containing financial information on the line of credit for the period July-December 2009, as well as overdue reports. The said report should present in detail the status of the financial implementation of the LOC;</li> <li>(iv) Notify the Bank, latest 28 February 2010, of steps taken to establish a mechanism for monitoring and evaluating LOC outcomes and impact;</li> <li>(v) Submit to the Bank, latest 28 February 2010, a plan of action for implementing the Bank's recommendations relating to BNDA accounts audit report for fiscal 2008.</li> </ul>	2.21	3.00

LIST OF MAJOR CONTRACTS  
STATUS OF CONTRACTS AWARDED FOR THE LOC

Computer hardware

Type of contract	Contractor	Means of procurement	Contract No.	Quantity	Contract Amount	Amount Disbursed	Balance	Remarks
Desktops and laptops	CFAO TECHNOLOGIES	AOI	LOT 1	80 PCs 30 laptops 30 flat screens monitors 110 Office Pro all Ing licence olv	CFAF 105,275,880 inclusive of tax CFAF 97974,670 exclusive of tax/duties	CFAF 97,974,670	0	
UPS	BUROTIC SERVICE	AOI	LOT 2	20 UPS	CFAF 42,878,711 inclusive of tax CFAF 34,456,940 exclusive of tax/duties	CFAF 34,456,940	0	
Server	CFAO TECHNOLOGIES	AOI	LOT 3	1 server	CFAF 60,629,786 inclusive of tax CFAF 57,730,116 exclusive of tax/duties	CFAF 57,730,116	0	
					TOTAL (CFAF)	CFAF 190,161,726		
					EQUIVALENT (UA)	UA 259,507.04		
					AMOUNT ALLOCATED (UA)	UA 339,000.00		BNDA claims it was unable to finance software procurement due to lack of funds. A balance of UA 79,492.96 should be available. To be clarified.

Consultant Services							
Service	Contractor	Means of procurement	Contract No.	Contract Amount	Amount Disbursed	Balance	Remarks
Implementation of an environmental monitoring/evaluation mechanism for sub-projects	SOFRECO	Short list	DEG/09/2013	CFAF 221,239,865 (EUR 337 278)	EUR 337,278	0	Services begin on 9 March 2009 for a period of 18 months.
Establishment and strengthening of DFS	DCEG-IRAM	Short list	DEG/09/1050	CFAF 315,621,250	CFAF 311,960,044	CFAF 3,661,206	Services begin on 15 April 2009 for a period of 15 months.

## DOCUMENTS PRODUCED AS PART OF IMPLEMENTING THE PDRDP

1. BNDAs Accounts Audit Reports
2. BNDAs Annual Activity Reports: 2004, 2005, 2006, 2007, 2008, 2009
3. CMDT Privatization Paper
4. Guaranteeing of loan terms
5. BNDAs Intervention Strategy
6. Mali Cotton Production
7. Mali Cereal Production
8. PEMFAR Mali December 2008
9. BNDAs Completion Report
10. Results Matrix
11. Study on the Supply of Agricultural Services in the Cotton-producing Areas of West and Central Africa.
12. Policy Letter to Support the Cotton Sector.