

**AFRICAN DEVELOPMENT BANK
AFRICAN DEVELOPMENT FUND**



MALI

COUNTRY STRATEGY PAPER

2005-2009

**COUNTRY OPERATIONS DEPARTMENT
WEST REGION**

SEPTEMBER 2005

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CURRENCY EQUIVALENTS

(June 2005)

Currency Unit	=	CFA Franc
UA 1	=	CFAF 784.610
UA 1	=	US\$ 1.47495
UA 1	=	€ 1.19613
US\$ 1	=	CFAF 531.957
€ 1	=	CFAF 655.957

BUDGET YEAR

1st January – 31 December

ACRONYMS AND ABBREVIATIONS

ABN	: Autorité pour l'aménagement du Bassin du Niger (Niger Basin Authority)	PRSF/(PRSP)	: Poverty Reduction Strategy Framework (Paper)
ACBF	: African Capacity Building Foundation	CS-CSLP	: Monitoring Unit of the Poverty Reduction Strategy Paper
CIDA	: Canadian International Development Agency	CSPS	: Centre de santé et de promotion sociale (Health and Social Development Centre)
AFD	: Agence française de développement (French Agency for Development)	DAF	: Administration and Finance Department
AFRITAC	: African Technical Assistance Centre	DANIDA	: Danish Cooperation
AGOA	: Africa Growth and Opportunity Act	DNMP	: (Public Procurement Department/Director / Direction (teur) central(e) des marchés publics
IDA	: International Development Association	DNB/DND	: Director General/ Department of Budget / Customs
ALG	: Autorité du Liptako-Gourma (Liptako-Gourma Authority)	DNCF	: Financial Control Department / Director
ODA	: Official Development Assistance	DNSI	: National Statistics and Computer Services Department
EPA	: Economic Partnership Agreement	DNTCP	: National Treasury and Public Accounts Department / Director
APEP	: Agence pour la promotion des entreprises privées (Private business promotion Agency)	CSP/ RBCSP	: Country Strategy Paper/ Results-Based Country Strategy Paper
ADB	: African Development Bank	EMEP	: Enquête malienne sur l'évaluation de la pauvreté (Malian Poverty Evaluation Survey)
BCEAO	: Central Bank of West African States	EFA	: Education for all
BDM	: Banque de développement du Mali (Mali Development Bank)	CFAF	: Franc of the African Financial Community
BIDC	: Banque d'investissement et de développement de la communauté (Investment Bank of the West African Economic Community)	EDF	: European Development Fund
WB	: World Bank	FRDC	: Fonds régional de développement de la communauté/ECOWAS Regional Development Fund
BOAD	: West African Development Bank	GIABA	: Groupe intergouvernemental contre le blanchiment d'argent /Inter-governmental Group Against Money Laundering)
BRIC	: ECOWAS Regional Investment Bank	GTZ	: Gesellschaft für Technische Zusammenarbeit
BRS	: Banque régionale de solidarité (Regional Solidarity Bank)	ADWSI /APWI	: African Drinking Water Supply Initiative
BVG	: Office of the Auditor General	IGE	: Inspection générale d'Etat (des Finances) (Office of the Auditor General)
CAMEG	: Centrale d'approvisionnement en médicaments essentiels et génériques (Essential and Generic Drugs Procurement Centre)	INSI	: Institut national de la statistique et de l'informatique (National Institute of Statistics and Computer Services)
CARFO	: Caisse autonome de retraite des fonctionnaires (Autonomous civil servants' pensions fund)	IPEC	: International Programme on the Elimination of Child Labour
MTEF	: Medium-Term Expenditure Framework	HIPCI	: Heavily-Indebted Poor Countries Initiative (HIPCI)
ECOWAS	: Economic Community of West African States	IUTS	: Impôt unique sur les traitements et salaires (single wage tax)
CEDEF	: Convention on the Elimination of all forms of discrimination against women	JNV	: Journées nationale de vaccination (National Immunization campaign)
CEN-SAD	: Community of Sahelo-Saharan States	LPDRD	: Lettre de politique de développement rural décentralisé (Decentralised rural development policy letter)
CFAA	: Country Financial Accountability Assessment	LUTRENA	: Lutte contre la traite des enfants en Afrique de l'Ouest et du Centre (à des fins d'exploitation de leur travail) / Fight against child trafficking in West and Central Africa (for labour purposes)
CILSS	: Inter-State Committee on Drought Control in the Sahel	APRM	: Mécanisme d'auto-évaluation par les pairs (Peer Review Mechanism)
CMDT	: Compagnie malienne pour le développement des textiles (Malian Textiles Development Company)	MOPAN	: Multilateral Organizations Performance Assessment Network

CNDSP	: Coordination nationale pour le développement du secteur privé (National Coordination for the Development of the Private Sector)	NEPAD	: New Partnership for Africa's Development
CNSF	: Cellule nationale de la scolarisation des filles (National Girls' Schooling Unit)	NICT	: New Information and Communication Technologies
CNSS	: Caisse nationale de sécurité sociale (Social Security Fund)	GGO	: Good Governance Observatory
CNUAD	: Cadre des Nations Unies pour l'Aide au Développement/ United Nations Framework for Development Aid	MDG	: Millennium Development Goals
CPAR	: Country Procurement Assessment Review	OHADA	: Organisation for the Harmonisation of Business Law in Africa
CPS	: Cellule de planification et de statistique (Planning and Statistics Unit)	WTO	: World Trade Organisation
OMVS	: Organisation for the Development of the Senegal River Basin	TSP	: Transport Sector Programme
ON	: Office du Niger	PTF	: Partenaires techniques et financiers (.....au développement)/ (Technical and Financial Partners (... for development)
NGO	: Non Governmental Organisation	QUID	: Questionnaire unifié des indicateurs de développement (Standardized Development Indicators Questionnaire)
OP/DHD	: Observatoire de la pauvreté et du développement durable (Poverty and Sustainable Human Development Observatory)	RONC (ROSC)	: Rapport sur l'observation des normes et codes (Report on the Observance of Standards and Codes)
GGSP	: Good Governance Support project	SAIR	: Regional Integration assistance strategy
EMSP	: Economic Management Support Project	SEP	: Système de suivi-évaluation de la pauvreté (Poverty Monitoring-Evaluation System)
NEAP	: National Environmental Action Programme	SGFI	: Integrated financial management system
PDCI	: Programme de développement institutionnel (Institutional Development Programme)		
PAPP	: Plan d'amélioration du portefeuille pays (Country Portfolio Improvement Plan)	AIDS (HIV)	: Human Immunodeficiency Virus / Acquired Immunodeficiency Syndrome)
PASEP	: Programme d'ajustement du secteur des entreprises publiques (Public Enterprise Sector Adjustment Programme)	SNSA / NFSS	: National Food Security Strategy
PEV/JNV	: Programme élargi de vaccination/Journées nationales de vaccination (Extended Immunization Programme/ National Immunization Campaign)	SOTELMA	: Société des Télécommunications du Mali (Malian Telecommunications Company)
PNLS/MAP	: HIV/AIDS Control Programme / Multisector Assessment Programme	CET	: Common External Tariff
SME/SMI	: Small and Medium-size Entreprises / Industries	TICAD	: Tokyo International Conference on African Development
UNDP	: United Nations Development Programme	TSA	: Accord « Tout sauf les armes » de l'Union européenne / EU's « All but Arms » Agreement
HIPC	: Heavily-Indebted Poor Countries	VAT	: Value Added Tax
PRGF	: Poverty Reduction and Growth Facility	EU	: European Union (Delegation or Commission)
PRODEC	: Programme décennal de développement de l'éducation et de la culture (Ten-Year Programme for the Development of Education and Culture)	WAEMU	: West African Economic and Monetary Union
PRODEJ	: Programme de développement de la justice (Programme for the Development of Justice)	UMO/ WAMU	: West African Monetary Union
PRODESS	: Programme décennal de développement sanitaire et social (Ten-Year Programme for Health and Social Development)	WAPP	: West African Power Pool
		WARP	: West African Regional Programme (USAID)

EXECUTIVE SUMMARY

1. *The Bank Group's assistance strategy* in Mali, covering the 2002-2004 period, was approved by the Boards of Directors in September 2003. The priority concentration sectors which were adopted concerned rural development, public utilities and the social sector. The Boards appreciated the country's macro-economic performances, despite the difficulties inherent in exogenous shocks, such as the cotton crisis. However, the Boards expressed concern about the persistence of poverty which affects over 60% of the population. They further underscored the need for the country to enhance productivity and competitiveness in the growth sectors and to pursue economic diversification. They urged the Government to strengthen its project implementation capacity and play a lead role in aid coordination.

2. *The Government's Development Agenda.* The Poverty Reduction Strategy Paper (PRSP), supported by a forward-looking vision extending to 2025, is underpinned by four (4) major axes, the first of which is a prerequisite for the accomplishment of the three others: (i) an accelerated and sustainable growth focussed on the private sector; (ii) institutional development, the enhancement of governance and participation; (iii) human resource development and access to basic social services; and (iv) infrastructure development and support to production sectors. The main objective of this programme is to reduce the incidence of poverty from 63.9% to 47.5% over the 2002-2006 period. The PRSP was dealt with in two implementation reports (2003-2004) which highlighted the role of the private sector in providing support to growth and economic diversification and the need to integrate vulnerable groups. The country should also tackle the constraints resulting from its landlocked status, the high costs of oil products, locust invasion, agricultural subsidies in developed countries, etc. Following the slow-down observed in 2004, growth is expected to resume in 2005 and progressively reach a level in keeping with the poverty reduction objective. This supposes that the government pursues the reforms initiated at the same pace to enable the economy to adjust to the oil shock without experiencing a recession.

3. *Bank Group's Medium-Term Strategy.* For the 2005-2009 period, the Country Strategy Paper (CSP) proposes an accelerated growth strategy focussed on the development of the private sector as well as strengthening the capacities of vulnerable groups. The Bank Group's intervention hinges on the priorities defined in the Poverty Reduction Strategy Paper (PRSP), in accordance with the Bank's 2003-2007 Strategic Plan and the objectives of the New Partnership for Africa's Development (NEPAD). More specifically, the CSP is underpinned by two pillars, namely: i) improving the private sector competitiveness and environment; and ii) capacities building and enhancement of the participation of the poor in growth activities. The Bank Group will concentrate its operations in rural development and infrastructure. Support to the structured private sector will be provided through programmes initiated to back-up reforms and competitiveness and the regional dimension of the strategy will strengthen efforts to relieve the isolation of certain areas through road corridors. Dialogue will be intensified on institutional and policy issues as regards maintaining the stability of the macro-economic and financial framework, public finance management, improvement of competitiveness and acceleration of the deconcentration/decentralisation process,.

4. *2005-2009 Priority Activity Plan:* The Bank Group's strategy for the period will be sustained by the current portfolio as well as by new operations to be implemented during the 2005-2009 period, notably the: i) *Project Agricultural Intensification in the Baguinéda Agricultural Areas*, meant to extend land development efforts and preserve natural resources for food security as well as for job-creation and income-generating opportunities for vulnerable groups; ii) *Programme for Poverty Reduction in the Rural Areas* to enable the poor and the rural communities to assume responsibility for themselves, with the aim of increasing their productivity and improving their

living conditions; iii) *Governance and Decentralisation Support Project*, to implement technical and financial support mechanisms and strengthen fiduciary responsibility in order to back-up the deconcentration/decentralisation process; iv) *Rural Electrification and Energy Control Programme*, with an important multifunction platform component for the development of infrastructure and the equipping of villages within the poverty-reduction context; v) *South Kayes Stockbreeding Project* with a view to supporting productivity and competitiveness in the sub-sector on the basis of partnership between the public/private sectors and stockbreeder communities; vi) *Fourth Structural Adjustment Programme* aimed at supporting competitiveness in order to accelerate growth focused on the private sector and favourable to vulnerable groups; *Competitiveness and Economic Diversification Support Programme* in the growth sectors (agriculture, stockbreeding, handicrafts, tourism), to back-up the development of the private sector, SME/SMIs and micro-financing, in relation with traditional partners and with the technical support of Afritac; vii) *Urban Development Programme focusing on the sanitation of the city of Bamako*. As part of the multinational integration and NEPAD operations, and in relation with the regional integration strategy, two *sectoral programmes will be deepened in the road transport and electrification sectors* with a view to opening up Mali to coastal countries and reducing factor costs. Three multinational operations are currently being prepared, to buttress the strategy, in the agricultural (stockbreeding), road and environmental protection sectors. The strategy will also be funded from ADF XI resources for the first two years covering 2008 and 2009.

5. *The Bank Group's Non-project Assistance.* Other activities will be undertaken by the Bank Group in support of the investment programme. These essentially relate to: reviewing the PRSP and CSP, monitoring governance and private sector profiles, economic and sector studies and/or environmental impact studies, as well as preliminary studies. The Bank Group will provide technical assistance to Mali in the following fields: i) organisational and technical audit of ministries and agricultural boards, financing irrigated farming and agricultural credit; ii) studies on specific projects in the energy and road sectors; and on the environmental impact of specific projects; (iii) the national strategy for energy control and support to domestic and renewable energies; iv) the multisector gender profile per country; and, v) the peer review mechanism. The Bank Group will continue to lend its assistance to Mali within the framework of the HIPC initiative which has just been given a boost by the decision to cancel the entire multilateral debt of 14 African countries, including Mali.

6. *The CSP Results Framework.* The results expected of the CSP (2005-2009), defined in terms of objectives and indicators around the PRSP and MDG are hinged on: i) the quality of dialogue on the criteria of stability and macro-economic and financial convergence, with more transparency and efficiency in the mobilisation and utilisation of resources under the Medium-Term Expenditure Framework in the priority sectors of the PRSP; ii) the improvement of the private investment and financial intermediation climate, the development of business services, which contributed in curbing the constraints; iii) the communes are equipped (technical support services and appropriate financial mechanisms) to implement the local development plans whose results are assessed on an annual basis; iv) the communes, 'cercles' (districts) and regions have implemented priority action programmes (investments, infrastructure and service delivery) scheduled in the agriculture and public utilities; v) dialogue and synergies are strengthened within the framework of the strategic partnership under the Government's leadership, on the basis of monthly consultations.

7. *Risks and Mitigating Measures.* The implementation of the CSP is confronted with two major types of risks which have been identified as follows: the slow pace of implementation of economic and governance reforms in the run up to the 2007 elections; and the unsatisfactory management of the PRSP and the effects of external shocks. The international community's assistance mitigates the identified risks. The partners' support to capacity building and institutional development is organised around a common technical assistance framework to be consolidated with AFRITAC

backing. The analysis of governance over the past fifteen (15) years shows the existence of real political will and commitment to consolidate peace and improve economic management on the basis of strategic partnership and best practices with respect to the fight against poverty.

8. *Conclusions and Recommendations.* The Bank Group's intervention strategy for 2005-2009 is in line with the poverty reduction vision and enables the Bank to develop synergy with technical and financial partners. The Boards are invited to approve the strategic priorities and the programme of activities proposed for Mali during the 2005-2009 period, on the basis of a total allocation of 124.30 million UA, including reform support.

I. INTRODUCTION

1.1 The Bank Group's assistance strategy in Mali, over the 2002-2004 period, (Document ADB/BD/WP/2003/90- ADF/BD/WP/2003/97), was approved by the Boards of Directors in September 2003. The priority concentration sectors approved by the Boards, for the 2002-2004 period, are rural development, public utilities and the social sector. The Boards appreciated the country's macro-economic performances, despite the difficulties inherent to the cotton crisis and the effects of the crisis in Cote d'Ivoire. These performances enabled the country to reach the HIPC initiative completion point in March 2003. Efforts deployed in the fight against corruption, particularly the adoption of basic reports on corruption to guide the Government's anti-corruption strategies and action plans, were underscored. The Boards also recognised the need for the country to pursue the diversification of its economy, accelerate productivity and competitiveness in the growth sectors (agriculture, mines, agro-processing, telecommunications and tourism), and improve public spending rationalisation and efficiency. They thus encouraged the Government to pursue the liberalisation of the economy and acceleration of the privatisation process afoot in the agricultural, public utilities and services sectors.

1.2 The Boards expressed concern about the persistence of poverty which affects over 60% of the population, and urged the authorities to apply better selectivity in the priority sectors regarding major challenges such as HIV/AIDS control, the acceleration of the decentralisation and deconcentration process and enhancement of the populations' access to education and health with a view to achieving the millennium development goals. The Boards insisted on the need to urgently improve the functioning of the legal and financial systems in order to promote private sector development and foreign direct investment growth.

1.3 Since the adoption of the 2002-2004 CSP in September 2003, the Government has accelerated the finalisation of medium-term expenditure frameworks (MTEF) in the key priority sectors of the Poverty Reduction Strategy Paper, PRSP (education, health, agriculture, infrastructure and public utilities). In the agricultural sector, the Government launched two programmes relative to growth and agricultural diversification support and the implementation of reforms in the agricultural extension and rice production services. In the field of decentralisation and deconcentration, institutional support was established in 2003. Finally, the implementation of the ten-year justice programme and the financial system development programme is being pursued with the backing of development partners.

1.4 The new results-based Country Strategy Paper (2005-2009 CSP) is an appropriate framework to better put the poverty reduction objectives into perspective, in accordance with the PRSP and MDGs. The current CSP for Mali proposes a more participatory, equitable and accelerated growth strategy. These priorities are in keeping with the 2003-2007 Strategic Plan, as well as with the NEPAD (New Partnership for Africa's Development) objectives. The CSP is based on information collected¹ during the groundwork mission to key development actors in the country (authorities, central administration and decentralised communities, civil society, private sector, development partners) conducted in March 2005. The preparation was also in line with the participatory approach which involved the above-mentioned Malian stakeholders.

¹ The list of documents consulted is attached as Annex 12

Box n°1 : Country Snapshot

Mali is a landlocked Sahelian country, situated in West Africa. It covers a surface area of 1,241,138 km² about 60 percent of which is located in the sub-Saharan or desert zone. The country shares common borders with seven countries: in the north with Mauritania and Algeria, in the east with Niger, in the south with Burkina Faso, Côte d'Ivoire and Guinea and in the west with Senegal. The closest port (Abidjan) is over 1,000 kms away. The River Niger (or the Djoliba) runs across the southern part of the country. At the administrative level, the country has 8 regions (Kayes, Koulikoro, Sikasso, Segou, Mopti, Timbuktu, Gao and Kidal) and the district of Bamako (the capital), 42 'cercles' and 703 communes, 9 of which are in the urban areas. According to the results of the 2001 Malian Survey on Poverty Evaluation (EMEP), the country's population was estimated at 10,235,202 inhabitants in 2001. Population density is 10.1 inhabitants per Km², on average, but varies according to regions (0.3 inhabitants in the regions of the north against 25 inhabitants in the south). Mali is among the poorest countries of Africa with a per capita GDP of 260 dollars (2003). In 2003, UNDP ranked it 174th out of 177 countries in the human development index scale. In 2004, the gross school attendance rate was 70.5 percent (81% for boys against 59.9% for girls). In health matters, 46 percent of the population had access to a health centre situated within a 5-km radius, in 2003. Maternal and infant mortality rates are high with 577 deaths for 100,000 births and 117 per 1000, respectively, in 2002 and 33 percent of children under 5 suffer from chronic malnutrition. The HIV/AIDS prevalence rate is estimated at 1.7 percent. Access to potable water is still limited to 61.6 percent of the population. These difficulties slow down the pace of progress towards the millennium development goals (MDGs).

Source : FAO, UNDP – Report on sustainable human development , various reports 2000-2005

II. RECENT DEVELOPMENTS

2.1. Political Context

2.1.1 Since June 2002, politics in Mali has been characterised by political change which brought to power the head of the executive during the 1990-1991 democratic transition, following pluralist multi-party elections. The results of the parliamentary elections, organised by the new government in July 2002, brought about a balance of contesting forces: presidential majority and coalition of opposition forces. Since then, a stronger presidential majority has been formed in a more consensual context marked by frequent consultations between political parties and the civil society, as well as a permanent social dialogue between the government, trade union forces and professional organisations. The climate of social peace observed in Mali over the past 15 years and the peaceful organisation of the 2002 elections are an indication of the political maturity of actors (population and political community) and the expression of stakeholders' determination to ensure the strengthening of the democratic process as a condition of economic and social development. An appraisal conducted by rating agencies showed that Mali is a perfect destination without any major political risks for foreign investments.

2.1.2 The decentralisation process marked an accelerated pace with the organisation of local elections in the country's 703 communes, in May 2004, followed by the conference of the Association of Malian Mayors (AMM) who intend to play an enhanced role in the management of grassroots communities and the fight against poverty. For its part, the National Assembly has strengthened its control over the discharge of public spending through a process involving the consideration of Budget Acts and Audited Finance Acts, henceforth carried out within the prescribed time. In the bid to properly fulfil this role, the National Assembly makes use of the audit and compliance reports provided by the Accounts Section of the Supreme Court whose capacities are constantly boosted. There are plans to transform the Accounts Section of the Supreme Court into a Court of Audit within the framework of the dialogue between the Government and its partners.

2.2. Macro-Economic and Structural Context Issues

Issues Relating to the Macro-economic Context

2.2.1 ***Economic Growth.*** During the 2000-2004 period, ***gross domestic product (GDP)*** rose to an average rate of about 4.8% with a net deceleration in 2004 (2.2%) following the decline in agricultural production and the counter-performance of the mining sector. Despite the reducer effect of oil prices, GDP growth is expected to reach 5.8% in 2005, with the resumption of agricultural production, other than cotton, and that of the gold sector, thanks to investments in the major mining areas. During the 2000-2004 period, ***inflation averaged 1%***, an indicator of the effects of cautious currency management in the region within the framework of WAEMU's multilateral surveillance. Besides, the inflation rate could rise to 3.5% in 2005, as a result of the decline in harvests linked to the locust invasion and the oil factor effects, estimated at 4.5% in 2004 against 3.9% in 2003.

2.2.2 Concerning ***investments and domestic savings***, the respective average rates of 23 % of GDP and 16.3% of GDP during the 2000-2004 period, were insufficient to guarantee accelerated growth in the face of exogenous shocks (decline in the price of cotton and the dollar rate and increase in the prices of oil products). Direct foreign investments, essentially in the gold and agro-processing sectors (hides and skins, fruits and vegetables), represent a significant contribution: they increased from an annual average of 52 million dollars between 1996 and 99 to 103 million dollars (3.2% of GDP) between 2000 and 2004.

2.2.3 ***Public Finance.*** Budgetary revenues reached 15.6% of GDP (excluding tax reduction and WAEMU transfers) in 2004 against 12.5% en 2000. This confirms the efficiency of measures taken by way of tax audit, harmonisation of profit tax rates, identification and computerised management of tax payers, particularly those of the informal sector. In order to alleviate the effects of the increase in oil products on consumers, the State has waived over CFAF 16.20 billion (0.6% of GDP) in taxes on oil-product imports and approved grants worth CFAF 6.1 billion. Spending rose to 24.5% of GDP (excluding grants to the social security net and the Malian Textiles Development Company (CMDT) in 2004 against 21.5% in 2000, reflecting the need to maintain social expenditure while ensuring that the budget implications of variations in cotton and gold prices are covered. The global public deficit (on the basis of orders to pay, excluding grants) was established at 7.5% of GDP in 2004 against 7.7% in 2002.

2.2.4 ***Money and credit.*** Monetary expansion progressed by 6.6% in 2004 compared to 25.1% between 2002 and 2003. This situation generated a slow-down in growth of both foreign assets and private sector loan demands. As regards portfolio quality, the non-performing loans/ total assets ratio increased from 8.4% in 2003 to 10.5% in 2004, while surplus liquidity stepped up. On the other hand, most of the banks were able to comply with the prudential ratios. In 2005, growth in money supply will be limited to 6%, at the nominal GDP rate, while net claims on the State will continue to decline in favour of credit to the economy.

2.2.5 ***Balance of Payments.*** With the exception of 2002 when the trade balance was positive owing to the performance of the cotton and gold sectors, the Malian *balance of trade* is characterised by a structural deficit. Between 2003 and 2004, the current deficit, excluding official transfers, increased by 2 GDP percentage points in relation to the 2002 level (4.3% of PIB), following the decline in cotton and gold exports (-12%) and an increase in oil imports

(+11%). It is worth noting that the oil/cotton terms of trade deteriorated by 3.2% in 2004 and a 20% slump is expected in 2005. The deficit will be partly financed through assistance under the HIPC initiative (HIPCI) and support from technical and financial partners (TFP) in connection with reform programmes. In 2005, the deterioration of terms of trade is estimated at 4.5% due to the increase in oil prices. The current external balance deficit is expected to reach 9% of GDP, essentially due to the decline in the export price of cotton combined with the increase in oil prices. However gross official reserves in months of imports improved from 4.2 in 2000 to 7.0 in 2004.

2.2.6 *Public Debt.* The outstanding external public debt² rose from 2.8 billion dollars in 2000 to 3.5 billion dollars in 2004, i.e. a 7% increase per annum. However, the ratio in GDP percentage declined from 105.2% to 66.3% of GDP, reflecting the debt cancellation obtained through traditional mechanisms. The amount outstanding represents 2.5 times the amount of export receipts in 2004 against 3.4 times in 2000. In terms of net present value, the debt stock is estimated at 118.2% of non-factor goods and service exports in 2004 against 205.6% in 2000. Debt service, after relief (in percentage of exports of goods and services) stabilised around 6.2% between 2001 and 2004, against 10.2% prior to relief and 12.8% in 2000. Mali's debt is sustainable and the ratio of the net present value of the debt as a percentage of exports is well below the standard ceiling of 150%. **The sustainability analysis** showed that the ratio would not exceed 126.9% between 2003 and 2010 and would then rise to 140.3% up to 2021, following the integration of fresh commitments between 2005 and 2009, including those of the Bank Group. The sensitivity analysis shows that the risks of exceeding the 150% export limit would stem from less favourable loan terms and a sudden and accelerated decline in exports. Mali's eligibility for the HIPC initiative and its attaining completion point in February 2003 contributed to reducing the debt service and identifying resources required for the implementation of the poverty reduction programme³. Besides, the outstanding **internal debt** plunged from CFAF 104.1 billion (4.5% of GDP) in 2002 to CFAF 55.4 billion in 2004 (2.1% of GDP), in accordance with the reconciliation plan in force.

Issues Relating to the Structural Context

2.2.7 The streamlining of the public sector has been going on since 2000 with the consolidation of public finance management, privatization operations and the acceleration of the deconcentration/decentralisation process. More specifically, the reform of the cotton sector strengthened the financial equilibrium of the key operator, the Malian Textiles Development Company (CMDT), and facilitated the offsetting of its arrears and revision of the mechanism used to determine producer prices with a view to reducing risks for public finances. The transfer of the Cotton oil mill of Mali (HUICOMA) has been finalized and strategic options are being defined for the privatization of the Malian Textiles Development Company (CMDT) by 2008. Other privatization measures concerned the adoption of the law on to the legal dissolution of the railway company of Mali, concessioned in 2003; putting two State-owned hotels up for sale; concessioning the facilities and equipment of Malian airports (ADM), adoption of an action plan to open up the capital of the Malian pharmaceutical products factory (UMPP) and adoption of the telecommunications company's (Sotelma) privatization strategy.

² Debt means off-HIPC and after Russian debt cancellation in 1999.

³ The country reached the enhanced HIPCI completion point of in February 2003 with a total debt stock reduction of 539 million dollars in NPV terms at the end of 1998, reducing the net present value of the debt to 906 million dollars, including 370 million dollars from multilateral partners and 169 million dollars from bilateral partners. The Bank Group approved a relief of 86.42 million US dollars in nominal value (US \$ 69.72 million in NPV terms) and delivered 39.00 million dollars (45.1%) of assistance in mid-April 2005 in nominal terms, i.e. 35.2 million dollars in net current value 1998 (50.5% utilisation during the interim period).

2.2.8 The Government pursued its efforts to improve the regulatory framework and reinforced the liberalisation of prices and marketing channels. In the electricity sector, new prices are being negotiated, following the States' intervention in 2002. Administrative procedures for the creation of businesses were streamlined by replacing the pre-authorisation to do business issued by the one-stop shop with a declaration *a posteriori* for most businesses that are not eligible under the investment code. The chamber of commerce has a new status. It has also registered the appointment of assessors to the courts of trade. Finally, the OHADA uniform act relating to security was adopted to facilitate the fulfilment of contractual obligations on bank loans.

2.2.9 As regards public spending, the Government pursued the computerised integration of the different components of the public spending circuit, the strengthening of control and monitoring-evaluation and the implementation of the medium-term expenditure framework (MTEF) in the priority sectors of the PRSP (education, health, agriculture, infrastructure and community facilities). Appraisals undertaken since 2000 related to the country's capacities in procurement matters (Report on the Country Procurement Assessment review -CPAR) and fiduciary responsibility (Country Financial Accountability Assessment -CFAA). As an outcome of these appraisals, an action plan was prepared to conduct reforms in the concerned public administration services (public service, justice, finance, public procurement and control organs).

2.3 Sectoral Context Issues

2.3.1 **The primary agricultural sector** occupies a prominent place in the Malian economy (an average of 35% of GDP) and is still the leading source of growth. The sector constitutes a source of income for 80% of the population, contributes 75% of export receipts and employs more than a third of the country's labour force. The sector has an untapped potential of natural (land that can be developed for irrigation), water (surface and underground water), animal (a lot of livestock and pastureland) and economic (local, regional and international demand) resources. An in-depth restructuring of the cotton and rice sectors was undertaken since 1998, through efforts to restore the financial health of the Malian Textiles Development Company (CMDT), and the reorganisation of the irrigation infrastructure management. The restructuring of the cotton sector thus accelerated the withdrawal of the Malian Textiles Development Company (CMDT) from public service missions, while the specification of options relative to disengagement from transport and input supply activities are awaited.

2.3.2 The agricultural sector is thwarted by numerous constraints relative notably to: a) its physical and institutional environment characterised by: (i) a deficit in rainfall, drought and irregular water levels ; (ii) repeated locust outbreaks and invasion by floating plants ; (iii) insufficient water control and non-mastery of the technical conditions of production, attested by a low level of productivity and agricultural wages ; and b) issues relative to land security, factor costs and financing. The *stockbreeding sub-sector* is confronted with difficult watering conditions due to the early depletion of watering points and pondages. This intensifies transhumance and results in livestock straying into irrigated farming zones, which is a source of both internal and border conflicts. In this regard, there is need to adopt a regional approach in the search for solutions.

2.3.3 Land issues. Land tenure is governed by Act n°2002-008 of 13 February 2002. The State owns the land, while individuals and groups of individuals only have the right of usufruct. The State also accepts the principle of recognising customary law. The Malian system is characterised by the co-existence of customary law, domanial law and land rights. Land can be accessed in three ways: renting, allocation or grant. Each of these methods has specific problems, mostly related to fulfilling commitments and complying with the agreed development period. Customary laws are oral, vague, variable, unpublished; and their co-existence with modern law is still conflictual. Land conflicts which occur on a permanent basis, are exacerbated by demographic growth, high urbanisation rate, recurrent drought and poor land management practices. To face up to all these difficulties, and in view of the impact on the private sector promotion and poverty reduction strategy, the State intends to adopt land management measures which will be discussed with the Bank Group. As regards irrigated land more specifically, the State –in the bid to promote private investments- issued a decree in December 2004, relative to land security reinforcement, pursuant to which leases can be transformed into title deeds.

2.3.4 Secondary Sector. The growth of the sector which attained 6.9% during the 2000-2004 period, reflects the rapid development of gold production which registered an 8.8% increase per annum during the same period. Despite the comparative advantages which the country enjoys for certain sectors (textiles, fruits and vegetables, hides and skins, handicrafts), the take-off of the agro-processing sub-sector is slow because of high factor costs. A strategy relative to competitiveness and support to industrial units was prepared within the framework of a programme meant to rehabilitate 70 businesses and bring them up to standard, through mechanisms such as the American Government's AGOA (African Growth Opportunity Act) facility.

2.3.5 The Energy Sub-sector. The country has an untapped potential comprising: a hydro-electric power of over 1000 MW, only 25% of which is used, an underdeveloped solar radiation and a totally unexploited wind energy deposit, concentrated in the northern part of the country. 90% of the country's energy needs are used for households in the form of energy wood, whose collection combined with the effects of drought, land clearing for farming purposes and overgrazing, represent major risks for the environment. The key constraints of the hydrocarbons sub-sector concern its heavy reliance on external contingencies characterised by repeated oil price increases, poor storage capacity and insufficient research work. The national electricity supply service rate increased from 9.3% in 2000 to 13% in 2004; with a target of 14% in 2005. The rural areas where over 70% of the population reside, has less than 1% electricity access. The Manantali power plant, co-financed by the Bank, was activated in January 2002, thus strengthening and securing the interconnected network service. Reforms of the electricity sub-sector essentially concern the new pricing system which is being finalised.

2.3.6 Water and Sanitation. The coverage rate of potable water needs in 2004 increased to 60% in the rural areas and 65% in the urban areas against 49% in the rural areas and 51% in the urban areas in 2000. The number of villages with a potable water point also increased from 43% to 84% in all villages while in the urban areas, the problem concerns the quality of the servicing system. The key constraints of the sector are caused by the deterioration of the physical environment in Mali characterised by: i) the irregularity and accelerated reduction of rainfall due to persistent drought.; ii) sedimentation and sanding up of water courses whose beds are invaded by millions of tons of silt and floating plants which increase their evaporation; and iii) the pollution of water courses and stretches by domestic, agricultural,

mining and industrial activities. The national water policy, implemented in 2000, assigns a regulatory and planning role to the State, by transferring the contracting authority to the territorial community, and associating the private sector in the management of potable water, sanitation and electricity sub-sectors. The policy, henceforth characterised by an integrated and concerted water resource management (GIRE), is governed by the Water Code (law n°02-006 of 31/01/2002) which creates a National Water Development Fund; a National Water Council and regional and local water councils. Development partners are closely involved in the management of the sector.

2.3.7 **Tertiary Sector.** The country's geographical situation is an asset which contributes to accelerating the liberalisation and diversification of its trade, particularly in the WAEMU sub-region, and even more so with other ECOWAS member States. Export possibilities in the agricultural (cotton, livestock, irrigated) and the agro-processing (textiles, hides and skins, fruits and vegetables) sectors may be used to advantage by implementing a vigorous incentive policy targeting the private sector. The Government considers transport, telecommunications and financial services as vital sectors of its competitiveness policy.

2.3.8 **Transport and Telecommunications.** The mode of transportation most used in Mali is the road network, followed by the railway system (uncompetitive), water routes with warehouses, and a main airport. Government's policy within the framework of the STP2 (Sectoral Transport Programme) concern efforts to relieve the isolation of the production areas and diversify its exchange networks with the ports of Dakar, Tema, Lomé and Cotonou. With respect to the telecommunications network, density is 2.45 lines for 100 people, which is twice less than the regional density fixed at 5.86 lines in sub-Saharan Africa. The country's under-equipment is further attested by the state of the rural network which has to 2 lines for 10,000 inhabitants against 75% of lines available for the urban areas. The sub-sector is managed by the State, which is both an investor and a guarantor of the legislation and regulations, through SOTELMA and the regulating body, CRT (Telecommunications Regulation Centre) and IKATEL, a private company operating in the cellular telephone sector alone.

The Financial Sector.

2.3.9 **The banking system**⁴, characterised by a poor degree of intermediation, is especially concentrated in the urban areas. Deposit funds collected are essentially demand deposits and, in the absence of financial markets which cater for maturity transformations, bank loans – despite the banks' over liquidity- are mostly meant for short-term activities as well as those pertaining to trade and the agricultural season (cotton, in particular). Despite the difficulties, the sector's environment is globally considered as healthy. In 2004, the Government adopted a strategy and fixed a schedule for the privatisation of the Malian International Bank (BIM), after terminating its temporary administration. To streamline and sustainably strengthen the financial sector, actions are implemented within the framework of the *Financial Sector Development Project (PDSF)* and the *Project for the reform of WAEMU payment methods and systems*. Periodic IMF appraisals and the joint report by IDA's Country Financial Accountability Assessment (CFAA) and ADF did not mention any significant counter-performances of the financial system in relation to the basic principles of the Bale

⁴The Malian financial sector is essentially composed of ten (10) commercial banks, three (3) lending institutions, five (5) insurance companies, two (2) social welfare institutions (Institut national de prévoyance sociale - INPS – and the Caisse de retraite du Mali –CRM-); forty-six (46) formal micro-financing structures and a multitude of non-formal structures supported by international NGOs. Seven (7) of the ten banks are commercial and most of these are branches of foreign banks. There is an agricultural bank (BNDA) and a housing bank . A national branch of the regional stock exchange within WAEMU and investment companies have also been established in the country.

commission relative to banking supervision. The WAEMU Commission and the Central Bank of West African States (BCEAO) noted, with satisfaction, that the Malian banking sector generally complied with the legislation, particularly as regards the fight against money laundering.

2.3.10 Micro-financing. The decentralised financing structures (DFS) have become special poverty reduction instruments, which satisfy the credit needs of small income-generating activities. In 2004, equity capital represented 42% of deposits, estimated at over 15 billion CFA F (0.6% of GDP) while outstanding credit was equivalent to 115% of deposits. These structures which act as intermediaries for banks, particularly in the rural areas, are however fraught with serious weaknesses: (i) poor organisational structures ; (ii) poor capitalisation ; (iii) non existence of information systems; (iv) absence of internal control. These weaknesses affect the DFS portfolio, since these structures had a credit arrears rate of 8% in 2004. An action plan was adopted and the reforms are meant to strengthen the supervision at both national and community levels (PRAFIDE) with a view to supplementing the law on Mutual Savings and Credit Regulations (PARMEC).

2.4 Priority Cross-cutting Issues

Governance

2.4.1 The Bank adopted a policy, coupled with directives and an action plan, to assist member States in their efforts to better integrate good governance in their poverty reduction strategy. In Mali, the first thrust of the Poverty Reduction Strategy Paper (PRSP) relates to institutional development, the improvement of governance and participation. The country is actively involved in the peer review mechanism and benefits from the Bank's support within the NEPAD framework and the Good Governance Support Project (GGSP).

Accountability

2.4.2 Accountability and transparency. The 1992 Constitution and its organic laws guarantee the separation of powers between the executive, the legislative and the judiciary. The major orientations of government policy find expression in the PRSP implemented since 2002. Over the past five years, important structural reforms have been initiated with respect to public finance management, including observance of balances, fulfilment of the allocation criteria and relations with other actors (Parliament, the Supreme Court, decentralised communities). Financial capacity and fiduciary responsibility (CFAA, CPAR and RONC) were appraised with the assistance of development partners. As regards transparency, greater visibility has been introduced in privatisation operations, resource allocation and the organisation of elections and administrative competitive processes. A General Delegation for Elections and the National Independent Electoral Commission were set up to control and supervise elections, with the involvement of various observatories, the Constitutional Court and the Supreme Court. In the field of public finance management, the key measures concern government contracting procedures and the organisation of public expenditure audits. With respect to external auditing, the National Assembly still lacks the means to assume its autonomy, or provide parliamentarians with modern working means and tools (instituting the system of parliamentary assistantship and public policy control instruments). The inadequate use of parliamentary and other investigations limit the efficiency of parliamentary control and public opinion sanctions.

Legal and judicial reforms.

2.4.3 The Government initiated reforms to guarantee the legal and judicial security of economic and social actors. However, the adoption of texts is not always followed by their implementation or by mechanisms to ensure their application. Moreover, the system is confronted with lack of infrastructure and a shortage in judges. Compared to the standard of 1 for 7000 inhabitants, Mali has 1 judge for 41000 inhabitants. Corruption indicators were identified in the judiciary system which is also thwarted by the poor capacities of the legal service inspection and insufficient legal training. To face up to this situation, the government adopted and launched the implementation of the ten-year justice programme (PRODEJ) with the backing of partners such as CIDA, French cooperation, UNDP and ADF.

Participation and Decentralisation

2.4.4 Within the framework of the decentralisation process, eight (8) regions and the district of Bamako), 49 'cercles' and 703 communes including 684 in the rural areas, were created and installed. An institutional development plan (IDP), with provision for a priority actions programme, was adopted in 2004 to accelerate the *deconcentration/decentralisation process*. Local elections were held in May 2004, followed by the installation of mayors and the adoption of an action plan for the transfer of responsibilities by 2006. Civil society participation in national decisions is still poor and the discussions on economic, social and societal issues are infrequent.

The fight against corruption

2.4.5 The fight against corruption was reinforced by developing the monitoring function relative to public spending, on the one hand, and applying sanctions in case of financial crime and the violation of rules set by the government procurement Code, on the other. The mechanism put in place comprises an advisory committee and an audit office, in addition to the permanent structures with competence in the field. For its part, the Accounts Section of the Supreme Court is having its capacities strengthened, while plans are afoot to progressively transform it into an Audit Court. The peer review process within the framework of NEPAD (APRM) was launched, international conventions on corruption (United Nations and African Union) and the protocol (ECOWAS: December 2002) on the fight against corruption were ratified. Concerning redress, First Instance Courts were instituted and a pre-contractual summary procedure was established.

Labour market

2.4.6 The labour market is relatively tense because of the high increase in the number of job seekers, aggravated by the soaring demographic growth (8% increase of the labour force in 2004) in a context of insufficient employment opportunities in the formal sector. Lack of professional training for uneducated youths or drop outs, and the fact that training programmes offered by the education system fail to meet the needs of the labour market constitute factors which contribute to unemployment or underemployment. The low level of the wage-earning population, who represent only 14% of the labour force, is a reflection of the informal nature of the economy. Thus, most of the 100 000 youths ushered into the labour market every year, without any significant qualifications, are engaged in informal activities. In the face of such a situation, the Government adopted a youth employment policy based on the development of a work-learn cycle in the strategies meant to strengthen technical

education and professional training. The policy is underpinned by a youth employment programme (PEJ) supported by the National Fund for Youth Employment (FNEJ) which represents over 18 billion CFA F in the national budget. A second programme, the multifunctional platforms development programme, designed for youths in the rural areas, is supported by development partners, including ADF.

2.4.7 International Labour Standards (ILS). Mali has ratified 27 conventions: two of which (relative to the minimum industrial age and non-industrial activities) were terminated on 11 March 2002, while twenty-five (25) others have become effective. The latter set include the eight (8) basic international conventions relative to the freedom of association, child labour and women's work. The government seeks to ensure they are complied with, despite its insufficient means (17 labour inspectors found throughout the country, with the exception of Koulikoro and Timbuktu). However, Mali still needs to ratify a certain number of basic conventions. These relate to night work in bakeries, health insurance, old age insurance and disability insurance in the industrial and agricultural sectors, unemployment and women's underground work, among others. The Government, in relation with other countries, has established national and international mechanisms to sensitise and follow-up the implementation of conventions relative to child labour. To that end, it undertook to restructure the job information system by strengthening the Job and Training Observatory.

2.4.8 Child and girls' labour. In the specific case of child and girls' labour, the Government has implemented the national component of the International Programme on the Elimination of Child Labour (IPEC) by accelerating political and legislative reforms, launching more viable and more "humane" substitution programmes for education and apprenticeship addressed to children, organising IEC awareness campaigns at national, regional and international levels. In 2002, Mali proposed to increase the minimum employment age from 14 to 15, which entailed the amendment of the labour code. In 2003, the Unit in charge of eradicating child labour was set up at the Employment Ministry, and reinforced in 2004 to take over from IPEC. Within the framework of the 2004-2007 government action programme, child labour was established as a major issue with the strengthening of the Unit in charge of eradicating child labour in Mali and the integration of its programmes with the sub-regional Lutrena mechanism (programme for the eradication of child trafficking for labour purposes) in West and Central Africa.

2.4.9 Migrations. In 2003, the number of Malians living abroad was estimated at about 4 million out of a population of about 11.7 million, half of whom emigrated to neighbouring countries between 1969 and 1990. Over 800 000 of these went to Côte d'Ivoire. Internal movements were also intensified by the seasonal displacements of populations and stockbreeders in search of pasture. The causes of migratory movements are essentially linked to lack of job opportunities, income, social peace and self-development. Formal resource transfers effected since 2000 are estimated at about 2.2% of GDP per annum, on average. The Kayes region is known to be a zone with long-standing traditions of international immigration. Globally, the common denominator of these regions is the difficult and unequal access to infrastructure, basic services and production factors. It is thus necessary and urgent to organise the participation of vulnerable regions and populations in the country's growth.

2.4.10 The informal sector. The informal sector plays a relatively important role in the Malian economy. Actually, its contribution to national production is estimated at 58%, including 100% agricultural activities, 25% from the secondary sector and 72% from tertiary. It is also a sector which provides job and income opportunities. The Bank will support Government efforts

to identify the priority actions to be carried out in order to strengthen the sector's potential as well as its contribution to growth. A study will be conducted in 2006 on the basis of the terms of reference being finalised within the framework of the PRSP review.

2.4.11 Economic Integration: Between 2000-2004, the African destination represented some 8% to 10% of Malian exports ; 5% of which was destined for ECOWAS (and 3.2% towards WAEMU) ; while the African origin of Malian imports represented 40%, including 37.4% from ECOWAS (and 37.2% from WAEMU). Mali's key partners in the sub-region are Côte d'Ivoire, Senegal and Togo. The country's landlockedness is a major problem for the authorities whose priorities⁵ give pride of place to regional cooperation. Partners, including the Bank Group, assist Mali's efforts to deal with the situation through projects in various sectors (agriculture, water, energy, transport and telecommunications, education and health, finance). Despite the recurrent crises in the sub-region, the countries organised themselves to alleviate together the threats to political and economic stability and the security of persons, goods and supplies. Mali has eliminated customs duties in its trade with WAEMU, with the implementation of the common external tariff (CET: 0-20%) as well as with ECOWAS, and has undertaken since January 2002, to comply with WAEMU's Convergence, Stability, Growth and Solidarity Pact, with the hope that convergence will be effective by December 2005. Concerning ECOWAS, the process of change provides for the creation of a customs and monetary union in 2009. Mali has no restrictions as far as international trade is concerned. Its exports have free access to the European Union (EU) market under the "Cotonou Agreement"⁶. Moreover, Mali has preferential access to the American market under the Africa Growth Opportunity Act (AGO). Community initiatives for cotton processing in the WAEMU space are being developed.

2.4.12 Population: The population was estimated at about 12 million inhabitants in 2004, and increases at the rate of 2.2% per annum, due to a very high fertility rate (7 children per women against 4.9 at continental level). For this reason, 46% of the population are under 15. Urbanisation rate is 30%, with 8% in Bamako. Between 2000 and 2004, rural-urban migration gave rise to an urban population of 5.2%, on average, and at this pace, the urbanisation rate will pass the 50% mark in 2029. These trends reflect the scale of the social demand for social infrastructure and job creation and with respect to which, the government adopted a global approach to the problem consisting in integrating the population dimension in the sectoral development strategies and revising the national population policy.

2.4.13 Gender parity: Some 51.7 % of the population are women, 80% of whom live in the rural areas. They provide 70 to 80% of food production. However, 64.2% of these women live below the poverty line (EDS III 2001). Despite the progress registered, the key survival, development and protection indicators are still below the expected levels, particularly in the education sector: in 2003, 82% of women were illiterate. In 2004, the gross girls' school attendance rate was 59.9% at primary level, with more frequent school wastage due to socio-cultural constraints (early marriages) and chores (deep involvement in household chores and farm work). The new family code has been drafted and awaits government's approval. Mali has ratified the Convention on the Elimination of All Forms of Discrimination Against

⁵ Mali participates actively in several sub-regional economic integration organisations in Africa : West African Economic and Monetary Union (WAEMU), Economic Community of West African States (ECOWAS), Organisation for the Development of River Senegal (OMVS), and the Inter-State Committee for Drought Control in the Sahel (CILSS), the Liptako-Gourma Authority (ALG) River Niger Basin Authority (ABN).

⁶ The « Cotonou Accord has the backing of the EU's « Everything but arms (TSA) » agreement in place of the EU's Generalised Preference System (GPS). Thus, « AGOA » which provides beneficiary countries' products free access to American markets duty free, under the GPS ; as well as security for investors and businessmen in Africa.

Women, but its application is still impeded by legal and customary obstacles. The Government has implemented the National Policy which provides for an action plan for the 2002-2006 period, on the basis of the Dakar African Platform and the Beijing Action Plan. The policy seeks to strengthen women's access to credit and ensure that agricultural inputs, including land, are more easily accessible to them, through regulatory and legislative provisions ('Office du Niger' land management decree, Commercial Code). In connection with the Bank Group's dialogue with Mali, a country gender profile study will be undertaken in 2006 to strengthen the gender analysis in the CSP.

HIV/AIDS and Other Transmissible Diseases

2.4.14 HIV/AIDS prevalence is estimated at 1.7% (2% for women against 1.3% for men). The rate varies according to: (i) regions (2.5% for Bamako against 1% for Gao); (ii) age groups and sex (3.4% among persons in the 30 to 34 years age bracket and 3.8% among women of this age group); and, (iii) social groups. Preventive measures are unknown or hardly used by youths who are the most exposed group (55% of those between 15 to 19 years old, and 30% among boys are not aware of preventive measures). Special emphasis should be laid on prevention, in order to ensure that the current prevalence rate is maintained, in the short-term. It is worth noting that, for this specific field, the civil society is fully committed. This is attested by the creation of HIV/AIDS eradication committees by various associations/ONG. Besides, Mali benefits from resources provided to countries in connection with the fight against the pandemic, through international legal instruments, including the global fund for the eradication of malaria, HIV/AIDS and tuberculosis, the Bank Group's resource contributions and those of the civil society. Concrete expression is given to the Government's commitment through the implementation of the National AIDS Eradication Programme (PNLS), which incorporates all inter-sectoral activities relative to the HIV/AIDS issue.

2.4.15 *As regards other transmissible diseases*, malaria is also a critical case with a morbidity rate of 24%, and a high lethality rate of over 10.3% (all ages put together), particularly among children under 5, and in poor families. It represents 30 to 40% of reasons to consult. Access to resources and vaccination services is very limited and has become a crucial problem in all regions (particularly Mopti and Segou), excepting Bamako. Besides, there is more continuity as regards the use of pre-natal care than that of vaccination services. Over the past five years, the country has developed institutional machinery and a multi-sectoral approach to deal with infections and endo-epidemic diseases.

2.5 Poverty and Social Context Issues

2.5.1 Despite the economic growth registered in the course of 2000-2004 (about 5%), almost 64% of the total population still lives below the poverty line, against 68% in 1998. The poverty phenomenon essentially affects the rural population, with an incidence of 75%. At the geographical level, apart from the District of Bamako which has the lowest rate (28.6%), the poverty rate in the 8 other regions ranges between 62.4% in Kaye and 92.8% in Kidal.

2.5.2 Education: Education, which relates to axis 2 of the PRSP, is among the priority sectors adopted by the Government in its poverty reduction efforts. The relatively higher proportion of the national budget assigned to the sector (30.1% in 2004), translates the Government's political will to ensure that educational services are accessible to all. The sector's development policy hinges on a ten-year sectoral programme (PRODEC),

operationnalised through three investment programmes concerning the sector (PISE) staggered over the PRODEC period (2001 - 2010). In 2004, the gross school enrolment rate (GER) was 70.5% while the admission rate was 63.5%. Such progress is still short of the results expected within the framework of the MDG, and is marked by persistent regional/zonal and gender inequalities. In anticipation of efforts to consolidate the PISE achievements, it is urgent to invest at secondary level, in view of the progress in school attendance registered at the basic education level, and the related high social demand. The Government intends to turn towards sectoral budget support which will facilitate the enhanced mobilisation of both internal and external resources, and develop a synergy with respect to the financing of planned activities.

2.5.3 **Health:** Health conditions are characterised by the population's poor geographical accessibility to health services (46% of the population had access to health services within a 5 km-radius) and this explains the insignificant number of people going to these services (rate of visits for curative care was 20%). The pre-natal consultation rate is estimated at 54% while the assisted delivery rate is 40%. At the same time, despite the implementation of the government's health policy, neonatal mortality is estimated at 63.7 per 1000, infant mortality at 117, infant-teenager mortality at 131 ; while maternal mortality is assessed at 577 deaths for 100 000 live births. Government policy hinges on a ten-year sectoral programme (PRODESS: 1998-2007) whose first phase has just been finalised. The major constraints thwarting the sector relate to (i) the poor human capacity both in terms of quality and quantity, partly due to the fact that there is no incentive system to help retain the staff already in place; (ii) the inadequate use of services; (iii) lack of synergy and complementarity in the implementation of various programmes of intervention in connection with the execution of the sectoral programme; and (iv) total geographical coverage.

2.6 Medium-term Economic Outlook and External Environment

Constraints

2.6.1 The key constraints relate to: i) the persistence of the vagaries of the weather (drought, locust invasion) ; ii) landlockedness, infrastructure shortages and difficulties to access basic services; iii) significant fluctuations in world market prices of Malian export products (cotton and gold) and increase in agricultural subsidies and assistance in countries of the North ; iv) unsuitability of the financial system and low level of domestic savings ; v) problems of governance and public management linked to the insufficient development of human resources and institutions ; and finally vi) the inadequate development of social assistance mechanisms. These constraints are exacerbated by the poor human, material and institutional capacities. There is need to underscore the constraints relative to the labour legislation, which is being liberalised, and recall the difficulties encountered in executing a legal decision and statutory instruments. The propagation of the AIDS virus is a threat to the development of human resources, labour productivity and the competitiveness of the economy.

Perspectives

2.6.2 *At the macroeconomic level*, the growth objective fixed for the 2005-2007 period is 6% with an investment rate of 21% of GDP in 2007, which will be sustained by a savings rate expected to increase by 15% in 2007 against 14.5% in 2004. As regards inflation, it will be contained at less than 3% in accordance with the community standard. At the end of the period, budget deficit, excluding grants, will be 7% of GDP and the current accounts deficit is expected to be as much.

2.6.3 *At the sectoral level*, with the exception of cotton which has become an important export crop, cereal crops and livestock products also have good growth and price stability prospects, despite difficult climatic conditions. Actually, Mali has a hydro-agricultural potential estimated at 2.2 million ha of irrigable land, out of which only 11% has been developed. Plans to develop land on the Niger River, in the medium and long terms, and efforts to promote the modernisation of agricultural operations will contribute in improving the sector's productivity and thus lead to the attainment of food security in Mali. The relatively sizeable and diversified mining potential particularly includes oil, which registered an increase in production (20% per annum) during the 2000-2004 period. Moreover, the known iron ore reserves are estimated at over a billion tons in the Bafing-Makana and Djidian-Kéniéba regions while bauxite reserves are estimated at 800 million tons. There is also need to stress the country's high expectations generated by oil prospecting licences granted to Australian firms.

2.6.4 ***Impact of the Oil Price Increase*** : The persistence of current tensions in the oil market and the resulting deterioration of terms of trade might negatively impact on the growth prospects of the Malian economy. Counting on an oil barrel price stabilised at an average of 52 dollars/barrel during the 2005-2007⁷ period, the *current balance of payments deficit* will be more significant after a rise in the price of imported oil products whose demand - compared to the prices - is known to be invariable in the short term. On the basis of the above-mentioned hypothesis, the annual oil bill will increase by about 1.34% of GDP compared to the reference scenario represented by the prospects described in 2.6.2. External financing needs should increase in due competition in the immediate future before the adjustment of the economy generates its effects in the form of a decline in oil products demand. In view of the Malian economy's dependence on oil products (the Import/GDP ratio is 4.5%), the direct effect on *production costs* will globally represent about 1.4%. This encompasses differentiated situations depending on the intensity of use of oil by-products by the various sectors. For the *transportation sectors* which are highly dependent on oil products, the impact of the rise in the cost of this product on pump prices will generate a 30% increase which will be passed on to the other sectors through a series of price boosts. Finally, another possible transmission mechanism would be through the decline in investments as a result of insufficient external financing to cover the above-mentioned foreign exchange deficit. In the case in point, and with a capital efficiency which remains unchanged in relation to the baseline scenario, the absorption of the 1.4% deficit will entail a growth loss of 0.4 percentage points per annum, in the medium-term.

2.6.5 With respect to public finance, the maintenance of the 2005 constant tax structure will generate additional earnings on account of the domestic tax on oil products worth 2.1 billion CFA F, i.e. close to 0.4% in addition to the tax receipts fixed in the reference scenario.

2.6.6 *With respect to the impact on consumer prices*, oil by-products and transportation consumed by households constitute their guiding vectors. These two headings represent 8.6% of consumer expenditures⁸. On the basis of such data, the primary increase will not exceed one percentage point per annum, on average. Concerning the poorest stratum of the population, more specifically, a high increase in oil product prices will generate a significant purchasing power

⁷ Average of \$42.75, \$53 and \$51.75 for 2005, 2006 and 2007 respectively. The impact is deducted by taking into account a short-term price elasticity of the imported volume of 0.18. with a profile of \$42.75, \$60 and \$55, i.e. an average of \$55.25, the deterioration of terms of trade resulted in the aggravation of the current deficit of 1.7% of GDP.

⁸ Oil products represent 2.5% and transportation 5.6%; data provided by AFRISTAT.

loss even though the poor's consumption is generally invariable in relation to prices. Actually, with a 20% rise in oil prices, consumption will decrease by 1.4%⁹. In such a situation, the risks of social unrest are real.

2.6.7 After 2007, the stabilisation of the oil market at a price lower than its current level¹⁰ will enable the Malian economy to progressively adjust itself in order to resume a path of growth in keeping with the country's potentialities. However, the attainment of the millennium goals will require an intense catching-up effort since the current shock would have resulted in a slower growth in relation to the initial goal of 6%. However, the multilateral debt cancellation perspectives and the favourable reversal of the terms of trade in a healthy macro-economic management context are two factors which will enable the Malian economy to resume the growth pace required to roll back poverty.

2.7 Business Climate and Private Sector Issues

2.7.1 The private sector is essentially composed of very small individual businesses; those listed are not more than 2000 compared to an estimated 18000 in the informal sector. On the whole, the private sector provides some 36000 jobs (against more than 1 200 000 for the informal sector). The business climate registered an improvement in businesses, thanks to the various forms of support received by the Government, from most development partners. The latter participated in the design and implementation of various programmes¹¹ in support of competitiveness and private sector promotion, particularly meant to: i) strengthen incentives, improve investment conditions and trade facilitation; ii) develop infrastructure and services (transport, water, energy, telecommunications, NICT, industrial zones and public services); iii) restructure the financial sector and strengthen financial intermediation; iv) provide support to the productive sectors and areas with high potential growth. The realisation of such support by public agencies and other structures in charge of monitoring and assisting the private sector, since 1998, gathered pace between 2000-2004, and resulted in an appreciable improvement of the business climate which in turn, helped to sustain macro-economic performances and political stability. Even though the results registered in the privatisation operations are short of expectations, they contributed in boosting this sector. Private sector investments represent 60% of capital formation. According to the UNCTAD standardized index, Mali's position (in terms of potentials, investment and yield performance), considered as average, and seems rather comfortable within the UEMOA space. However, a lot still remains to be done: one needs 42 days to complete 18 business constitution procedures and 340 days to settle a business conflict. The formalities facilitation indicator¹² (2005) ranks Mali 32nd out of 37 States of the region. The development of the sector is confronted with numerous weaknesses and constraints which explain the low level of investments and foreign market shares and a mitigated impact on growth and poverty reduction.

2.7.2 *Constraints to the Development of the Private Sector.* The key constraints were identified by various TFP studies including those of the Bank Group on the governance profile and the private sector profile¹³. Intervening at varying degrees, these constraints relate to the following issues: i) the weakness of the legal and regulatory framework,

⁹ The elasticity of the poor's consumption in relation to the increase in oil price is about 0.07; drawn from the IMF report on the regional economic perspectives.

¹⁰ The duration of the oil shock would have been reduced; the effects declined by 50% during the first year. Oil price Developments: Drivers, Economic Consequences and Policy Response; OECD Paper No. 412 December 2004.

¹¹ Main support provided by USAID, IDA, EU and member States, CIDA and ADF.

¹² OPSD Report on the business climate prepared on the basis of World Bank Group data (March 2005)

¹³ The Private sector country profile study (PSCP) is being finalised and will serve as an instrument of dialogue with the Government and other stakeholders, particularly in the monitoring and evaluation of CSP performances.

characterised by poor monitoring in terms of business support, production and export support, despite the existence of a large number of structures entrusted with their development; ii) an ineffective judiciary system and restricted credit ; iii) a tax system which is still complex, despite the fact that it is being simplified and harmonised within the framework of WAEMU; iv) a financial system –dominated by banks with limited performances in comparison to those operating in other countries of the region; v) the inadequate development of infrastructure, which aggravates the effects of landlockedness and the distance from foreign markets; vi) business support services are almost non existent, often charging fees and thus increasing further the already high factor cost; vii) skilled labour shortage; finally viii) the landlockedness and the size of a country in which revenues are too low to allow for the development of a diversified and dynamic consumer market.

2.7.3 In the face of these constraints, the Government embarked on the implementation of measures contained in its Private Sector Development Policy Letter (PSDPL), adopted in January 2005 following consultations based on a participatory approach. It was addressed to all partners but its implementation is entrusted to a new ministry exclusively responsible for promoting the private sector and SME/SMI. The Government has initiated a process of consultations involving : i) the Presidential Investment Council, the private sector development committee, the public/private sector framework for concerted action coordinated by the Office of the moderator; and ii) the annual business forum.

III. NATIONAL DEVELOPMENT AGENDA AND MEDIUM-TERM PROSPECTS

3.1 Key Elements of the Government's Development Agenda

The government's development programme is contained in the Poverty Reduction Strategy Paper (PRSP). The global objective of the programme is to reduce the incidence of poverty from 63.8 % in 2001 to 47.5 % in 2006 and create 10,000 jobs per annum in the formal non-agricultural sector. To attain these objectives, the PRSP provides for the implementation of *three strategic axes*, namely institutional development and participation (Focus 1), human resource development and access to basic social services (Focus 2) and the development of basic infrastructure and productive sectors (Focus 3). The fulfilment of these strategic objectives supposes macro-economic and financial framework stability and debt viability. The programme was prepared on the basis of millennium development goals (MDG) within a participatory process involving social partners, namely, populations, civil society, decentralised communities and private sector, on the one hand, and technical and financial partners, on the other. The strategic context derives from the country's strategic vision for 2025 (Mali Prospective Study 2025, ENP) prepared with ADF support. The strategic options of the PRSP and the sectoral policies are described and itemised in the ten-year programme documents (education, health, desertification, water and sanitation, rural development, rural electrification, justice, institutional development and decentralisation). The key elements of the government's programme are presented in box 2 below.

Box 2.: Key Elements of the Government's Programme and Expected Results, 2002-2006

Strategic Focus	PRSP Sectors	Objectives and Strategies	Priority Indicators or Actions
Preliminary Focus : Achieve accelerated and redistributive growth with a view to reducing the incidence of poverty from 63.8% to 47.5% in 2006	<ul style="list-style-type: none"> • Healthy macro-economic framework • Structural reforms for a growth rate of $\geq 6\%$ per annum and an inflation rate $< 3\%$ 	<ul style="list-style-type: none"> • Comply with WAEMU convergence criteria and IMF performance criteria and accelerate the structural and sectoral reforms 	<ul style="list-style-type: none"> • Growth of the primary sector $\geq 7\%$, and of the secondary sector $\geq 5.4\%$ • Fiscal pressure $\geq 17\%$ of GDP, with a overall public deficit (commitment base, excluding grants) $< 9\%$ and a current deficit (excluding transfers.) $\leq 7.5\%$ • Outstanding debt $< 70\%$ of GDP and an investment rate $\geq 22\%$
Focus 1 : Ensure institutional development and improve governance and participation	<ul style="list-style-type: none"> • Performance of the public sector, decentralisation and participation • , Culture, religion, peace, security and fight against corruption 	<ul style="list-style-type: none"> • Refocus State missions, rationalise public finances • Strengthen the rule of law, the climate of peace and the security of persons and goods 	<ul style="list-style-type: none"> • Transfer of responsibilities to the private sector and to decentralised communities; capacities building and concerted action • Restore State authority, the credibility of the judicial system and promote the public opinion sanction
Focus 2 : Develop human resources and access to basic social services	<ul style="list-style-type: none"> • Water and sanitation • Health, nutrition and population • Education and literacy • Employment , training, social welfare and housing 	<ul style="list-style-type: none"> • Strengthen coverage, access and quality, institution building and partnership • Broaden coverage and strengthen prevention and access to health services • Strengthen coverage and access • Productivity and social welfare 	<ul style="list-style-type: none"> • Satisfy the real potable water and sanitation needs in the rural and semi-rural areas • Reduce morbidity and mortality due to nutritional deficiencies & diseases (child, mother, HIV/AIDS, malaria) • Increase school attendance and illiteracy by 50% • Cohesiveness through solidarity, generalised social welfare and building the capacities of vulnerable groups
Focus 3 : Develop basic infrastructure and support to productive sectors	<ul style="list-style-type: none"> • Development of basic infrastructure • Development of productive sector • Development of the private sector and income-generating activities 	<ul style="list-style-type: none"> • Competitiveness, relieving isolation, cost reduction, efficiency and security • Productivity, diversification, improving production and food security • Improve the business climate, build capacities and competitiveness 	<ul style="list-style-type: none"> • Healthy competition between various types of infrastructure, restructuring businesses, privatisation, PP partnership and concessioning • Irrigation schemes, diversification and development of sub-sectors and natural resources, food security, improving the private sector environment and promoting credit and rural financing • Implement all the recommendations and action plans deriving from studies on the private sector, trade facilitation, sub-sectors and industrial zones.

Source – PRSP, May 2002. The table is prepared by the staff of the Bank.

3.2 Assessment of Progress Made in the Implementation of the Agenda

3.2.1 The Government's strategy was drafted and implemented through a broad participatory process involving various stakeholders. A bi-annual seminar is organised to analyse and validate poverty indicators, followed by participatory surveys of the QUID-type (single integrated questionnaire for development). Consultations are also organised in each of the PRSP priority sectors (rural development, water and sanitation, energy, decentralisation, HIV/AIDS, public finance, family health and reproduction). They were relayed through a global round table conference organised in Geneva in 2004 and the publication of two reports on the PRSP implementation in 2003 and 2004. The performance over the first two years was considered globally satisfactory.

3.2.2 Significant progress was made in the harmonisation of implementation procedures of PRSP priority programmes and action plans; and consensus was reached on the need to accelerate fiduciary responsibility reforms with a view to aligning it with national procedures. A plan for the improvement and modernisation of public finance management was adopted by the Government and partners, in 2005, in support of the PRSP. With respect to the relevance and practicality of the diagnostic survey of poverty, the first PRSP progress report (2003) revealed deficiencies in the social sectors despite the implementation of social policies and reforms on the basis of the correlations often established between poverty and social indicators.

3.2.3 Additional efforts are necessary to ensure: i) an enhanced targeting of activities, prioritization and programming of activities ; ii) the clarification of links between the different frameworks of the economy (macro-economic, structural measures, sectoral strategies and regional planning); iii) monitoring-evaluation of results on the basis of a single system of performance and impact indicators; iv) the reinforcement of anti-corruption policies and the implementation of their action plans. In the medium-term, considerable efforts are deployed to improve competitiveness and efficiency of investment. This process goes through the deepening of relations between growth, poverty and income inequality, on the one hand; and capacity building to diversify the economy on the basis of the deployment of private sector investments, on the other hand, through support to the rural grassroots communities and strengthening the poor's participation in growth. To that effect, the Bank Group will contribute to the evaluation of these relations through economic and sectoral studies while strengthening dialogue with the Government in order to accelerate the process of eliminating obstacles to private sector development.

3.2.4 *Progress made Towards the Achievement of the Millennium Development Goals:* The above-mentioned sections show that the undertakings made by the Malian Government in the PRSP are globally consistent with the millennium development goals (MDG). The outcome of the assessment presented in Annex 12, reveals the strong probability for Mali to achieve the MDGs in the fields of gender equality promotion, access to potable water, and that the probability of attaining of attaining the MDG relating to primary education is lower. For the other goals, namely the incidence of poverty, primary education, the reduction of gender inequality in other levels of education, the reduction of mortality, particularly infant-teenager mortality, a lot remains to be done. The reasons for this set-back are presented in the assessment of the Government's strategy as well as in Annex 10. On the basis of this diagnosis and guidelines mentioned in paragraph 3.2.4 above, the Bank Group will assist the Government to strengthen consistency between the PRSP and MDGs, by further ensuring that the specific objectives and detailed results of the PRSP implementation are integrated into a long-term vision in keeping with the MDGs. This long-term vision will specifically identify the additional resources needed to face up to the considerable delay in the accomplishment of certain goals.

3.3 Partnership Framework

3.3.1 Between 2002 and 2004, Mali received an average of 500 million dollars under Official Development Assistance, representing about 50 dollars per capita (i.e. an average of 20% of GDP per capita during the 2000-2004 period). External financing represents about 80% of the special investment and equipment budget (SIEB) and 30% of current expenditures. Aid coordination within the Government is characterized by a division of responsibilities among three ministries (Finance, Planning and Foreign Affairs). As regards coordination among development partners, Mali is a country which complies with the mechanisms of round table discussions held under the aegis of the UNDP; the most recent took place in Geneva in 2004. The successive reviews are followed, at country level, by sectoral and thematic consultations or by multi-donor sub-group sessions in-between round table discussions to ensure monitoring-evaluation of the implementation of conclusions and recommendations and the review of coordination mechanisms. Despite these rationalisation frameworks, weaknesses were noted and gave rise to a reform of the aid system in 1997 under the aegis of OECD, for greater appropriation by national coordination structures, better synergy between development partners, and greater efficiency in the fight against poverty.

3.3.2 The Bank Group has steady cooperation ties and exchanges with technical and financial partners residing in Bamako, particularly during missions, in the drive to strengthen synergies and promote co-financing. All the Bank Group's operations were processed within a joint or parallel framework, particularly in the PRSP priority sectors: education, health, agriculture, transportation and justice. With regard to reform support, the collaboration entails joint measures and conditionalities (SAP III, TSP, Governance and privatisation). In December 2004, the Bank played a key role in the organisation of sectoral consultations on water and sanitation within the framework of the African initiative. Its role as a key partner is becoming increasingly pronounced in the agricultural sector, the social sectors and in governance matters. The consultation will be enhanced with the opening of the Bank's national office in 2005. Box n°4 shows indicators on the key partners per area of focus.

Box 3 : Intervention of Major Donors per Sector		
<p>The PRSP defined the framework of action of technical and financial partners on the basis of the following thrusts: i) accelerated and equitable growth ; ii) institutional development and governance; iii) social development and access to basic social services ; and iv) the development of infrastructure and support to productive sectors. These fields of interventions contribute individually and collectively to the achievement of poverty reduction objectives and lead partners to consult with one another about a reduced number of areas of focus :</p>		
<ol style="list-style-type: none"> 1. IDA , with the IMF, takes on a leadership role with regard to reforms, stabilisation and adjustment which are backed-up by investment programmes in the agriculture, transportation, social (education, health), rural infrastructure (energy, water and sanitation) sector, the financial sector and the private sector ; 2. The European Union, is the major donor with respect to budget support, infrastructure (transportation), decentralisation and institutional development ; it also intervenes outside the areas of concentration in rural development, health and cultural matters; 3. ADF intervenes in the key sectors: agriculture and social sectors (education, health and poverty) in which it plays an increasingly significant role; as well as in areas pertaining to transportation, community facilities, institutional development and reforms support. 4. United Nations Agencies, cover reference sectors (agriculture, environment and natural resources, education, health, childhood and poverty, human and institutional development and governance; 5. France intervenes in the institutional development sector focussed on the judiciary, decentralisation, the education and health sectors, rural and urban infrastructure as well as in the Manantali project; and the private sector ; 6. Canada supports institutional development focussed on the judiciary and budget management, but also intervenes in the education and health sectors, rural and urban infrastructure, 'Agetip', the environment and micro-credit as well as in the Manantali project; 7. IDB and BADEA are engaged in significant operations in agriculture and rural development, water and irrigation, transportation and health; 8. The Netherlands intervene more in axis 1 & 2 of the PRSP, namely institutional development, budget support, education and health, rural development and rural infrastructure; 9. USAID, through accelerated growth support, provides its backing to governance, agriculture, health, education, the private sector, (trade, finance, micro-credit, in particular), decentralisation ; 10. Germany's intervention is focussed on rural development (infrastructure, finance, food security, natural resource management and the environment), transportation, mining, education, health and decentralisation, as the major donor of ANICT. 		
Fields/ Sectors of Concentration	Leading Donor	Development Partners
▪ Agriculture, rural development, natural resource management and environment	▪ IDA	IDA, ADF, AFD, EU, CIDA, Netherlands, IDB, OPEC/F, Germany, USAID, UNGA, BOAD, IFAD, KFD, FSD, BADEA, Belgium, Italy, Norway, Luxembourg
▪ Transportation, other infrastructure and urban equipment	▪ IDA ▪ EU	EU, AFD, IDA, ADF, BOAD, Netherlands, Japan, IDB, CIDA, KFD, BAFA, BADEA, OPEC/F, Libya, Germany, Switzerland, Italy
▪ Energy	▪ IDA	IDA, EU AFD, ADF CIDA, FEM, India, UNDP, Belgium
▪ Water, sanitation and rural hydraulics and other rural infrastructure	▪ German cooperation	Germany, IDA, AFD, ADF, OPEC/F, Belgium, KFD (Kuwait Fund), EU, IDB, BAFA, BADEA, OPEC/F, Switzerland, Luxembourg, Sweden
▪ Education/Professional Training and Employment	▪ IDA	IDA, EU, ADF, USAID, IDB, France, UNESCO, UNDP, Japan, KFW, WFP, Netherlands, CIDA, Norway, Luxembourg, Switzerland, UNFPA, International Labour Office (ILO), International Labour Organisation (ILO), UNICEF, Belgium and Sweden
▪ Health, population, nutrition, reproductive health	▪ IDA ▪ USAID	USAID, IDA, ADF, EU, CIDA, France, Belgium, Switzerland, FAC, WHO, UNFPA, Netherlands and UNICEF, WFP, IDB, KFW, UNDP, Sweden and Italy
▪ Institutional development and governance (decentralisation)	▪ UNDP ▪ IDA/EU/ADF	EU, IDA, ADF, AFD, UNDP, USAID, CIDA, Belgium, Switzerland, FAC, Netherlands, Germany, Sweden, Great Britain
▪ Budget support and reforms support	▪ IDA/IMF	IDA, IMF, EU, ADF, AFD, Netherlands, Switzerland, Sweden,
▪ Support to the private sector, SME/SMI	▪ IDA	IDA, ADF, AFD, UNDP, USAID, CIDA, Belgium, Switzerland, FAC, Netherlands, BOAD
▪ Support to the financial sector and micro-financing		IDA, ADF, AFD, Germany, Germany, USAID, CIDA, Netherlands, UNDP

Source: Bank staff.

3.4 Challenges and Risks

Challenges

3.4.1 In view of the high poverty rate, the first challenge relates to attaining a **strong and sustainable economic growth**. The second challenge concerns the rapid transformation of economic structures in a country with an underexploited potential. To meet this second challenge, the **Government has to have the capacity to mobilise stakeholders**, the private sector, decentralised communities and development partners and ensure that the vulnerable groups take ownership. Meeting this challenge also requires the capacity to change the population's living conditions by improving the offer of basic services (socio-economic infrastructure and social welfare benefits). A third challenge relates to the Government's capacity to build on the experiences and the state of available knowledge in order to avail itself of the best practices which have had a successful outcome elsewhere. **Consolidating governance and building capacities is an essential issue linked to the acceleration of structural reforms** both in the public sector and in the deconcentration/decentralisation process. A credible administration, efficient control organs, an independent judiciary which guarantees the security of private sector investments, refocusing State expenses on decentralised local authorities constitute factors which strengthen accountability and transparency. The fifth challenge concerns the maintenance of political stability.

Risks

3.4.2 In the face of the stakes and the need to accelerate growth, within a context of political stability and social peace, the Government will be confronted with various levels of risks due to: i) the weakness of the macro-economic, institutional and administrative framework; ii) slowness in the implementation of reforms likely to contribute to improving governance; iii) socio-political instability which could result from socio-economic or political demands in reaction to the Government's counter-performance and the lack of political will; and iv) the acuteness of water control problems which can be exacerbated by natural phenomena such as drought, irregular flood levels or locust invasion, and the uncertainty surrounding the duration of the sharp increase in oil prices. The deterioration of terms of trade arising from continued high oil prices could threaten the achievement of the MDG.

3.4.3 Aware of the negative impact which these risks may have on the implementation of its programme and on the population's situation, the Government reinforced governance (decentralisation, in particular) as a key thrust of its strategy for the years ahead. It also launched a programme for agricultural diversification and productivity based on water control through the promotion of irrigated farming (small private irrigation, in particular). The Government intends to diversify agricultural productions, in order to free itself from the cotton monoculture and promote the development of the agro-processing industry which targets the regional market. The growth of the mining sector (gold mining and traditional gold washing, in particular) and tourism partakes in this desire to broaden the country's production base with a view to promoting a stronger and more sustainable growth.

3.4.4 To minimize the risk related to poor institutional capacity, the Government prepared the development management capacity building programme (PRECAGED) which lays emphasis on human resource development through training and the institutional development Programme (IDP) for the modernisation of the administration, deconcentration and decentralisation. It thus receives various forms of donor support and now needs to coordinate

their impact. Moreover, the authorities give priority to political and social dialogue between the different components of society, political parties, trade unions, local community authorities and pressure groups, as a means of conflict resolution. Finally, in the face of risks inherent in the oil crisis, maintaining the reforms will be an advantage as it will enable the economy to adjust to the crisis. The said adjustment will be facilitated by external support from which Mali could benefit, with the debt cancellation initiative, in particular.

IV. BANK GROUP'S COUNTRY ASSISTANCE STRATEGY

4.1 Country Context and Strategic Selectivity

4.1.1 The Bank Group's assistance, within the framework of ADF X hinges on the country context, the PRSP pillars and the MDGs, and is in line with the strategies of other development partners. The priorities were adopted on the basis of four selectivity criteria. First, the Bank drew inspiration from the results of the two PRSP implementation reports in 2003 and 2004, followed by various sectoral consultations held in Bamako, which highlighted deficiencies in the social sectors and the limited impact of growth on the poverty of vulnerable groups. Second, agriculture and food security will remain priority sectors for the Bank, in light of the lessons drawn from its own experience in the implementation of its past strategy and third-party assessments. The above-mentioned consultations laid emphasis on the diversification of the productive base and the rapid transformation of the rural world with the backing of the private sector, rural communities and vulnerable groups. The Guidelines¹⁴ of the 2003-2007 Strategic Plan on strategic, thematic and sectoral selectivity, used during the participatory seminar were decisive in the determination of strategic choices which also took into account the volume of resources available for Mali, joint financing possibilities and the entire potential which make up the Bank Group's current portfolio in Mali.

4.1.2 On the basis of the conclusions of the participatory process, two key strategic directions were opted for. They focus, on the one hand, on *growth acceleration through the private sector; and on the other, on reducing the vulnerability of the poor as potential beneficiaries of growth*. Given the characteristics of the Malian economy, growth will be induced by improving productivity and competitiveness in the agricultural sector, thanks to the intensification and diversification of agricultural production, the promotion of non-agricultural production, the improvement of the private sector business climate and an enhanced participation of the poor. The said growth will benefit from preliminary measures linked to macro-economic stability and the generalisation of good governance. These choices correspond to the sources of economic performance and growth, the comparative advantages of Mali and of the Bank Group; and are perfectly in line with the sectoral preferences of the strategic planning and operational guidelines of ADF X.

4.2 Portfolio Management and Lessons Drawn from Past CSPs

4.2.1 *Scope and Structure*. From 1970, when it first intervened in Mali, to 30 September 2005, the Bank Group approved 85 loans and grants globally worth UA 583.90 million net of cancellations. Out of the 85 operations financed by the Bank, 59 have been completed while the 26 others, representing UA 207.88 million (35.6% of the portfolio) are being implemented. The sectoral distribution (cf. Annex 2) is dominated by the agricultural sector

¹⁴ Guiding Principles and Strategic Focus & Operational Priorities and Modalities of the 2003-2007 Strategic Plan, pp14-26.

(36.6% of net liabilities), followed by reforms support (20.8%) and the social sector (19.1%). Disbursements as of mid-October 2005, with respect to active operations amount to UA 86.69 million, i.e. close to 40 % of the disbursement rate. Mali also benefited from multinational operations globally worth UA 118.30 million.

4.2.2 *Key Portfolio Orientation.* The operations are in line with the poverty reduction objectives and seek to: i) promote governance, strengthen structural reforms and create conditions conducive to growth, private sector development and the attenuation of the economy's vulnerability to external shocks; ii) improve agricultural productivity with a view to achieving food security; and iii) improve the infrastructure and basic social services.

4.2.3 *Implementation Performance.* The operations are generally slow to take-off because of the limited capacity of new agencies and implementation units as well as delays in the effectiveness and procurement processes. Measures were taken in cooperation with the Bank to avoid these bottlenecks, namely: i) centralisation of the implementation and start-up operations at the ADB unit of the Ministry of the Economy and Finance; ii) organisation, in collaboration with the Bank, of pluri-disciplinary launch missions for every new operation, to familiarise members of the project unit with the Bank Group's procedures; iii) organisation of a training seminar for senior officials of implementing units and agencies at the start of every ADF cycle. Supervision missions were strengthened, followed by consultation missions conducted by project managers at the Bank's head office. Besides and audits are conducted more regularly. Finally, the balance on completed or "old" operations were cancelled, and thus the portfolio age brought down from 6 to 4 years while the problem projects declined from 15.8% to 0%. These measures were completed by the improvement in the quality at entry point of new operations and the appropriation of the quality assurance evaluation results. The Bank's experts partook in training seminars on the use of the SAP system, public procurement management, governance, evaluation of quality at entry point and gender mainstreaming. The opening of the Bank Group's country office should accelerate project implementation and facilitate enhanced coordination of actions in the field.

4.2.4 *Lessons.* The lessons to be learnt from the Malian experience concern: i) ensuring the preparation and closer monitoring of projects in order to better control the project cycle; ii) the need to strengthen the supervision of implementation activities with pluridisciplinary teams in joint missions (Government, ADF and partners), with greater responsibility of national units and agencies; iii) the close monitoring of the reform programme (public finance management and public procurement system), in consultation with other development partners; iv) harmonisation of procedures and practices with those of the various partners; v) the implementation of results-based practices, at both country and Bank levels, should contribute in improving the efficiency of the Bank's interventions in Mali; vi) seeking greater coherence between interventions in various sectors and intervention instruments: studies, reform support, investments and institutional strengthening; vii) strengthening of monitoring-evaluation mechanisms at the Bank and country levels..

4.3 CSP Results Framework

The results expected from the CSP are in line with the MDGs¹⁵ achievement process and the other higher strategic objectives which the country has set itself in order to tackle the constraints identified in 2.6 and take up the challenges presented in paragraph 3.4 The Bank Group's strategy will, in the long-term, contribute to poverty reduction through a job-creating and income-generating growth, focussed on the private sector and the participation of vulnerable groups.

¹⁵ The millennium development goals (MDG) are 8 in number (see Annex 10) and, for simplification purposes, are classified in this CSP as follows: 1. MDG (1.8): income-generating and poverty reduction objectives; 2. MDG (2 to 7): social objectives (education, health, gender) and sustainable development. In reality, the basic objective is poverty reduction (MDG 1), MDGs (2 to 7) are intermediary results and MDG (8) a means indicator. The configuration (logical flow of the CSP results), the matrix of thematic results and the CSP actions matrix (Annex 2) explain the results further and with the results framework constitute a whole.

Figure 1. BANK GROUP'S STRATEGY FOR MALI: CSP THEMATIC RESULTS MATRIX

Figure 1. BANK GROUP'S STRATEGY FOR MALI: CSP THEMATIC RESULTS MATRIX						
Long-term Strategic Objectives	Short-term CSP Accomplishments				Bank's Priority and Performance	
MDG & PROSPECTIVE VISION	Sectoral Issues (Constraints & Challenges)	CSP Products and Accomplishments which the Bank Intends to Shape (2008-2009)	Intermediary Indicators for the CSP Accomplishments (2005-2007)	Strategy/actions for Intermediary Indicators and Accomplishments	Interventions of the Bank and External Partners	Process and Implementation of the Bank's Performance Measurement
(1)	(2)	(3)	(4)	(5)	(6)	(7)
PILLAR 1 : SUPPORT FOR THE IMPROVEMENT OF PRIVATE SECTOR COMPETITIVENESS AND ENVIRONMENT						
<p>1. MDG 1,8 & Accelerated, sustainable and equitable growth in a healthy macro-economic framework and in compliance with good governance practices.</p> <ul style="list-style-type: none"> ▪ Growth rate of 5% between 2000-2004 and ≥6% beyond 2004; ▪ 33% increase on the International Transparency scale in 2007 compared to 2004 : Mali is ranked 77th out of 145 in 2004 with a score of (3.2) 	<p>1. Unstable growth, sensitive to natural and exogenous factors, amplified by poor governance and dependent on three products (cotton, gold, stock-breeding)</p> <ul style="list-style-type: none"> ▪ Periods of upturn and downturn alternate every 2^{1/2} to 3 years 	<ul style="list-style-type: none"> ▪ The bases of a diversified and stable growth are established and consolidated in the stability of prices, public finance and external viability under the constraints of public debt sustainability; ▪ Transitional growth component controlled and reduced to the maximum ▪ Agricultural growth supported and secured at 6% per annum and non-agricultural growth secured at 7% per annum; ▪ Significant increase in private sector investments in relation to GDP; 	<ul style="list-style-type: none"> ▪ Per capita income grew by 3% and inflation was stationary at less than 3%, with a high probability of meeting WAEMU's convergence criteria ▪ The diversified transformation of raw materials is in constant progress and less vulnerable sectors contribute more significantly to GDP ▪ The IDP and GGSP are implemented and generalised as is the case of the PRSP and HICPI, with special emphasis on the five key concepts : accountability, transparency, the rule of law, participation and the fight against corruption ▪ The governance indicators of the PRSP, IDP and GGSP have reached the projected level : ▪ Simplification of administrative procedures ; 	<p>1.1 Reduce the vulnerability of the economy and control macro-economic, financial and regional balances;</p> <p>1.2 Strengthen revenue neutrality and public debt sustainability ;</p> <p>1.3 Rationalise public expenditures per sector, per activity, per region and within the region</p> <p>1.4 Pursue the privatisation and liberalisation programme as well as the promotion of new sub-sectors stemming from the comparative advantages of Mali (stockbreeding, livestock products meat products, oil, hides and skins, fruits and vegetables, textiles (spinning and transformation, sugar, cement works)</p> <p>1.5 Enhancing the efficiency of public service delivery.</p>	<p>1. ADF : SAP IV, Competitiveness and growth support project (PACC : Budget support), EES, Governance profile, Private sector profile, studies EDIC, CFAA, CPAR, Afritac, Afristat, PCI, support to PRSP, Dialogue</p> <p>2. GGSP I</p> <p>3. Other partners (TFP): Mali Finance/Trade Mali, PAC & PACD, PDI & PRODEJ, PAA, support from EU, PRGFP, CFAA, CPAR</p>	<p>1. Review followed by performances under the HICPI, PRGF, convergence criteria; consideration of predictive studies and pursuing efforts in the surveillance of warning systems</p> <p>2. Growth profile prepared in 2006</p> <p>3. Bi-annual updating of the governance and private sector profile of the report on corruption</p> <p>4. Joint evaluation of the implementation of the PRSP, the HICPI and structural ad sectoral policies</p>
<p>2. ODM 1, 8 & Support to the competitiveness of the economy :</p> <ul style="list-style-type: none"> ▪ Enhancing economic diversification : the diversification index (~3) and competitiveness indicators (<0) between 2002-2004 will rise towards the African average of 8 ; then 2.4 and 1.3 respectively. 	<p>2. Unavailability of reliable infrastructure which, besides, are relatively expensive (transportation, energy, water, telecommunication ; Customs and transit services ;</p> <ul style="list-style-type: none"> ▪ Overliquidity and limited access to long-term financing: insufficient number of financial services and products. 	<ul style="list-style-type: none"> ▪ Constraints related to private investments, the infrastructure, infrastructural services, customs and administrative formalities, financial services and various services are reduced to the maximum. ▪ Private sector investment rate rose 25% of GDP 	<ul style="list-style-type: none"> ▪ The number of Kms of asphalt or earth roads increased by 20% and police harassment is kept in check ▪ Rate of coverage, credibility and quality of infrastructure and services improved and significant cost reduction; ▪ Performance contracts of regulatory organs monitored and controlled ▪ Increase in the number of public sector businesses and significant rise in the share of private investments in the gross fixed capital formation 	<p>1.6 Pursue the privatisation programme in the infrastructure sectors and accelerate the efficient development of infrastructure and related services -</p> <p>1.7 Pursue the streamlining of the financial sector, privatize banks belonging to the State portfolio and implement the micro-financing strategy in support to SME</p> <p>1.8 Improve the land registry and technopoles</p>	<p>1. ADF : PACC, GGSP II, WAEMU Road maintenance project & Road maintenance project II (NEPAD axes). Mali-CI Interconnection. SAP IV (privatisation and concessioning)</p> <p>2. GGSP I</p> <p>3. Interim sectoral programme and TSP2</p>	<p>5. Idem in 2 & 3 and Report on the follow-up, supervision and review of programmes of the concerned sectors (TSP2, telecom, energy, water & sanitation: water and sanitation initiative</p>

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3. MDG 1, 8 & Growth Support focused on the private sector	3. Regulatory and legal framework hard to decipher and a rather weak legal security ; unattractive incentive system; and insufficient integration into global trade.	<ul style="list-style-type: none"> ▪ OHADA Business Law improved and generalised- more efficient and more transparent incentive and competition systems: simplified taxation, more flexible investment and labour codes. ▪ Trade policies and trade facilitation procedures strengthened 	<ul style="list-style-type: none"> ▪ 70% of businessmen appreciate the improvement of the business climate ▪ Efficient and transparent incentive and competition systems: simplified taxation, more flexible investment and labour codes ▪ Recommendations of the preliminary study on trade integration (EDIC) implemented ▪ Technopole zones and free zones created ; land registry study conducted and adopted ; 	<ul style="list-style-type: none"> ▪ 1.8 Support for the improvement of the regulatory and legal framework, for more efficient and more transparent incentive and competition systems: Simplified taxation, more flexible investment and labour codes ▪ 1.9 Contribution to the implementation of Trade policies and trade facilitation and to the modernisation of the tax and customs administrations 	<ul style="list-style-type: none"> 1. ADF : SAP IV, PACC, GGSP – Action plans on governance and private sector profiles 2. Action plan EDIC (IDA, WTO, UNCTAD, MIC) and PACD 	6. SAP IV review – and report of the competitiveness committee on performances in terms of competitiveness
4. MDG 1, 8 & Support to growth and integration into the global market	4. Problem of compliance with market standards for targeted sectors and sub-sectors generate market risks, poor exports diversification and insufficient integration into the global market	<ul style="list-style-type: none"> ▪ Non-tariff competitiveness improved and appropriated by regulatory organs, professional and umbrella private sector organisations with the control of the national and international environment of agricultural and agro-processing products and trade profile of Mali. ▪ Secondary and higher education reform directed towards the private sector ▪ Applied research and professional training branch focused on Mali's comparative advantages 	<ul style="list-style-type: none"> ▪ 300 businesses benefited from an upgrading programme, with phase I of 70 businesses in 2005 ; ▪ Information network on standards, codes and norms established for businesses ▪ Continuing training programme implemented; professionalisation is increased and service economy strengthened and the number of trained targets raised by 25% per annum ▪ Foreign trade agencies are strengthened and operational. ▪ The key sectors (rice, cotton, stockbreeding, agro-processing) increased their production by over 5% to 10% per annum and exports represent over 60% of productions 	1.10 Launching of upgrading programme for 300 businesses, accelerated professional training with an information network addressed to businesses and continuing training programme – Economic partnership - Contribution to the development of the non-traditional industrial sub-sector focussed on comparative advantages exclusively directed towards exports (rice, oil seeds-shea butter, sugar, livestock products, textiles, fruits and vegetables, hides and skins, tourism) and support to technical training directed towards raw materials markets, technological sub-sectors and agricultural research enhancement	<ul style="list-style-type: none"> 1. ADF : SAP IV, GGSP II, Competitiveness and growth support project (PACC : Budget support), EES, Governance and private sector profiles action, Studies EDIC, CFAA, CPAR, Afritac, Afristat, PCI, Support to PRSP, Dialogue 2. GGSP I 3. Other partners (TFP): Mali Finance/Trade Mali, PAC & PACD, EU support 	7. SAP IV review- Report of the competitiveness committee on performances in terms of competitiveness - Governance profile Private sector profile
PILLAR II : CONTRIBUTE IN STRENGTHENING THE CAPACITIES OF THE POOR AND THEIR PARTICIPATION IN GROWTH						

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<p>5. MDG 1,7, 8 lead to 2-6</p> <ul style="list-style-type: none"> ▪ Food security enhanced ▪ Agricultural production: 10% ▪ Accountability of target groups 	<p>1. insufficient growth due to : - the vulnerability of the rural areas, - disparity between regions and urban/rural areas, poor local governance, - scale of poverty and inter-group inequalities, gender disparities and a large number of youths (under 15) among the population</p>	<ul style="list-style-type: none"> ▪ Constraints on the transfer of responsibilities and local governance development, the organization and support of rural areas, efforts to fight against disparities and the said inequalities are reduced. 	<ul style="list-style-type: none"> ▪ The development plans - PDL - (region, cercle, communes, arrondissement and villages) are financed and implemented and the decentralised authorities are given responsibility to take care of themselves and monitor their growth profile ▪ The gender approach is generalised in the PRSP action plans and focal points are made more accountable at the central and decentralised level to implement and generalise the « gender multisectoral budget ». ▪ The family code, social laws and reforms shore up the PRSP ▪ The poor's access to socio-economic services improved ▪ DFS capacities are strengthened . 	<p>2.1 Reversal of the PRSP approach towards regional strategies with a more pronounced structuring of the rural areas supported by efficient land reforms, increase in improvement efforts and the development of the land registry.</p> <p>2.2 Build the capacities and participation of women and youths and give them responsibilities to take care of themselves</p>	<p>1. <i>ADF</i> : Agricultural project Baguinéda II, Stockbreeding project Kayes SUD - Programmes on poverty in decentralised areas - SAP IV - EES – Female entrepreneurship Competitiveness and growth support programme (PACC), capacity building, technical assistance and EES - Dialogue within the framework of the PRSP</p> <p>2. <i>Current portfolio</i> : agricultural sector, Water & Sanitation Initiative – Poverty Reduction Project – Road Maintenance, Gender and AIDS project - Dialogue within the PRSP framework</p> <p>3. <i>Other TFP</i>: PNIR, PCDA, PASAOP, TFP agricultural projects, Support to irrigation and micro-credit – Technical Assistance</p>	<p>1. Follow-up and supervision of projects mentioned - Monitoring-evaluation of the governance profile, the decentralisation charter - IDP Review – Restructuring ADF and TFP projects. PRSP revisited: Rural development scheme & agricultural policy letter</p>
<p>6. MDG 1,7,8 followed by :</p> <ul style="list-style-type: none"> ▪ Improving the productivity of the agricultural sector ▪ Intensive on-the-job production 	<p>2. Poor agricultural productivity, soil poverty and insufficient land, poor access to factors and means of production (land, input, credit, infrastructure and markets)</p>	<ul style="list-style-type: none"> ▪ .Constraints on the improvement of agricultural productivity are removed : ▪ Food security improved and the soils regenerated ▪ Land improvement efforts are pursued and the security of operations improved ▪ Irrigation programmes are strengthened (including small private irrigation) and the financing method revisited ▪ Commercial networks are organised – wholesale markets are located and farmers are organised and trained. 	<ul style="list-style-type: none"> ▪ Agricultural productivity increased by 10%, yields rose by 10%, productivity is higher than the money cost and competitiveness improved considerably ▪ The environmental and social management audit (PGES) is effected and PGES are improved. The acreages per inhabitant increased by 15% per annum, with a low distribution ▪ # The number of poor and women with access to land increased by 10% ▪ The volume of loans granted per head grew by 5% in real terms and the recovery rate is over 90% <p>Indicators shown in the table (annex 13) took on the projected values.</p>	<p>2.2 The rural development scheme and the agricultural policy letter are operationalised with special emphasis on the improvement of target groups' access to production factors, credit and markets and to rural infrastructure, followed by a continuing training on the rational management of natural resources and maintenance of rural infrastructure at least transaction costs.</p>	<p>1. <i>ADF</i> : : Agricultural project s , SAP IV and the Competitiveness and growth support programme (PACC), GGSP II</p> <p>2. Current portfolio (all sectors),</p> <p>3. Other TFP : Agricultural projects, Capacity building, technical assistance- Dialogue within the PRSP framework</p>	<p>2. Idem 1 and PRSP</p>

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(1)	(2)	(3)	(4)	(5)	(6)	(7)
<p>7. MGD 1, 7 & 8</p> <ul style="list-style-type: none"> Deep involvement, accountability and empowerment of vulnerable groups and the poor 	<p>3. Generalised under-employment and insufficient involvement and participation of the poor and vulnerable groups in the decision-making and development process.</p>	<ul style="list-style-type: none"> Development programmes requiring intense labour force are initiated at all levels of decentralisation (villages, arrondissement, communes, cercles and regions) and the rural populations and poor are given responsibilities to participate in the decision-making process and take care of themselves. 	<ul style="list-style-type: none"> Increase in the number of jobs created for youths, women and the poor in infrastructure and agricultural planning projects 40 billion CFA F are invested in income-generating activities for 56% of the population and 70% of the poor. Social mobilisation is strengthened: trade unions, advisory bodies and other umbrella structures were reorganised and benefited from training at least once every quarter and a reinforcement at least once every semester; the number of public discussions on employment and poverty increased at grassroots level (1 every week). 	<p>2.3 Contribute in creating job, self-employment and income opportunities through income-generating activities supported by an efficient and controlled decentralised financing system.</p> <p>Advocacy in favour of the poor's concerns, by trade unions, advisory organs and other umbrella structures that are more organised and professionalized</p>	<p>1. ADF : Agricultural project s , SAP IV and the Competitiveness and growth support programme (PACC), GGSP</p> <p>2. Current portfolio (all sectors),</p> <p>3. Other TFP Other TFP: Active portfolio all sectors , Capacity building, Support to micro-financing- Technical assistance Dialogue within the PRSP framework</p>	<p>3. Idem 1 and PRSP revisited : Rural development scheme and the agricultural policy letter – monitoring HIMO Projects - community reports</p>
<p>8. MDG 1,7, 8 &</p> <ul style="list-style-type: none"> Improved access of the poor to basic social services 	<p>4. Insufficient social security in the face of the high vulnerability of the poor in relation to the MDG, food security and social security</p>	<ul style="list-style-type: none"> Rationalisation of social expenditure targeting through the MTEF and specification in the social reforms programmes at the decentralised level 	<ul style="list-style-type: none"> The volume of resources transferred from the State budget increased from 40% to 60% The municipal budgets increased by 8% The social indicators of the PRSP and HIPC1 on accessibility, coverage and quality as well as on budget allocations improved by 10 basepoints compared to the 2004 level An audit of social security bodies was conducted, followed by an actuarial study In 2006 Risk management mechanisms were implemented in 2007 and a reliable social security system for all became operational in 2008 	<p>2.4 Human development and social reforms programme</p>	<p>1. ADF : Agricultural project s , SAP IV and the competitiveness and growth support programme (PACC), GGSP</p> <p>2. Current portfolio (all sectors),</p> <p>3. Other TFP : Active portfolio all sectors , Capacity building, Support to micro-financing- - Technical assistance Dialogue within the PRSP framework</p>	<p>4. Idem 1 and PRSP revisited : MTEF and community budgets.</p>

4.4 CSP Pillars and Areas of Focus

4.4.1 The key weaknesses and constraints identified in sections 2 and 3, on the one hand, and the prospects mentioned in section 2.7, on the other, facilitated the definition of a limited number of results-based strategic goals reinforced by the acquired experience and the Bank Group's comparative advantages in the agricultural and social sectors, as well as in reform-support operations and governance. Following the participatory seminar organised during the drafting of the report, the intervention strategy adopted for 2005-2009 is based on the two pillars of concentration (see table 1 below), namely: i) *improvement of competitiveness and the private sector environment*; and, ii) *strengthening of the capacities of the poor and their participation in growth*.

4.4.2 Through the first pillar, the Bank Group envisages to contribute to the development of an *emerging private sector*, notably by strengthening the bases of productivity and competitiveness in all sectors of the economy and, particularly, in the growth sectors epitomised by the agricultural and agro-processing sub-sectors. Through the second pillar, the Bank Group seeks to facilitate access of the poor to factors of production and basic social services by and promoting the employment and income-earning opportunities in order to reduce their vulnerability.

Table 1 : Results-based CSP Framework				
Long-term Results	Results Expected from the CSPs	Performance Indicators for the 2005-2009 Period	Connections between the CSP and the PRSP Priorities	
PILLAR I : IMPROVEMENT OF PRIVATE SECTOR COMPETITIVENESS AND ENVIRONMENT				
1.1 Macro-economic and financial stability and permanent governance consolidation <ul style="list-style-type: none"> ▪ Real growth rate is $\geq 6\%$ per annum ; inflation is $\leq 3\%$ per annum; average investment rate $\geq 22\%$ of GDP between 2006-2009 ▪ External competitiveness index improved by 5 percentage basis points, on the 2004 level, between 2007-2009 ▪ The International transparency index improved by 10 points ; ▪ Right to information consolidated 	1.1.1 Controlling the macro-economic, financial and regional balances, taxation neutrality and public debt sustainability – Rationalised, deconcentrated and decentralised public expenditure based on the MTEF: Impact on the competitiveness of the macro-economic management is published every year by the concerned PRSP group and the Competitiveness Committee	MTEF of the PRSP priority sectors are defined in 2005 The PIP utilisation rate and budget expenditure rate rose to 75% in 2007 and 90% in 2009 against 70% in 2004	PRSP pages 40 to 42 relating to the preliminary thrust on <i>Accelerated and distributive growth</i>	
	1.1.2 Constantly improved State and Public administration performances on the basis of rules of accountability and transparency and the intensive use of NICT facilities ; in particular, financial regulation terms are complied with and delays are reduced by 75% between 2005-2006 and by 100% between 2007-2009	1.1.3 A list of indicators is drawn from the international lists and a composite index on the perception of corruption and governance is prepared in 2007; governance indicators prepared for Mali and published by the WBI improved by 10 points between 2007-2009 and 15 points after that period	The annual governance profile is prepared and published, followed by an improvement plan with specific references to the institutional development plan (IDP) and the public finance management consolidation programme (PRGFP), the PRODEJ and the national integrated good governance programme	PRSP pages 43-51 relating to the thrust on institutional development, the improvement of <i>governance and participation</i>
	1.1.4 An appropriate strategy to facilitate communication between the government (central and decentralised) and the citizens is instituted and the sanctioning of public authorities by public opinion is used to consolidate the performances of administrations		70% of target groups are satisfied with the performances of administrations	
	1.2 The climate and efficiency of private sector investments are improved <ul style="list-style-type: none"> ▪ Marginal capital efficiency improved by one point and real per capita growth rate by 2 points between 2007-2009 ▪ The effective marginal rate of taxation remained at its equilibrium level between 2007 and 2009 and beyond ▪ Indicators of World Competitiveness, World Economic Forum, World Business and 	1.2.1 Continuation of the dissemination and application of OHADA acts, strengthening the regulatory and legal framework and the functioning of the judiciary. A PRODEJ support programme is launched in 2007 on the basis of the review of the justice sector conducted in 2006 using TOR which were finalised and approved in 2005. 1.2.2 More efficient and transparent incentive and competition systems: simplified taxation as well as an attractive and flexible Investment and Labour Code. Reviewed annual. 1.2.3 Trade policies, trade facilitation and exports development, including standardization, quality control and traceability programmes: annual review 1.2.4 Effective development of infrastructure and related services – Opening up the country and production areas, improving the land register and the living environment; support to the land registry will be prepared in 2006 ; 1.2.5 Increased professionalisation and strengthening of the service economy (economic and social) through further monitoring of associations, professional organisations and chambers of commerce. Implementation of the action plans of professional organisations and umbrella structures.	The sites on business law are updated, the time for the implementation of legal rulings is reduced by 50% to 70% between 2007 and 2009 and 70% of persons subject to trial are satisfied. Reduction of costs and risks of doing business resulting in a 20% to 50% increase in businesses created between 2006 and 2009 and in the amount of investments compared to 2001-2004. Annual and mid-term review of the private sector action plan conducted in 2007 and 2009, respectively (Private sector development policy letter, ten-year programme and recommendations of the EDIC studies, the Bank's private sector profile).	PRSP pages 64-76 relating to Thrust III : <i>Development of basic infrastructure and support to productive sectors with specific reference to pages 72 to 74</i>

Table 1 : Results-based CSP Framework				
Long-term Results	Results Expected from the CSPs	Performance Indicators for the 2005-2009 Period	Connections between the CSP and the PRSP Priorities	
trans-national corporation (attractiveness, potential, productivity, business climate) consolidated their performance while the various risks dropped from 4 to less than 3 between 2007-2009 and beyond	1.2.6 Efficient financial sector adapted to the needs of the economy on the basis of the PDSF annual review in keeping with consultations between the State, banks and the privatised and restructured private sector between 2005 and 2007.	Banks under the State portfolio privatised and private investment funds established between 2007-2009.	PRSP pages 58-68 relating to Thrust II on Sustainable human development and improving access to basic social services	
	1.2.7 Competitiveness of production sectors (agriculture, agro-processing and mining) strengthened; and greater control of the national and international environment of production sectors (production and market structures and the continuous collection of information of market risks); upgrading 300 businesses, 70 between now and 2007.	Implementation of "partners" programmes (ADF, IDA, USAID, EU). Other bilateral partners have a disbursement rate of 30%-50% in 2007 and 70% to 85% in 2009.		
	1.2.8 Developed human capital in support to productive sectors with high potential growth and targeted professional training supported by scientific, technological research and technical cooperation.	Implementation of continuing professional training programmes focusing on §1.2.7 and review of post-baccalaureate academic guidance in 2006-07		
PILLAR II: STRENGTHENING THE CAPACITIES OF THE POOR AND THEIR PARTICIPATION TO GROWTH				
2.1 Accelerate the deconcentration and decentralisation process The control organs of the responsible ministry prepare an annual report on 50% of the communities with effect from 2007 and 100% in 2009	2.1.1 Local Governance is consolidated, and backed by : (i) the application of a decentralisation charter; (ii) the institution of technical and financial support; (iii) a rational programme for the restructuring of the rural areas, land-use planning and land reforms; (iv) enhanced advocacy and social mobilisation, supported by trade unionists, advisory bodies and organised and professionalized umbrella structures; (v) annual control on the basis of sampling (10% of communes per quintile of poverty; 30% of the 'cercles' and 100% of regions).	Implementation of IDP: 100% of local communities have their LDP financed and own an autonomous technical service for the operation and monitoring-evaluation of the LDP in 2009 50% of the poorest communities use the CCC at shared costs between 2005 and 2007	PRSP pages 43-51 relative to Thrust I on Institutional Development, the Improvement of Governance and Participation	
	2.2 Improve target groups' access to factors of production, credit and markets 15% increase in agricultural and food production compared to the average level of 2001-2003; Marketing management	2.2.1 Contain the vulnerability of rural activities and develop integrated water management 2.2.2 Improved food security followed by an enhanced natural resource management and the reduction of transaction costs. Audit the early warning system and reassess food stocks. 2.2.3 Develop basic socio-economic infrastructure, followed by management, cost recovery and maintenance methods, and relieving the isolation of production and commercial zones		Adoption of the Agriculture Act, and an action plan of the rural development master plan Implementation of the Transport sector Programme (TSP) with a 'rural feeder roads component transferred to the communities Public agencies have established partnerships with the communities (AMADER....)
2.3 Promote access to employment and income-earning opportunities Increase agricultural productivity beyond the national average	2.2.4 Improve access to credit through efficient DFS, supervised on an annual participatory basis (utilisation of authorised management centres or competency centres). 15 % increase in the volume of credit Recovery rate higher than 85%. Review of the early warning system with UN and USAID agencies and risk management professionals	Implementation of the micro-financing action plan: all DFS shall be accountable. Implementation of the AFRITAC action plan	PRSP pages 64-76 relative to Thrust III : Development of Basic Infrastructure and Support to Productive Sectors with special reference to pages 72 to 74	
	2.3.1 Income-generating activities (employment and self-employment) supported 2.3.2 Labour productivity and technical progress reinforced, followed by the intensification of research on intermediary technologies and appropriate professional training	Over 70% of poor involved in the rural sector have developed a farm of at least 0.5 ha protected by the decree on land tenure security.		
2.4 Strengthen target groups' access to basic social services	2.4.1 Appropriate and continuous diagnosis which resulted in an in-depth knowledge of social systems and combined with coherent and integrated social reform programmes with effect from 2006 ; 2.4.2 Poverty expenses rationalised and made more efficient and more effective for human resource development (basic education and health, water, sanitation); social security is reorganised with effect from 2007	Social budget shares increased at the GDP nominal growth rate in relation to the 2004 threshold, in order to guarantee the ratios of 25% for education, 10% for health and 15% of the health budget will be allocated to HIV/AIDS control,	PRSP pages 58-68 relative to Thrust II: Sustainable Human Development and Improving Access to Basic Social Services	

Pillar n°1 : Support to the Improvement of Private Sector Competitiveness and Environment

4.4.3 This pillar relates to the basic conditions linked to the macroeconomic stability and strategic Focus 1 and 3 of the PRSP concerning institutional development, governance and participation, on the one hand, and the development of infrastructure and support to productive sectors, on the other. The achievements expected in connection with this pillar are presented below:

Achievement 1.1 : *Strengthening the Stability of the Macro-economic Framework and Governance.*

4.4.4 The priority activities meant to support the reforms will be implemented by the Government during the ADF X (2005-2009) lifespan at the macro-economic, structural and sectoral levels. They relate to: i) measures programmed under the PRGF and the Stability and Convergence Pact, which are expected to help curb inflation and control public and external deficits; ii) efforts to pursue the implementation of structural reforms aimed at streamlining the public sector and improving public finance management. (chain of public spending, and deconcentration of its management, and the preparation of MTEF in priority sectors); iii) further improving accountability and transparency in the public administrations, particularly in the public service and justice sector; iv) evaluation of the performance of control organs and ministries in charge of the priority sectors in the poverty reduction drive, followed by auditing of the agricultural extension boards responsible for the cotton and rice sub-sectors; and v) pursuing anti-corruption activities. The activities in question were identified on the basis of the country governance profile (CGP), which is being finalised, the conclusions of the SAP III completion mission and the joint ADF/IDA mission for the preparation of the reform programme. The Fourth Structural Adjustment Programme (SAP IV) will be the appropriate instrument for conducting the reforms in conjunction with IDA and IMF, on the one hand, and on the other, with WAEMU for attainment of the convergence criteria and the solidarity pact. Governance issues will be discussed with all partners on the basis of SAP IV, the Governance Profile and the Peer Review Mechanism report. The short-term effects concern the sustained mobilisation and rational use of public resources with a view to financing social expenditures and stepping up the per capita income. The expected results for the 2005-2009 period, are aimed at the preservation of a healthy macro-economic framework conducive to private investments, the generalisation and compliance with good governance practices at the level of the State apparatus as well as in decentralised communities.

Achievement 1.2: *Contribution to the Improvement of the Private Sector Investment Environment*

4.4.5 Priority activities They essentially encompass: i) the furtherance of the liberalisation and privatisation of sectors and activities from which the State has withdrawn, as well as their take-over by professional organisations and supervising structures; ii) improving the legal framework and its harmonisation with OHADA; iii) improving the land registry, strengthening the incentive and competition system particularly in the WAEMU space; iv) reducing factor costs by developing the basic infrastructure (transport, telecommunications, energy, water); v) improving the performance of the financial system by taking measures likely to adapt its instruments to private sector needs, particularly through the State's withdrawal from two commercial banks; vi) strengthening policies aimed at promoting exports and trade with WAEMU countries; vii) strengthening business development services viii) developing professional training; ix) bringing the information system up to standard; and x) supporting programmes aimed at strengthening the formal sector, particularly by setting up authorised management centres, which apply simplified book keeping methods for their members. SAP IV and the competitiveness and growth support project, which is in the identification phase, are instruments to be developed in order to support the Government, which is working closely with IDA, EU, USAID and other partners.

4.4.6 Reform support is justified by the need to pursue and deepen reforms that have already been initiated by the government in connection with past programmes and through synergies that will be created by intervening with other development partners. The Bank's added value in this area will be reinforced through the follow-up and proximity dialogue which it will have the opportunity to consolidate, with the opening of its country office of Mali. The results obtained will be assessed in light of the progress made, particularly in the following areas: i) a 50% reduction in investment constraints (to be translated by an improvement in Mali's position in the country grading scale); ii) bringing 300 businesses up to standard; iii) setting up a reliable information system on export markets in strategic sub-sectors as well as for certain selected products; and iv) strengthening public- private partnership in infrastructure development and management.

Achievement 1.3 : Support to Production Sub-sectors

4.4.7 The Bank Group will support the private sector in the privatised chains as well as in areas in which the private sector is already active, through two ongoing programmes, namely the growth support project and the competitiveness support project. Such support entails a greater contribution of these sub-sectors to economic growth

Pillar n°2 : **Contribute to Strengthening the Capacities of the Poor and Their Participation in Growth**

4.4.8 This pillar is in line with axes (2 & 3) of the PRSP and seeks to operationalise the Government's strategy with respect to social development and the development of infrastructure. Through this pillar, the Bank Group intends to: i) promote growth, employment and income-earning opportunities in poor rural areas with high agricultural potential; ii) contribute in bridging income gaps among the vulnerable groups; and iii) build the capacities of grassroots communities and vulnerable groups.

Achievement 2.1 : Acceleration of the Deconcentration/Decentralisation Processes.

4.4.9 This process will strengthen local governance by improving the regulatory and legislative frameworks which will be facilitated through the deconcentration of State services to ensure support-counselling, the necessary technical assistance and the monitoring of local community operations. The acceleration of the process will provide the local communities with technical and financial support mechanisms for the management of their local development programmes (LDP) and enable them to gain from the transfer ownership to the organised populations. Through this component, the Bank Group will contribute to the implementation of the institutional development programme and action plan for the 2005-2008 period. Moreover, through social projects integrating the population dimension, the Bank will be able to play an active role in demographic growth control through sensitisation actions provided for in the said projects.

Achievement 2.2: Promotion of Employment and Income-earning Opportunities for the Poor.

4.4.10 The Bank Group's intervention seeks to increase workable land by expanding irrigated areas and developing support infrastructure, in order to utilise developed land and intensify agricultural production. Strengthening land tenure security, which will be the subject of specific reforms within the framework of rural development projects financed by the Bank, will promote investments in this sector. Such development will go hand in hand with the structuring of the rural areas by strengthening associations, professional and umbrella organisations, maintaining the populations on their native land by providing them with basic infrastructure in the area of rural water supply and electrification, which are prerequisites for agricultural production as well as for the development of non-agricultural income-generating activities for the benefit of grassroots communities. Moreover, the Bank will contribute to building the institutional, technical and financial capacities of DFS and improving the rural populations' access to socio-economic services. Informal economic units will also have the possibility to receive support for the development of their activities within the framework of poverty reduction projects and those pertaining to the development of multi-purpose platforms.

Achievement 2.3 : Improvement of Access of the Poor to Basic Infrastructure and Services

4.4.11 Priority will be given to multi-sector programmes focussing on grassroots communities decentralised local communities and the development of basic infrastructure for vulnerable groups. Within the framework of the multidimensional platform and poverty reduction operations, emphasis will be placed on: (i) capacity building, the development of decentralisation institutions with a view to ensuring greater local-community participation in local development operations; and (ii) the poor's access to basic infrastructure and social services.

4.4.12 The targeted operations within the framework of this pillar relate to sectoral investment programmes in the agricultural and basic infrastructure sectors. The pillar will be globally sustained by the Baguineda Agricultural Development and Intensification Project. Access to basic social services will be supported by the Programme for Poverty Reduction in the Decentralised areas, which is currently under preparation. These actions will be completed by two public utility programmes focussed on the development of multi-purpose platforms, rural electrification and the water initiative. In this regard, the second pillar will concentrate on the deconcentration and decentralisation process, grassroots communities and vulnerable groups. The expected results concern self-employment, independent participation and independent development to broaden the bases of the economy and diversify growth sources around grassroots communities in the hinterland regions, coupled with partnership between the public sector, private sector and decentralised communities and structures.

Box 4

Consultation on the Bank Group's Strategy, 2005–2009

This 2005-2009 country strategy paper for Mali was prepared on the basis of a participatory approach, during a mission to the country from 01 to 12 March 2005. The preparation of the document registered the contribution of the various stakeholders in Mali (central Government, civil society, private sector, decentralised communities and structures and technical and financial partners). The PRSP (including annexes comprising priority action plans, policy letters and ten-year sectoral programmes, master plans) and the two implementation reports (2003 and 2004) were the basic reference documents, supplemented by policy and strategy documents made available to us by development partners (UN Agencies, IMF, World Bank, EU). A seminar was organised on 13 and 14 March 2005 on the theme «Strategic partnership for Accelerated and Equitable Growth and Long-term Jobs for Poverty Reduction» with the support of the Government and other national stakeholders, including development partners. The seminar was attended by 60 participants, 40% of whom were from the non-government sector and 30% were women. The seminar particularly dwelt on the review of sectoral priorities in relation with the current PRSP implementation performance. The seminar also took note of the limitation of resources and recommended stepping up synergies within the integrated development framework. Contrary to other workshops during which the absence of the ADB in discussions as well as in the on-the-ground TFP activities in Mali were deplored, the seminar congratulated the Bank and commended the opening of its country office and the role it is expected to play in strengthening dialogue and improving the portfolio quality. With the new results-based management approach, the CSP also dwelt on the poverty-reduction-performance monitoring-evaluation system. The draft CSP was validated by stakeholders' representatives within the framework of the consultation mission organised in Bamako in October 2005.

4.5 Regional Dimensions of the Bank Group's Assistance

Within the framework of the economic cooperation and regional integration promotion policy, the Bank Group will continue to assist Mali to finance operations from multinational resources in support of the two adopted pillars, in the following sectors: i) governance and reform support in line with WAEMU, OHADA, ECOWAS and NEPAD directives; ii) improvement of the private sector investment environment, trade facilitation and the development of transport infrastructure and public utilities, in accordance with the NEPAD action plans; iii) enhancement of food security, integrated water management and natural resource protection; and iv) human capital development. The Bank's interventions in matters of regional integration will be in keeping with its assistance strategy for the ECOWAS space which is being finalised, and will also take on board the economic programmes prepared by WAEMU for the development of socio-economic infrastructure at community level. More precisely, three operations have already been prepared. One of them falls under Pillar I (WAEMU/Mali-Senegal Programme for Road Development and Transport Facilitation) and the two others (Stockbreeding and Environmental Protection) concern Pillar II.

4.6 **Bank Group's Assistance: Performance-Based Resource Allocation, Performance Criteria and Non-lending Activities**

Bank Group's Financial Assistance Framework

4.6.1 The total allocation for the implementation of the 2005-2009 CSP comprises resources which will be allocated to Mali within the framework of ADF X (2005-2007) and part of the ADF XI resources (2008-2010). Resource allocation is based on the country's performances in terms of institutional, economic and social management, as well as portfolio management. For ADF X, the Malian performance evaluation exercise (EPIC) resulted in the decision to grant the country a maximum allocation of UA 124.30 million for the 2005-2007 period. The provision for the first two years (2008-2009) of ADF XI covered by the 2005-2009 CSP will also be determined on the basis of Mali's overall performance. Within the framework of ADF X, the amount of the commitments made for the first year is firm, and equal to 40% of the overall allocation; while the amount of annual commitments under the last two years of ADF X will depend on: i) the country's economic and portfolio management performance; ii) resource availability; iii) the scale of the active portfolio and the country's absorptive capacity in the selected sectors; and finally iv) the quality of the lending programme at entry point.

Performance Criteria

4.6.2 During the ADF X lifespan, special attention will be paid to the monitoring of weaknesses identified within the framework of Mali's latest performance evaluation, covering 2004. These weaknesses essentially relate to: i) public finance management and governance; and ii) portfolio management, in particular, the delays in implementing operations. Since the 2000-2002 cotton crisis, the Bank Group has maintained dialogue on these concerns, within the framework of the reform programmes in order to reduce the impact of exogenous shocks on public finance. Table n° 2 below gives indications on the initial situation, the performance threshold and the progress to be made by Mali to consolidate its performance, and maintain the current indicative allocation level.

4.6.3 *Measures to Improve Public Finance Management and Good Governance.* The level of domestic resource mobilisation is low while the taxation rate is far below the community standard set at 17% and efforts are still necessary to rationalise public expenditure. Moreover, the Government adopted a Plan of Action for the improvement and modernisation of public finance management which will hinge on the recommendations of the CFAA, CPAR studies, and the ROSC. The Bank Group will make its contribution in conjunction with the other TFPs, within the framework of SAP IV, the Good Governance Support Programme and the governance profile monitoring in support of the Institutional Development Programme (IDP). The performance monitoring exercise is conducted under the joint review missions with the IMF and IDA within the context of the PRGF, the Convergence Pact and reform support.

4.6.4 *Measures Aimed at Improving Portfolio Performances.* The objectives are in keeping with paragraph §4.6.3 and also target the development partner's performance. Dialogue in this specific area is conducted on the basis of global and sectoral portfolio reviews coupled with portfolio improvement plans and various instruments to diligently launch implementation and ensure the quality of operations. Additional measures concern the establishment of performance contracts and the strengthening of compliance with contractual obligations (production of various implementation reports) as part of the reporting obligation. A portfolio review will be finalised in 2005, followed by sectoral reviews in the key priority sectors of the PRSP (agriculture, social sectors and infrastructure), in 2006. The performance of implementation units will also be reviewed. For its part, the Government intends to conduct monthly reviews within the same ministry and quarterly reviews between ministries and partners. An annual review is regularly published by the Ministry of Planning since 2002.

Table 2 : Mali – Benchmarks and actions for the improvement of the country performance (country grading criteria/resource allocation)				
Sectors	Actions to be Implemented	Markers		
		Reference Threshold	2007	2009
1. Areas of the Evaluation of Policies and Institutions of the Country (EPIC) which Need to be Improved				
1.1 Human resource development, notably the control of demographic growth	. Revision of the population policy . Sensitisation actions within the framework of ongoing social projects and the basic social services component of scheduled operations.	. Integrated adoption of the population dimension in sectoral development strategies	. Population policy published. . Sensitisation actions launched in the field in connection with ongoing projects.	Population policy taken on board in the implementation of sectoral development strategies
1.2 Increased internal resource mobilisation (tax resources, in particular) coupled with a regular control and audit system.	# Accelerated human capacity building through a targeted, intense and practical technical assistance, providing support-counselling rather than one of substitution; (IMF, AFRITAC, Bilateral) # Accelerated institutional and administrative strengthening, supported by credible computerised systems	# The public finance management enhancement programme is validated # 15% of GDP	# Convergence criteria are complied with on a regular monthly basis # 16% of GDP	# The level of mobilisation is considered satisfactory # 17% of GDP
1.3 Acceleration of disbursements under investment programmes and projects	# Rapid participatory and transparent implementation of the PIP project supported by a proactive and frequent planning, control and TIC monitoring # Implementation of a management system under pressure coupled with sanction/incentive mechanisms within the framework of various national, ministerial, regional and local portfolio commissions supported, on the one hand, by monthly portfolio monitoring reviews between national agencies and bodies and, on the other, by quarterly reviews between stakeholders and development partners	# Plans relating to procurement, operational and audit activities are adopted by supervisory authorities. The balanced scorecard is provided on an ad hoc basis	# All operations are effective within nine (9) months, following the date of signature # Disbursement rate: 50%-60% for operations lasting 3-4 years ≥70% for 5 years and more Monthly performance indicators showing the impact on the acceleration of the process (50%)	# All operations are effective within 4 months following the date of signature # Disbursement rate: 75%-85% for operations lasting 3-4 years ≥90% for 5 years and more Monthly performance indicators showing the impact on the acceleration of the process (over 75%)
1.4 Public expenditure management	Acceleration of the public expenditure system computerisation and decentralization of expenditure execution underpinned by an integrated public finance and controls system	The CID is set up and the experts are trained	50% reduction of unauthorised or extra-budget expenditures	90% reduction of unauthorised or extra-budget expenditures
1.5 Public procurement system	Implementation of the CPAR (Contracting Performance Assessment Report) and the Bank Group's administrative instructions	Training programme launched	Over 60% of contracts are awarded on the basis of competitive bidding and implementation agencies and units are assessed.	Over 80% of contracts are awarded on the basis of competitive bidding and implementation agencies and units are assessed.
1.6 Monitoring-evaluation control and audit of procedures and public expenditure execution	Auditing the monitoring-evaluation system of the PRSP implementation and the results-based approach Implementation of the public expenditure execution audit plan	Action plan for the publication and implementation of the recommendations adopted	Status of implementation of audit recommendations before 2007	Status of implementation of audit recommendations before 2009
2. Management of the Bank Group's Portfolio				
2.1 Start of operations	Accelerating the fulfilment of the conditions of the first disbursement	18 months	9 months	≤6 months
2.2 Rapid implementation execution	Accelerating execution within the limit of the CSP period	6 years	4 years	≤4 years
2.3 Monitoring-evaluation supervision, audit of the execution and completion report	Ensuring compliance with contractual obligations with respect to portfolio management (submission of report relating to the follow-up of recommendations)	Reports not submitted and recommendations not implemented	Reports submitted and recommendations implemented	Summary of effects on portfolio quality

Plan of Activities for the 2005-2009 Period.

4.6.5 The Bank Group's intervention strategy comprises four dimensions: i) the public sector; ii) the private sector, integrating public/private partnership; iii) the multi-sector devoted to reform support, governance support and institutional support operations covering several sectors; and iv) the regional dimension (§4.5).

4.6.6 ***Public Sector.*** The Bank Group's programme of assistance to Mali will be based on the current portfolio which correspond to the strategic pillars of the CSP and the PRSP as well as new operations to be implemented during the 2005-2009 period.

4.6.7 The new operations programmed in support of the two above-mentioned pillars include: i) the *Baguinéda Agricultural Development and Intensification Project*, which seeks to expand the developments, preserve natural resources for food security and provide vulnerable groups with employment and income-generating opportunities and this project is supported by ii) *the Stockbreeding Development Programme in the Southern Kayes Region*, in partnership with the private sector, aimed at supporting agricultural diversification, productivity and exports; iii) the *Programme for Poverty Reduction in Decentralised Rural Areas* for enabling the poor and local communities to assume responsibilities for themselves in order to increase their productivity and improve their living conditions; iv) *a Rural Electrification and Energy Control Programme with an important component devoted to the multi-purpose platforms programme for the creation of village infrastructure and facilities within the context of poverty reduction efforts*; v) the *Bamako Sanitation Programme, a multiple-objective programme for the improvement of public health and urban development*; vi) *a Competitiveness and Diversification Support Programme, jointly financed by IDA, USAID, Canada and other partners*, in support of the development of the private sector, SME/SMIs and micro-financing, in cooperation with the regional solidarity bank (BRS/WAMU), in the growth sectors (agriculture and stockbreeding, tourism and handicrafts); and vii) the *Governance and Decentralisation Support Project*, for the implementation of technical and financial support mechanisms and the strengthening fiduciary accountability to sustain the deconcentration/decentralisation process. Under multinational integration operations and NEPAD, in keeping with the regional integration strategy, two *sector programmes will be deepened in the road transport and electrification sectors* to link Mali to coastal countries in order to reduce factor costs and accelerate the development of infrastructure and regional integration.

4.6.8 The proposed strategy considers the *Fourth Structural Adjustment Programme* as an instrument of dialogue to back-up reforms with a view to sustaining competitiveness in the cotton and rice production sub-sectors, two growth poles of the economy, in order to develop food self-sufficiency and maintain trade shares with respect to cotton marketing. To limit the impact of external shocks on the budget as well as on social spending for poverty reduction, measures taken under SAP IV will help to absorb the budget implications of past difficulties of the Malian Textiles Development Company (CMDT), scheduled for privatisation by 2008. SAP IV operates through balance of payments support, pending the evaluation of financial responsibility within the framework of the governance profile being finalised and the review of public procurement. Participation in the funding of three reform supports in this country, alongside projects in various sectors, as well as the development of dialogue with the authorities on these operations, constitute advantages which will enable the Bank to contribute, in collaboration with the other partners, to the continuation of reforms in this country. Besides, the launching of the country office in Mali, will provide the Bank with the opportunity to play a more active role in the programme coordination process, thanks to proximity dialogue possibilities and daily interactions with the Malian authorities and the partners represented in Mali.

4.6.9 ***Strategy for the Private Sector.*** The Bank Group's support to the private sector is considered as a central strategic objective of pillar 1 of the CSP. Relying on the unexploited potential of the economy, particularly in the agricultural and agro-processing sub-sectors, as well as in the mining sector, and taking into account the gain in competitiveness as well as its geographical position, Mali is known to be an attractive country for private foreign investors, with the least risks in the sub-region. However, the private industrial sector is uncompetitive.¹⁶ Investment needs are felt in the infrastructure sector in order to reduce factor costs, facilitate trade and meet quality standards, thereby ensuring better returns on investments in a landlocked country. On the basis of the preliminary analysis of the private sector country profile (PSCP) and in accordance with the objectives of the PRSP and pillar 1 of this CSP, the Bank Group's strategy proposes three intervention areas: i) ***institutional support with three major components***: (1) measures to formalise and organise the sector by building the capacities of the institutional and organisational framework (new ministry and public supervisory agencies), develop business services and rationalise umbrella structures in charge of supervision and assistance; (2) actions aimed at improving the legal and regulatory framework, generalising the OHADA single acts within a general judiciary-strengthening context; and, (3) deepening the tax and non-tax incentive system; ii) ***facilitation and competitiveness support*** aimed at trade, financial, technological and standardization issues. The Bank Group will support the Government through targeted actions geared towards the enhancement of competitiveness by constituting «basic cores» for the promotion of sub-sectors with *comparative advantages*. For beneficiary businesses, such support is expected to generate growth in market shares by consolidating internal and external positions, increasing productivity through the reduction of production costs, enhancement of the rate of return and an increase in sales by ensuring the regularity of production and quality, and by obtaining international certifications. The resulting improvement will prepare the businesses to face foreign competition within the liberalisation framework and, more particularly, during the economic-partnership-agreements (EPA) phase with the European Union, with effect from 2008.

4.6.10 The third intervention area will focus on a ***production and growth support programme*** (for the development of private investments and economic diversification) covering financial support mechanisms (trade credit lines and micro-financing support), the financing of physical investments in growth sectors and public/private partnership in the infrastructure sector (transportation, public utilities and tourism), in keeping with the NEPAD objectives and the regional integration strategy. Studies on terms and conditions of the operations, such as the BOT and BOOT-type concessioning, will also be conducted to clarify the types of financial mechanisms to be instituted, including the promotion of sub-contracting. Identification missions were undertaken by the Bank and negotiations are in progress to decide on investment opportunities in the mining and agro-processing sectors. The Bank Group's interventions will complete those of other partners, namely the World Bank Group and the IFC, USAID, EIB, AFD and the Netherlands.

4.6.11 ***Bank Group's Assistance: Other Activities.*** In light of the pending preparation of the PRSP for the 2007-2011 period as well as the implementation of activities scheduled within the framework of pillars I and II of the CSP, the monitoring of the governance profile and private sector profile which is being finalised, economic and sectoral studies, environmental impact assessment studies and preliminary studies were programmed and the terms of reference thereof have almost been completed. The Bank Group will provide Mali with technical assistance to prepare these studies and/or consolidate those in progress, notably: i) organisational and technical audit of ministries and agriculture boards, irrigation financing and agricultural credit; ii) mechanisms for the provision of financial support to the decentralisation process (local financing); iii) three sectoral reviews (agriculture, justice and social security); iv) Management of Malian products' market price risks (cotton); v) specific project studies in the energy and road sectors; vi) studies on the environmental

¹⁶ Considering the nation's competitiveness in general, the World Economic Forum (Davos Forum), in 2003, ranked Mali 23rd out of 25 countries at the African level and 99th out of 102 at the global level. In particular, Mali occupies the same rank as regards the criteria concerning capacity to assimilate technological progress.

impact of specific studies; (vii) study on the national strategy for energy control and support to household and renewable energies; (viii) multi-sector gender profile study; and ix) peer review mechanism. As regards contribution to the HIPC initiative, the Bank Group will continue to lend its assistance to Mali within the framework of the HIPC initiative which has just been bolstered by the decision to cancel the entire multilateral debt of 14 African countries, including Mali.

4.7 Partnership and Harmonisation

During the 2005-2009 period, the Government will review the PRSP and prepare the second phase of the PRSP for 2007-2011. Mali will be eligible for budget support from IDA, Canada and the Netherlands, in addition to the EU. The Bank will participate in all the critical stages of the PRSP preparation, the validation of the thematic groups' activities and sector-specific and regional policies; the formulation of strategic objectives and the choice of results and impact indicators. In connection with Mali's eligibility for budget support, the Bank will undertake an in-depth appraisal of the conditions of eligibility, particularly as regards evaluation of the progress made by each country with respect to public procurement reforms, fiduciary accountability and the reporting obligation before the Supreme Court's accounts division. The MOPAN results and the outcome of the independent ADF assessment will be profitably used to enhance synergy among partners. All these activities will be monitored by the Bank Group's country office in Mali, whose operation will help to significantly improve the impact of the Bank Group's interventions in Mali and strengthen coordination with other technical and financial partners. In view of the limited resources available under ADF X, the projects resulting from the Bank Group's intervention strategy will be co-financed. Thus a case by case harmonisation or the alignment of TFP procedures with national practices will be effected, pursuant to the provisions of the Paris declaration. The Bank will harmonise its procedures, notably those relating to instruments, procurement and sectoral reviews.

V. RESULTS-BASED MONITORING AND EVALUATION

5.1 Monitoring the CSP Results and the Bank Group's Performance

The results of the Government's programme will be monitored and the Bank Group's specific performance in the implementation of the CSP will be appraised, on the basis of the results framework and the RBCSP strategic framework (Annex 2). The Bank will monitor three sectors: i) macro-economic stability, competitiveness and the diversification of growth sources; ii) extending employment and income-generating opportunities with a view to promoting the poor's access to basic social services; and iii) promoting good governance around decentralisation and deconcentration. These three components will be examined in joint reviews between partners and the Government, and the reviews will focus on: i) the WEAMU/PRGF and HIPC Convergence Pact; ii) the PRSP, the Poverty and Sustainable Human Development Observatory, and MDG implementation; iii) the Good Governance Observatory and the anti-corruption committee, including reports produced by control organs. A mid-term review of the strategy will be conducted in 2007 to evaluate the results and progress made as well as to make the adjustments which have become necessary in view of the country's performance. Dialogue will also be held to look into very specialised international sources, with respect to the business environment, country risks and governance. The Bank will ensure that the linkage and consistency between these different mechanisms are established. Indicators will be checked periodically (quarterly or annually) to facilitate the launching of dialogue on important measures; notably on competitiveness support sectors (productive sectors) and the social sectors of education and health. The bank will also rely on data bases from international sources, particularly the joint World Bank/UNDP data bases, also recommended to the Government with respect to the MDGs; while aid effectiveness and its impact on the PRSP priority action plans, will benefit from the support of the European Union, Bretton Woods institutions and the Government. Finally, the Bank has the means to check and monitor social indicators in the field, within the framework of project supervision, sectoral public expenditure review and portfolio review; just as it will monitor portfolio performance, through the project units. The Bank Group's country office will play a key role as the

central actor of the institutional machinery for monitoring purposes. In this regard, the monitoring mechanisms inherent in the PRSP and which constituted conditions precedent to disbursement under the various phases of the Bank's SAP, will be abundantly used.

5.2 Risks Management

Potential risks have been identified in Section 3.4 and could stem from the weaknesses of the institutional framework and a possible lack of commitment to sustain the pace of reforms. It was also stated that the Government and partners have taken measures to alleviate these risks. The said measures relate to governance strengthening with the implementation of the ADF's Good Governance Support Project (GGSP) and various other capacity building programmes. As regards political commitment, the Government demonstrated political will to accelerate structural reforms relating to governance, decentralisation and private sector support. The Bank Group's strategy does not entail any major risks. In fact, the CSP ties into the country's PRSP, which was adopted by the national side and the international community of partners who, at the latest round table discussions held in March 2004 and various sectoral consultations organised in Bamako throughout 2004, renewed their undertaking to support Mali's development actions. Besides, the PRSP preparation process was based on transparent discussions at various seminars held in Bamako, during the preparation and validation missions of March 2005 and October 2005, respectively.

5.3 Country Dialogue Issues

The dialogue will essentially concern the risk factors identified in Section 5.2. It will be guided by the monitoring results and concentrated on four major thrusts, in view of their significant impact on poverty reduction, as well as points which may constitute risk factors for the strategy, namely: i) continuation of the restructuring of the cotton sector and other agricultural sectors; ii) structural reforms in the public sector (the rationalisation of the MTEF and budget decentralisation), in the judiciary with a view to accelerating the privatisation programme, improving good governance and for taking property protection considerations into account; iii) deepening the PRSP, its links with the MDGs and the review of its implementation (strengthening the participatory process, the information system and monitoring-evaluation); special attention will be paid to gender issues and actions aimed at controlling population growth; and iv) enhancing policies, institutional performances and portfolio management. The country's performance status, based on the CPIA (EPIP) criteria, shows that in the past the dialogue registered satisfactory outcomes and thus needs to be pursued to consolidate the performances.

VI CONCLUSIONS AND RECOMMENDATIONS

6.1 Conclusions

6.1.1 The efforts undertaken by Mali between 2000 and 2004 helped to bring the country's internal and external balances under control. These actions entail public finance consolidation, rehabilitation of the cotton sector and improvement of the private sector business climate. Measures have also been adopted within the context of good governance and the fight against corruption in the drive to strengthen the authority of the State, the rule of law and to accelerate decentralised participatory development. At the regional level, internal resource mobilisation efforts are showing positive signs with respect to the WAEMU's convergence criteria and improvement of the Bank Group's portfolio management. This environment facilitated the satisfactory implementation of the 2002-2004 lending programme.

6.1.2 Despite these efforts, weaknesses persist and call for vigorous actions in the various areas selected for furthering dialogue, namely the MTEF, fiduciary responsibility, the judiciary, deconcentration/decentralisation, privatisation and the poverty monitoring-evaluation system. In this regard, the strategy proposed can help to address the poverty-reduction challenges. The Bank Group's

pillars of intervention during the 2005-2009 period will hinge on: i) improving competitiveness and the private sector environment; and, ii) strengthening the capacity of the poor to contribute to growth.

6.2 **Recommendations**

The Boards of Directors are invited to approve the intervention strategy proposed for Mali during the 2005-2009 period, based on the two pillars and concentration sectors which have been adopted, for a total allocation of UA 124.30 million from ADF resources. This allocation was determined on the basis of the country's current performance and includes resources earmarked for reform support. The actual amount of these resources will depend on the country's financing needs stemming from the implementation of the PRSP and the MDGs, which were evaluated in conjunction with the other development partners and in keeping with the performance of the CSP monitoring mechanisms. Beyond the ADF-X period of 2005-2007, the country allocation will be determined on the basis of Mali's overall performance.

**MALI: COUNTRY STRATEGY PAPER 2005 - 2009
ADMINISTRATIVE MAP**



This map was provided by the African Development Bank Group exclusively for the use of the readers of the report to which it is attached. The names used and borders shown do not imply on the part of the Bank and its members any judgment concerning the legal status of a territory nor any approval or acceptance of these borders.

Bank Group Operations

N°	Sect.	Ins	typ	Title of Operation	Source	Type of fin.	Date of approval	Date of signature	Effective Date.	Date of 1st disbursement	Closing Date	Net amount	Amount disbursement	Disbursement rate
A. COMPLETED OPERATIONS														
1AGR	PL	PL		WELLS OPERATION (PHASE I)	A.D.F.	LOAN	16-Jan-74	21-Mar-74	15-Nov-74	31-Jan-75	30-Jun-80	3.68	3.68	100.0%
2AGR	PL	PL		WELLS OPERATION (COMPL.)	A.D.F.	LOAN	30-Apr-75	29-Aug-75	31-Dec-76	2-Mar-79	30-Jun-80	0.92	0.92	100.0%
3AGR	PL	PL		RURAL CAPITAL DEVELOPMENT WORKS (OTER)	A.D.F.	LOAN	12-Dec-75	16-Feb-76	16-Mar-76	20-Sep-76	31-Dec-90	4.47	4.47	100.0%
4AGR	PL	PL		DEVELOPMENT OF SELECTED SEED PRODUCTION	A.D.F.	LOAN	26-Oct-76	13-Dec-76	31-Dec-77	20-Jan-78	31-Dec-87	3.96	3.96	100.0%
5AGR	PL	PL		SOUTH MALI INTEGRATED RURAL DEVELOPMENT	A.D.F.	LOAN	29-Apr-77	21-Jul-77	21-Aug-77	30-Dec-77	31-Dec-87	4.97	4.97	100.0%
6AGR	PL	PL		MOPTI RICE FARMING PROJECT	A.D.F.	LOAN	20-Oct-77	29-Dec-77	26-Feb-79	5-Jul-79	31-Dec-83	5.03	5.03	100.0%
7AGR	PL	PL		SELINGUE RURAL DEVELOPMENT	A.D.F.	LOAN	27-Mar-80	25-Jun-80	25-Jul-81	16-Nov-81	31-Dec-00	10.13	10.13	100.0%
8AGR	PL	PL		WELLS OPERATION (PHASE II)	A.D.F.	LOAN	27-Aug-82	17-Dec-82	21-Feb-83	25-Feb-83	31-Dec-89	10.50	10.50	100.0%
9AGR	PL	PL		MOPTI AGRICULTURAL DEVELOPMENT	A.D.F.	LOAN	24-Oct-85	6-Jan-86	16-Jun-86	10-Mar-87	30-Jun-99	5.22	5.22	100.0%
10AGR	LC	LC		CREDIT LINE AT BNDA	A.D.F.	LOAN	29-Sep-86	30-Apr-87	23-Feb-88	16-Jun-88	30-Jun-94	4.61	4.61	100.0%
11AGR	PL	PL		STOCKBREEDING DEVELOPMENT (NORTH EAST MALI)	A.D.F.	LOAN	26-Oct-87	5-May-89	15-Dec-89	22-Jan-90	30-Oct-99	12.67	12.67	100.0%
12AGR	PL	PL		DAYE PLAIN IRRIGATION SCHEME	A.D.F.	LOAN	15-Dec-87	5-May-89	18-Oct-90	16-Apr-91	31-Mar-00	5.69	5.69	100.0%
13AGR	PL	PL		DAYE PLAIN IRRIGATION SCHEME (SUP.)	A.D.F.	LOAN	18-Oct-88	5-May-89	25-Oct-89	23-Apr-90	31-Mar-00	1.86	1.86	100.0%
14AGR	PL	PL		BAGUINEDA IRRIGATION SCHEME REHABILITATION	A.D.F.	LOAN	19-Apr-89	5-May-89	9-Apr-91	24-Apr-91	31-Mar-00	12.51	12.51	100.0%
15AGR	TA	PAI		RURAL AGRIC ENGINEERING INSTITUTIONAL SUPPORT (GRANT)	A.D.F.	GRANT	12-Jun-89	24-Oct-89	12-Feb-91	14-Apr-91	30-Jun-96	0.94	0.94	100.0%
16AGR	TA	PAI		RURAL AGRIC ENGINEERING INSTITUTIONAL SUPPORT L	A.D.F.	LOAN	12-Jun-89	24-Oct-89	14-Jan-91	12-Apr-91	30-Jun-96	0.48	0.48	100.0%
17AGR	PL	PL		SELINGUE IRRIGATION SCHEMES DEVELOPMENT	A.D.F.	LOAN	25-Nov-91	2-Apr-92	2-Apr-92	28-Feb-94	30-Jun-94	1.29	1.29	100.0%
18AGR	PL	PL		RURAL DEVELOPMENT SOUTH MALI II	A.D.F.	LOAN	25-May-92	3-Nov-92	27-Dec-93	14-Feb-96	30-Sep-02	7.36	7.36	100.0%
19AGR	TA	ETU		BAGUINEDA AGRIC DEVELOPMENT PROJECT STUDY	A.D.F.	GRANT	17-Sep-98	13-Oct-98	23-Apr-99	28-Sep-99	31-Dec-04	0.45	0.45	47.8%
Sub-total Agriculture												96.74	96.74	99.6%
20IND	LC	LC		ITEMA EQUITY PARTICIPATION	A.D.B	LOAN	4-Jun-70	6-Jul-70	6-Aug-70	26-Feb-71	30-Jun-71	0.63	0.63	100.0%
21IND	LC	LC		CREDIT LINE AT BDM	F.S.N.	LOAN	15-Jan-86	30-Apr-86	22-Apr-87	8-Jul-87	31-Dec-92	4.51	4.51	100.0%
22IND	TA	PAI		TECH. ASSISTANCE TO BDM	A.D.F.	GRANT	21-Nov-89	3-Jan-90	6-Jun-90	8-Feb-91	30-Jun-94	0.96	0.96	100.0%
Sub-total Industry												6.10	6.10	100.0%
23TR	TA	ETU		SIKASSO-KIGNAN DIOILA ROAD STUDY	A.D.F.	LOAN	16-Jan-74	14-Nov-74	31-Dec-75	24-Jan-76	31-Mar-82	0.32	0.32	100.0%
24TR	PL	PL		MARRAKALA-NIONO ROAD CONSTRUCTION	A.D.F.	LOAN	7-Jun-78	27-Jun-78	27-Jan-81	27-Aug-81	30-Jun-00	7.83	7.83	100.0%
25TR	PL	PL		SEWARE-GAO ROAD CONSTRUCTION	A.D.F.	LOAN	10-Sep-81	29-Sep-81	24-May-82	3-Nov-82	31-Dec-87	11.05	11.05	100.0%
26TR	PL	PL		MANANTALLI DAM :UTILISATION OF BALANCE	A.D.F.	LOAN	8-Jun-82	13-Aug-82	20-Oct-82	28-Oct-83	30-Jun-94	1.66	1.66	100.0%
27TR	PL	PL		BAMAKO BOUGOUNI ROAD	A.D.F.	LOAN	17-Jun-85	6-Jan-86	20-Oct-87	16-Nov-87	30-Aug-98	11.11	11.11	100.0%
28TR	PL	PL		CONSTRUCTION EXPRESS LANE IN BAMAKO	A.D.F.	LOAN	4-Mar-93	12-May-93	28-Feb-94	13-Jun-95	31-Dec-03	11.85	11.85	100.0%
29TR	TA	ETU		ROAD MAINTENANCE STUDY	A.D.F.	GRANT	8-Oct-97	25-Nov-97	22-Jul-98	3-May-99	31-Dec-01	0.45	0.45	100.0%

Sub-total transport											44.27	44.27	100.0%
30PU	PL	PL	SELINGUE DAM CONSTRUCTION	A.D.B.	LOAN	18-Aug-77	25-Aug-77	25-Sep-77	27-Oct-77	31-Dec-82	5.00	5.00	100.0%
31PU	PL	PL	POTABLE WATER SUPPLY TO 5 CITIES	A.D.F	LOAN	26-Sep-79	20-Nov-79	15-Jan-81	12-Oct-81	30-Jun-82	0.64	0.64	100.0%
32PU	PL	PL	REGIONAL SOLAR ENERGY CENTRE (CRES)	A.D.F	LOAN	24-Nov-83	18-Jan-84	24-Jan-85	17-Apr-85	31-Dec-00	10.36	10.36	100.0%
33PU	PL	PL	MALI'S POTABLE WATER SUPPLY	A.D.F	LOAN	25-Jan-84	9-May-84	5-Feb-86	20-Mar-86	31-Dec-89	10.69	10.69	100.0%
34PU	PL	PL	CREATION OF LIPTAKO GOURMA WATER POINTS	A.D.F	LOAN	12-Mar-85	28-Mar-85	3-Feb-86	7-Aug-89	31-Dec-99	10.80	10.80	100.0%
35PU	PL	PL	VILLAGE WATER SUPPLY (CEAO PROGRAMME.)	A.D.F	LOAN	12-Mar-85	28-Mar-85	18-Mar-86	25-Sep-86	31-Dec-00	5.60	5.60	100.0%
36PU	TA	ETU	POWER TRANSMISSION STUDIES	A.D.F	LOAN	11-Apr-85	6-Jan-86	21-Oct-86	1-Oct-87	31-Dec-95	0.89	0.89	100.0%
37PU	TA	ETU	BAMAKO SANITATION STUDIES	A.D.F	LOAN	27-Nov-86	1-Apr-87	8-May-89	30-Dec-92	31-Dec-96	1.42	1.42	100.0%
38PU	PL	PL	POTABLE WATER SUPPLY TO 5ADDITIONAL CITIES	A.D.F	LOAN	22-Feb-89	5-May-89	30-Oct-89	3-May-90	31-Dec-96	4.15	4.15	100.0%
39PU	PL	PL	ELECTRICITY II	A.D.F	LOAN	28-Aug-91	20-Dec-91	13-May-92	30-Jun-95	30-Jun-01	8.41	8.41	100.0%
40PU	TA	ETU	SEGOU POTABLE WATER SUPPLY AND SANITATION STUDIES	A.D.F	GRANT	6-May-98	28-May-98	28-May-98	9-Jan-01	31-Dec-04	0.66	0.66	100.0%
Sub-total public utilities											58.62	58.62	100.0%
41SOC	PL	PL	RURAL POLYTECH. INSTITUTE OF KATIBOUGOU	A.D.F	LOAN	15-Oct-75	16-Feb-76	14-Feb-77	30-Dec-77	31-Dec-87	4.61	4.61	100.0%
42SOC	PL	PL	RURAL POLYTECH. INSTITUTE OF KATIBOUGOU (COMPL.)	A.D.F	LOAN	27-Aug-82	17-Dec-82	15-Jan-84	14-Feb-84	31-Dec-89	2.21	2.21	100.0%
43SOC	PL	PL	TOMBOUCTO HEALTH INFRASTRUCTURE	A.D.F	LOAN	27-Aug-82	17-Dec-82	12-Mar-83	7-Jul-83	30-Mar-97	8.37	8.37	100.0%
44SOC	TA	ETU	STUDIES ON KOULIKO-NANA-NIAFU HEALTH INFRASTR.	A.D.F	LOAN	23-Jun-83	19-Jul-83	15-Jan-85	25-Sep-85	31-Dec-95	1.32	1.32	100.0%
45SOC	PL	PL	TRAINING BASIC EDUCATION TEACHERS	A.D.F	LOAN	11-Apr-85	6-Jan-86	20-Feb-87	25-Jun-87	31-Dec-00	6.01	6.01	100.0%
46SOC	PL	PL	IMPROVING HEALTH INFRASTR. K.N.N.	A.D.F	LOAN	17-Apr-87	11-Jun-87	7-Jun-88	29-Jun-88	30-Jun-99	8.88	8.88	100.0%
47SOC	TA	ETU	STUDIES -INSTITUTION BUILDING .MINIST. HEALTH	A.D.F	GRANT	26-Apr-88	27-Jan-89	12-Feb-92	19-Mar-92	30-Jun-98	1.32	1.32	100.0%
48SOC	TA	ETU	UNIVERSITY OF MALI STUDY	A.D.F	GRANT	20-Sep-88	27-Jan-89	10-Oct-89	10-May-90	31-Dec-00	0.54	0.54	100.0%
49SOC	PL	PL	RENOVATION 4 HEALTH CARE FACILITIES	A.D.F	LOAN	16-Dec-91	3-Nov-92	15-Feb-94	29-Mar-94	31-Dec-00	9.63	9.63	100.0%
50SOC	PL	PL	SUPPORT TO BASIC EDUCATION	A.D.F	LOAN	5-May-93	12-May-93	27-Dec-93	23-Apr-96	31-Dec-01	6.01	6.01	100.0%
51SOC	PL	PAI	SUPPORT TO WOMEN'S ECONOMIC ACTIVITIES	A.D.F	LOAN	31-Dec-95	18-May-99	18-May-99	16-Aug-99	31-Dec-02	2.00	2.00	100.0%
Sub-total social											50.90	50.90	100.0%
52MS	PBL	PBL	RESTRUCTURING GOVERNMENT BUSINESS SECTOR	A.D.F	LOAN	26-Apr-88	21-Nov-88	5-Dec-88	14-Dec-88	30-Jun-94	32.24	32.24	100.0%
53MS	PBL	PBL	STRUCTURAL ADJUSTMENT PROGRAMME	A.D.F	LOAN	17-Jun-91	16-Jul-91	17-Sep-91	25-Sep-93	30-Jun-94	13.82	13.82	100.0%
54MS	PBL	PBL	CONSOLIDATED SAP	A.D.F	LOAN	4-Mar-92	29-Jan-93	22-Jun-93	9-Jul-93	31-Dec-00	5.53	5.53	100.0%
55MS	PBL	PBL	ENHANCED SAP 1994-96	A.D.F	LOAN	31-May-95	31-May-95	31-May-95	28-Oct-95	31-Dec-00	21.78	21.78	100.0%
56MS	PBL	ESW	MACRO-ECONOMIC STUDY	A.D.F	LOAN	31-Dec-95	31-Dec-95	31-Dec-95	28-Jun-96	31-Dec-00	0.15	0.15	100.0%
57MS	PBL	PBL	ECONOMIC MANAGEMENT SUPPORT PROGRAMME	A.D.F	LOAN	29-Oct-97	17-Dec-97	28-Jul-98	18-Aug-98	31-Dec-00	14.97	14.97	100.0%
58MS	PBL	PBL	STRUCTURAL ADJUSTMENT PROGRAMME III	A.D.F	LOAN	16-Oct-02	19-Nov-02	31-Dec-02	31-Dec-02	31-Dec-04	22.30	22.30	100.0%
59MS	PBL	PBL	SAP III COMPLEMENTARY PROGRAMME	A.D.F	LOAN	29-Jul-04	8-Aug-04	18-Jan-05	8-Feb-05	31-Dec-05	8.60	8.60	100.0%
Sub-total multisectoral											119.39	119.39	100.0%
59	Total Completed operations										376.02	376.02	100.0%

OPERATIONS BEING IMPLEMENTED											
1AGR	PL PL	MID. BANI PLAINS DEVELOPMENT PROGRAMME	A.D.F LOAN	15-Dec-97	20-Feb-98	31-Dec-98	29-Mar-99	31-Dec-04	19.77	8.30	42.0%
2AGR	PL PL	BAGUINEDA AGRICULTURAL DEVELOPMENT STUDY	A.D.F LOAN	27-Oct-99	7-Feb-00	15-Feb-01	9-Jun-01	31-Dec-05	9.44	6.75	71.0%
3AGR	PL PL	MANIKOURA IRRIGATED AREA DEVELOPMENT PROJECT	A.D.F LOAN	18-Oct-00	15-Dec-00	14-Jan-02	18-Feb-02	31-Dec-06	12.47	5.23	42.0%
4AGR	TA ETU	STUDY ON MANIKOURA IRRIGATED AREA DEVELOPMENT PROJECT	A.D.F GRANT	18-Oct-00	15-Dec-00	15-Dec-00	18-Feb-02	31-Dec-06	0.44	0.32	72.5%
5AGR	PL PL	CONSOLIDATION DAYE-HAMADJ FARMING AREA	A.D.F LOAN	3-Nov-00	26-Apr-01	17-Dec-02	17-Dec-02	31-Dec-06	7.84	0.15	2.0%
6AGR	PL PL	SEEDS SUB-SECTOR SUPPORT PROJECT	A.D.F LOAN	14-Jun-01	11-Jul-01	22-Apr-02	16-Dec-02	31-Dec-07	5.67	1.42	25.1%
7AGR	TA ETU	DOUENTZA AGRICULTURAL STUDY	A.D.F GRANT	19-Sep-01	26-Oct-01	26-Oct-01	6-May-02	31-Dec-04	0.65	0.37	56.3%
8AGR	PL PL	MOPTI RURAL DEVELOPMENT SUPPORT PROJECT III	A.D.F LOAN	10-Oct-01	26-Oct-01	17-Sep-02	15-Jan-03	31-Dec-09	15.27	1.58	10.3%
9AGR	TA ETU	PHEDIE IRRIGATION SCHEME STUDY	A.D.F GRANT	11-Apr-02	28-May-02	28-May-02	20-Nov-03	31-Dec-05	0.63	0.15	24.6%
10AGR	PL PL	STOCKBREEDING DEVELOP. PROJECT NORTH-EAST MALI	A.D.F LOAN	11-Sep-02	23-Jan-03	6-May-03	6-May-03	31-Dec-09	13.72	0.31	2.2%
11AGR	LC LC	LINE OF AGRICULTURAL CREDIT AT BNDA	A.D.F LOAN	19-Dec-02	14-Feb-03	24-Feb-04	24-Feb-04	31-Dec-06	15.00	13.90	92.7%
12AGR	TA ETU	DJENNE LINE STUDY	A.D.F GRANT	16-Apr-04	8-Aug-04	1-Dec-05	31-Jan-05	31-Dec-07	1.06	0.03	3.1%
13AGR	PL PL	INLAND FIHSNING DEVELOP. SUPPORT PROJECT	A.D.F LOAN	6-Oct-04	6-Nov-04	.....	.....	31-Dec-09	15.00	0.00	0.0%
Sub-total Agriculture									124.68	45.88	36.8%
14TR	PL PL	ROAD MAINTENANCE PROJECT	A.D.F. LOAN	8-Oct-97	25-Nov-97	22-Jul-98	2-Jun-99	31-Dec-05	14.00	12.93	92.4%
Sub-total transport									14.00	12.93	92.4%
15PU	TA ETU	RURAL ELECTRIFICATION STUDIES	A.D.F GRANT	24-Sep-03	21-Nov-03	21-Nov-03	9Aug-04	31-Dec-05	1.13	0.20	17.7%
16PU	PL PL	AEPA PROJECT (WATER INITIATIVE)	A.D.F LOAN	17-Dec-03	25-Mar-04	25-Jul-05	.....	31-Dec-08	9.80	0.20	2.0%
17PU	PL PL	AEPA PROJECT (WATER INITIATIVE)	A.D.F LOAN	17-Dec-03	25-Mar-04	25-Mar-04	.....	31-Dec-08	2.20	0.00	0.0%
18PU	TA ETU	STUDY BAMAko CLEAN-UP MASTER PLAN	A.D.F GRANT	24-Mar-04	8-Aug-04	8-Aug-04	.....	31-Dec-06	0.97	0.00	0.0%
Sub-total community facilities									14.10	0.40	2.8%
19SOC	PL PL	EDUCATION III PROJECT	A.D.F LOAN	20-Nov-97	17-Dec-97	12-Apr-99	17-Sep-99	31-Dec-04	10.00	8.46	84.6%
20SOC	PL PL	POVERTY REDUCTION	A.D.F LOAN	24-Mar-99	18-May-99	13-Aug-01	23-Oct-01	31-Dec-04	10.00	9.00	90.5%
21SOC	TA PAI	POVERTY REDUCTION, (STUDY)	A.D.F GRANT	24-Mar-99	18-May-99	18-May-99	23-Oct-01	31-Dec-04	2.50	2.50	100.0%
22SOC	PL PL	SUPPORT TO PRODESS (HEALTH IV)	A.D.F LOAN	21-Nov-01	15-Jan-02	29-Jul-02	30-Apr-03	31-Dec-07	15.00	3.02	20.1%
23SOC	PL PL	EDUCATION IV PROJECT	A.D.F LOAN	24-Sep-03	21-Nov-03	12-Nov-04	12-Nov-04	31-Dec-09	12.00	0.22	1.8%
24SOC	PL PL	EDUCATION IV PROJECT	A.D.F GRANT	24-Sep-03	21-Nov-03	21-Nov-03	12-Nov-04	31-Dec-09	3.00	0.11	3.7%
25SOC	PL PL	WID AND SIDA MULTISECTORAL SUPPORT PROJECT	A.D.F GRANT	8-Sep-04	29-Nov-04	29-Nov-04	.....	31-Dec-09	8.22	0.00	0.0%
Sub-total social									60.79	23.35	38.4%
26MS	TA PAI	GOOD GOVERNANCE SUPPORT PROJECT	A.D.F GRANT	20-Dec-02	16-Jan-03	28-Jul-03	30-Aug-03	31-Dec-04	2.10	0.68	32.6%
Sub-total multisectoral									2.10	0.68	32.6%
26	Total Operations being implemented								215.67	86.69	38.8%
Total									591,69	462,71	78,2

The disbursement rate for all the operations which received an initial disbursement is 41.8%.

Bank Group's Strategic Framework Matrix

Challenges facing the country	Government Programme (PRSP axes)	Bank Group Strategy	Bank Group activities		Other Bilateral Multilateral strategies	Target point	
			Recent and ongoing	Proposed		MDG	Objectives set for the end of the CSP lifespan (2007-2009)
Pillar I : Support for the improvement of competitiveness and the private sector environment / Growth focussed on the private sector							
<ul style="list-style-type: none"> ▪ Maintain the stability of the macro-economic framework (global, sectoral and regional) ▪ Reduce vulnerability to external shocks 	Preliminary axis (0) on Accelerated and distributive growth	1.1.1 Monitor the WAEMU convergence criteria, the performance criteria and PRGF structural reference point through a neutral and efficient tax system, an active mobilisation of resources to guarantee financial viability and the sustainability of the debt – Have a rationalised, deconcentrated and decentralised medium-term expenditure framework (generalised MTEF)	SAP III -GGSP - HIPC PCI Statistics - country governance profile (CGP) Private sector country profile (PSCP) EES / sectoral projects ADF 8 & 9	SAP IV –GGSP II Profile assessment and review (PPG/CGP & PPSP/PCSCP)private sector EES / ADF X sectoral projects Competitiveness and growth support project (PACDE)	SAC IV - V PRGF & Support of technical and financial partners (TFP) PAC and PCDA Mali Finance	MDG 1 &8	<ul style="list-style-type: none"> ▪ Growth of per capita GDP $\geq 3\%$ and inflation $\leq 3\%$ ▪ Poverty incidence declined from 63.8% in 2000-2004 to 47% between 2007-2009 ▪ Convergence criteria complied with ▪ State's withdrawal from the financial sector in 2005-2006 and from the cotton sub-sector in 2008
<ul style="list-style-type: none"> ▪ Generalise the practice of good governance 	Axis I on institutional development, the improvement of governance and participation	1.1.2 Build the capacities and credibility of the State, the public administration, decentralised communities, partners and clients and constantly improve their performances on the basis of the principles of good governance : accountability and transparency and benefiting from NICT facilities. 1.1.3 Right to information on the basis of an appropriate strategy for communications between political authorities (central, decentralised), partners and citizens)	SAP III -GGSP - HIPC Governance profile Private sector profile Government contracting reforms	SAP IV - Governance profile Private sector profile EES / Sectoral projects ADF X	SAC IV - V PRGF & Support from TFP	MDG 1, 7 &8	<ul style="list-style-type: none"> ▪ State authority consolidated further through a quality of service to the poor ▪ Reduction by 50% of time spent on transactions with the administrations ▪ Rule of law confirmed by opinion polls and participatory surveys ▪ Increased involvement of the civil society and TFP through the dissemination of governance profile reports (IDP, PRGFP, PRODEJ, NGGP) like the PRSP. ▪ Dissemination of annual reports by control and audit organs depending on the rules.

Challenges facing the country	Government Programme (PRSP axes)	Bank Group Strategy	Bank Group activities		Other Bilateral Multilateral strategies	Target point	
			Recent and ongoing	Proposed		MDG	Objectives set for the end of the CSP lifespan (2007-2009)
<ul style="list-style-type: none"> Ensure that the private sector is an engine of growth 	Axis III : Development of basic infrastructure and support to productive sectors	1.2.1 Making the Justice sector credible in its relations with Business Law and the private sector – Ensure harmonisation with OHADA and generalise its application	SAP III - PABG Governance profile Private sector profile	SAP IV - Governance profile Private sector profile EES / Sectoral projects ADF X	SAC IV - V PRGF & the support of TFP	MDG 1, 7 & 8	<ul style="list-style-type: none"> Business Law/OHADA improved and generalised – The organs of appeal, arbitration and justice are operational and known by actors.
		1.2.2 Implement more efficient and transparent incentive and competition systems on the basis of a simplified taxation and a motivating and flexible investment and labour code	SAP III - PABG Governance profile Private sector profile	SAP IV - Governance profile Private sector profile EES / Sectoral projects ADF X	SAC IV - V PRGF & the support of TFP	MDG 1, 7 & 8	<ul style="list-style-type: none"> More efficient and transparent incentive and competition systems: simplified taxation, a suitable investment and labour code
		1.2.3 Implement trade, trade facilitation and export support policies including programmes for standardisation, quality control and traceability		SAP IV - Governance profile Private sector profile EES /	SAC IV - V PRGF & the support of TFP PCDA - Trade Mali - Mali Finance	MDG 1, 7 & 8	<ul style="list-style-type: none"> Trade policies and trade facilitation procedures are strengthened
<ul style="list-style-type: none"> Improve the business and competitiveness 		1.2.4 Develop efficient infrastructure networks and related services, open up the country and relieve the isolation of production and marketing areas– Improve the land registry and living environment	SAP III Road maintenance project WAEMU road programme Agricultural projects	SAP IV - Corridor to Senegal / EES	SAC IV - V PRGF & the support of TFP	MDG 1, 7 & 8	<ul style="list-style-type: none"> Constraints linked to the infrastructure and transportation services are reduced by 50%

Challenges facing the country	Government Programme (PRSP axes)	Bank Group Strategy	Bank Group activities		Other Bilateral Multilateral strategies	Target point	
			Recent and ongoing	Proposed		MDG	Objectives set for the end of the CSP lifespan (2007-2009)
		1.2.5 Have an efficient financial sector adapted to the needs of the economy – develop micro-financing - Strengthen transparency, financial governance and the supervision of the financial sector, and trans-border and international networks (fight against money laundering)	SAP III Project on WAEMU payment facilities Poverty programme Agricultural projects	SAP IV - Corridor to Senegal / EES	SAC IV - V PRGF & the support of TFP	MDG 1, 7 & 8	<ul style="list-style-type: none"> ▪ Efficient financial sector adapted to the needs of the economy
		1.2.6 Implement an efficient strategy for the reduction of transaction costs (including factors) within the national and regional economy as well as in international trade	SAP IV - Corridor to Senegal / EES	SAP IV - Corridor to Senegal / EES	SAC IV - V PRGF & the support of TFP	MDG 1, 7 & 8	<ul style="list-style-type: none"> ▪ Cost of transactions (including factors) and international trade reduced by 30% to 40%
		1.2.7 Strengthen the competitiveness of production sectors (agricultural, agro-processing and mining), professionalism and develop a constantly efficient service economy	SAP IV - Corridor to Senegal / EES	SAP IV - Corridor to Senegal / EES	SAC IV - V PRGF & the support of TFP	MDG 1, 7 & 8	<ul style="list-style-type: none"> ▪ Non-tariff competitiveness is improved through the standardisation, quality control, application of traceability standards and provisions ▪ Seminars and conferences confirm the progress registered
		1.2.8 Develop greater control of the national and international environment (economic, financial, scientific and technological) of information sectors on market risks– Have a roving technical assistance	SAP III - PPG -Private sector Project on WAEMU payment facilities Poverty programme/ Agricultural, road, social and regional projects	SAP IV - Corridor to Senegal / EES	SAC IV - V PRGF & the support of TFP	MDG 1, 7 & 8	<ul style="list-style-type: none"> ▪ Reliable information at national and international level on region, country, sector, market and product risks are collected, analysed and incorporated into governmental and corporate policies. ▪ These various risks are reduced by 25% to 33%

Challenges facing the country	Government Programme (PRSP axes)	Bank Group Strategy	Bank Group activities		Other Bilateral Multilateral strategies	Target point	
			Recent and ongoing	Proposed		MDG	Objectives set for the end of the CSP lifespan (2007-2009)
	Axis II on Sustainable human development and improving access to basic social services	1.2.10 Professional training in support of productive sectors with high potential growth (agro-processing, stockbreeding, quality standards, cotton, markets, , irrigation, electro-mechanics, computer science, insurance services, housing professions supported by scientific and technological research and knowledge of markets and countries.		SAP IV - Corridor to Senegal / EES Competitiveness and growth support projects Current projects (agriculture and social)	SAC IV - V PRGF & the support of TFP Technical cooperation with Tunisia and traditional partners	MDG 1, to 8	<ul style="list-style-type: none"> Several retraining seminars and workshops organised and a targeted Professional Training developed in support of the technopole, reinforced scientific and technological research focussed on the comparative advantages of Mali (products and production methods)
Pillar II : Contribute to strengthening the capacities of the poor and their participation to growth / Pro-poor growth							
	Axis I on institutional development, governance and participation	2.1.1 Local Governance is strengthened, with the support of IDP and the agricultural framework law, the land-use management and land reform policy	SAP III - GGSP Governance profile Private sector profile Agricultural projects	SAP IV - GGSP Assessment of governance and private sector profiles Agricultural projects	TFP governance projects	MDG 1, 7 &8	<ul style="list-style-type: none"> Responsibilities are transferred to communities (villages, arrondissement, communes, cercles and regions) followed by resources
	Axis III : Development of basic infrastructure and support to productive sectors	2.2.1 Contain the vulnerability of rural activities and develop integrated water management 2.2.2 Food security improved followed by an enhanced natural resource management and a reduction in the cost of transactions and surveillance of the early warning system	SAP III & Agricultural projects	SAP IV & Agricultural projects	TFP agricultural and poverty reduction projects	MDG 1 to 8	<ul style="list-style-type: none"> The rural populations and the poor have become aware of their responsibilities to participate in the decision-making process and assume responsibilities for themselves. Reduction by 100% of risks of famine, permanent information on locust invasions coupled with negative as well as positive sanctions

Challenges facing the country	Government Programme (PRSP axes)	Bank Group Strategy	Bank Group activities		Other Bilateral Multilateral strategies	Target point	
			Recent and ongoing	Proposed		MDG	Objectives set for the end of the CSP lifespan (2007-2009)
		2.2.3 Develop the basic socio-economic infrastructure followed by participatory management, cost recovery and maintenance 2.2.4 Relieve the isolation of production and marketing zones	SAP III & Agricultural projects	SAP IV & Agricultural projects	TFP projects on transportation, urban development and land-use planning	MDG 1, 7 & 8	<ul style="list-style-type: none"> ▪ Food security improved and rural vulnerability reduced ▪ Rural feeder roads increased by 15% with an upkeep at least social costs even during the rainy season. ▪ Production zones open up to marketing zones
		2.2.5 Improve access to credit through efficient DFS	SAP III & Agricultural projects	SAP IV & Agricultural projects	AFRITAC micro-financing programme	MDG 1, 7 & 8	<ul style="list-style-type: none"> ▪ Access to credit is improved through efficient DFS
		2.3.1 Sustained Income-generating activities (job generating and self-employment)	SAP III & Agricultural projects	SAP IV & Agricultural projects	Poverty support projects	MDG 1, 7 & 8	<ul style="list-style-type: none"> ▪ Job and income-generating opportunities are offered to target groups
<ul style="list-style-type: none"> ▪ Low agricultural growth 		2.3.2 Job productivity and technical progress strengthened, followed by the intensification of the search for intermediary technologies and appropriate professional training	SAP III & Agricultural projects	SAP IV & Agricultural projects		MDG 1, 7 & 8	<ul style="list-style-type: none"> ▪ Production increased in sectors with high potential growth and the global productivity of factors improved.
<ul style="list-style-type: none"> ▪ Social insecurity 	Axis II : Sustainable human development and improving access to basic social services	2.4.2 Poverty expenditures rationalised, more efficient and more effective for human resource development (basic education and health) and an organised social security 2.4.3 Gender inequalities are reduced	SAP III & Agricultural and Social projects (education , health and poverty reduction)	SAP IV & Agricultural and Social projects (education , health and poverty reduction)	SAS IV & Agricultural and Social projects (education, health and poverty reduction)	MDG 1 to 8	<ul style="list-style-type: none"> ▪ Social reforms are initiated to improve the poor's access to basic social services ▪ Poverty expenditures rationalised, more efficient and more effective for the human resources development (basic education and health) and an organised social security

Key Economic Indicators 2000-2007

	2000	2001	2002	2003	2004	2005	2006	2007
(Variations in annual percentage, unless otherwise indicated)								
Gross Domestic Product and prices								
GDP at constant prices	-3,2	12,1	4,3	7,2	2,2	5,8	5,4	6,1
Nominal GDP (in billions of CFA francs)	1 899,2	2 212,6	2 330	2 568	2 607	2 753	2900	3 320
GDP Deflator	9,0	3,9	1,0	2,8	-0,6	0,0	-0,3	2,7
Consumer price index (annual average)	-0,7	5,2	5,0	-1,3	-3,1	2,5	-1,5	2,5
Foreign sector								
Exports f.o.b	9,1	36,9	17,6	-13,6	5,8	-4,7	23,8	7,4
Imports f.o.b	13,1	27,7	-8,5	16,5	-0,6	7,8	11,8	4,6
Volume of exports	-1,2	24,9	31,7	-15,0	-0,2	4,2	12,7	5,1
<i>including: exports excluding the gold sector</i>	-7,5	-23,0	47,3	-11,4	25,6	-3,9	7,7	6,6
Volume of imports	1,7	29,8	-10,4	13,5	-2,8	6,3	4,0	3,4
Terms of trade	-0,7	2,3	-9,5	-1,1	3,6	-9,8	2,6	1,1
Nominal effective exchange rate	-4,3	3,2	1,5	4,4	1,7	...	.....	...
Real effective exchange rate	-7,4	3,7	4,8	1,1	-3,9	...	.....	...
Public Finance								
Total revenues	-1,5	18,6	19,2	13,7	7,8	12,4	13,0	10,7
Overall expenditures and net loans 1/	-0,5	14,2	16,0	5,3	10,0	15,5	3,8	8,9
Current expenditures	2,6	39,7	10,3	2,5	10,6	9,1	6,5	8,8
Capital expenditures and net loans 1/	-3,8	-10,3	24,6	9,0	9,2	23,4	0,6	9,0
Money and credit								
Claims on Government 2/	-4,2	4,6	-1,8	-7,6	2,0	-3,9	.....	...
Credit to the rest of the economy	-2,4	19,0	21,6	17,3	7,2	14,2	.....	...
Money supply in the wide sense (M2)	11,9	19,3	28,4	21,9	11,9	5,9	.....	...
Flow rate (PIB/M2)	4,7	4,0	3,7	3,4	3,1	3,2	.....	...
Interest rate (end of period) 3/	6,5	6,5	6,5	5,0	5,0	...	.....	...
Investment and savings								
(in percentage of GDP, unless otherwise indicated)								
Gross domestic savings 4/	22,2	27,0	18,5	26,3	19,1	21,1	21,3	21,6
State	7,8	6,1	7,0	6,8	7,4	8,2	8,3	8,3
Other sectors	14,5	20,9	11,6	20,2	11,6	12,9	13,2	13,4
Gross domestic savings	11,6	17,6	18,5	19,9	14,2	13,1	13,9	16,5
State	0,5	-0,6	0,0	1,2	1,1	-0,4	1,1	1,5
Other sectors	11,1	18,2	18,4	18,6	13,2	13,5	12,7	15,0
State Budget								
Total revenues	13,8	14,1	15,9	16,4	17,4	18,3	18,8	18,9
Overall expenditures and net loans 1/	21,5	21,1	23,2	22,2	24,0	27,0	26,0	25,7
Overall balance (commitment basis, including grants)	-2,9	-3,2	-3,6	.....	.....	.....	.....	.....
Overall balance (commitment basis, excluding grants)	-7,7	-7,0	-7,3	-5,7	-6,6	-8,8	-7,2	-6,8
Primary Balance 5/	-0,6	-1,7	-1,3	-0,2	-0,7	-2,1	-0,6	-0,3
Primary Balance 6/	-0,6	-0,2	0,1	1,1	0,4	-0,8	0,5	0,6
Foreign sector								
Current external position, including official transfers	-9,6	-10,3	-3,0	-6,1	-4,6	-5,9	-9,6	-6,9
Current external position, excluding official transfers	-12,0	-12,5	-4,3	-8,7	-6,4	-9,0	-9,7	-7,0
Debt service ratio 7/								
Prior to debt relief	12,8	9,9	10,0	10,4	9,9	10,4	8,0	9,1
Post- debt relief	12,2	6,3	6,3	5,9	5,9	6,9	4,9	6,1
		(in millions)	millions of	US dollars	dollars	unless	otherwise	indicated)
Overall balance of payments	39,2	-44,8	138,2	159,3	37,5	-29,3	-97,6	-188,5
Gross international reserves	381,3	348,9	594,5	908,7	988,8	1041,8	976,6	1002,3
(in months of goods imports of the following year 8/)	3,8	4,2	5,2	7,0	6,3	6,8	5,9	6,2
Exports (in percentage of GDP)	20,4	24,0	31,9	26,1	27,2	25,4	29,7	25,2
Imports (in percentage of GDP)	22,2	24,3	32,0	33,3	32,0	33,3	37,3	30,4
US dollar rate (end of period)	705,0	744,3	625,5	519,4	498,4	...	.....	...

Key Economic Indicators

Source: Malian authorities and International Monetary Fund estimations

1/ The data are on commitment basis

2/ Variation in percent of money supply at the commencement of the period.

3/ End of period interest on WAMU money market .

4/With the exception of PASEP (Adjustment programme for the public business enterprise sector); the series could thus be slightly different from that of the national accounts

5/ Total revenues (excluding grants) minus overall expenditures and net loans (excluding capital expenditures charged on external financing

6/ Defined as (5/) above minus HIPC expenditures and exceptional expenditures of the World bank credit.

7/ In percentage of goods and service exports/ 8/ Goods and services.

National Accounts

	Composition of GDP (%) in 2002	2000	2001	2002	2003	2004	Projections	
		(Annual growth rate, at constant prices)						
Primary sector	32.3	-10.4	11.7	-3.6	17.9	-4.1	3.0	4.0
Agriculture	17.4	-19.8	19.6	-7.9	31.8	-10.6	2.5	5.0
Food crops, excluding rice	10.7	-19.7	3.2	3.2	32.0	-11.6	5.0	5.0
Consolidated rice sub-sector	3.5	-7.2	26.1	-24.4	36.1	-12.9	6.0	7.3
Industrial farming, excluding cotton	0.9	5.0	-3.4	2.8	7.7	-11.4	6.0	4.0
Consolidated cotton sub-sector	2.4	-47.2	135.2	-23.0	33.1	-2.5	-13.0	2.0
Agricultural cotton								
Stockbreeding	9.8	3.6	2.8	1.6	1.0	7.3	3.8	2.0
Fisheries and forests	5.1	2.5	2.5	2.6	2.6	2.6	3.8	3.8
Secondary sector	25.4	4.4	26.1	18.4	-8.6	1.8	7.7	10.2
Extractive Industries	11.4	8.8	89.8	22.5	-18.9	-17.3	13.2	17.2
Manufacturing Industries	7.6	-2.2	-14.1	22.7	-5.5	18.6	2.9	7.3
Energy	1.9	21.7	9.6	15.1	9.0	15.0	7.0	10.0
Building and public works	4.4	5.3	6.9	4.4	5.1	8.0	8.0	4.0
Tertiary sector	34.5	4.3	5.7	1.1	7.6	7.5	5.9	3.3
GDP (at factor costs)	92.1	-1.8	12.6	3.5	6.7	1.6	5.3	5.2
Indirect taxes	7.9	-20.3	23.5	14.4	12.5	8.0	10.5	7.3
GDP (at market prices)	100.0	-3.2	13.3	4.3	7.2	2.2	5.8	5.4
Real GDP of the non-mining sector	88.6	-4.0	7.5	2.3	10.5	4.0	5.2	4.4
		(in percentage of nominal GDP, unless otherwise indicated)						
Resource gap	...	-9.5	-10.3	-3.0	-6.1	-4.6	-5.9	-9.5
Gross national savings	...	13.1	17.0	15.6	20.9	14.5	15.3	12.0
incl: gross domestic savings	...	11.6	17.5	18.5	19.9	14.2	13.2	13.9
Gross domestic investments	...	22.6	27.3	18.6	27.0	19.1	21.2	21.5
Current foreign position (in % of GDP 1/	...	-9.5	-10.3	-3.0	-6.1	-4.6	-5.9	-9.5
Nominal GDP (in billions of CFA francs)	...	1899.4	2,210.5	2330.0	2568.0	2607.0	2753.0	2900.0

Source: Malian authorities ; IMF personnel estimations and projections

(1) Including official transfers

State's Financial Operations, 2000-2007

	2000	2001	2002	2003	2003	2004	2004	2005	2006
						Authorit	Prog.		
Revenues and grants	352.3	394.9	456.7	536.4	536.5	574.0	578.4	636.6	660.6
Total revenues	262.3	311.2	370.9	428.1	421.8	470.5	459.2	507,0	572.9
Budgetary revenues	237.9	283.7	337.2	389.1	384.4	431.5	420.2	467,0	531.9
Tax revenues	225.7	272.7	306.0	340.2	349.2	395.8	383.7	427,3	483.4
Direct taxes	40.1	46.3	51.9	62.9	73.1	68.9	82.1	39,7	107.8
Indirect taxes	185.6	226.4	254.1	277.3	276.1	326.9	301.6	335,2	375.6
VAT	81.6	111.2	126.7	133.8	139.4	152.9	146.3	162,0	180.0
Domestic VAT	35.1	43.2	42.9	45.4	48.1	51.3	51.5	55,9	60.5
VAT on imports	46.5	68.0	83.8	88.4	91.3	101.6	94.8	106,1	119.6
Domestic tax on Petroleum products	33.5	28.3	30.2	35.0	33.7	31.8	39.0	43,6	47.4
Import taxes (Customs duty & Import)	34.0	36.4	45.6	53.4	55.3	71.6	62.8	68,4	76.1
Other duties and taxes	44.1	59.4	69.2	67.7	60.2	80.9	63.8	72,1	83.4
Refund of exonerated taxes	-7.6	-8.9	-17.5	-12.6	-12.6	-10.3	-10.3	-10,8	-11.4
Non-tax revenues	12.2	11.0	31.2	36.4	35.2	35.7	36.4	39,7	48.6
Revenues special funds and supplementary budget	24.4	27.5	33.7	39.0	37.4	39.0	39.0	40,0	41.0
Grants	90.0	83.6	85.8	108.3	114,8	103.5	119,3	129,6	87.7
Projects	57.8	56.1	69.2	69.8	63,1	74.3	74.3	80,5	87.7
Budgetary	32.2	27.5	16.6	38.5	51.7	29.2	45,0	49,2	0.0
Net expenditures and loans (on the basis of orders to	407.9	465.9	540.6	632.3	569.0	690.7	660.4	720.1	793.5
Budgetary spending	386.0	449.1	511.7	602.5	535,5	662.3	625,7	684,5	756.0
Current expenditures	200.2	279.8	308.7	322.6	316,3	368.5	366,7	400,6	443.0
Personnel (11+21)	73.1	85.8	93.5	105.6	106,2	122.0	122,0	134,7	146.7
Public officials	73.1	81.9	89.6	100.0	100,1	111.1	111,1	123,4	133.9
Contract employees (HIPC)	0.0	3.9	3.9	5.6	6,1	10.9	10,9	11,9	12.9
Goods and Services	75.2	91.8	109.0	108.3	107,6	128.9	139,2	159,2	189.8
Equipment (12)	28.5	32.1	32.8	37.5	37,5	44.5	44,5	52,9	62.7
Communication – energy (14)	11.5	13.1	17.7	20.5	20,5	25.5	25,5	30,3	35.9
Travelling, maintenance and fuel (13, 16)	17.4	19.9	20.0	22.1	22,1	23.7	23,7	25,8	28.0
Elections	0.9	8.0	11.0	1.0	0,9	6.9	6,9	5,0	8.9
Other expenditures on goods and services	16.9	18.6	27.5	27.2	26,7	28.3	38,6	45,9	54.3
Transfers and subsidies	35.9	87.6	87.8	80.5	83,8	92.7	87,0	87,4	84.0
Grants (24)	6.2	4.7	5.6	5.6	5,6	5.6	5,6	5,6	5.6
Social security net	9.9	10.0	9.2	10.0	10,0	10.0	10,0	10,0	10.0
Water-energy subsidy	0.0	10.6	0.0	3.8	5,1	3.8	9,3	7,2	0.0
Cotton sector subsidy	0.0	13.0	27.2	0.0	0,0	0.0	0,0	0,0	0.0
CRM subsidy	0.0	0.0	0.0	0.0	17,2	17.7	17,7	17,0	17.0
Social plans	0.9	1.1	2.6	20.0	17,9	11.0	5,0	5,0	5.0
National Pact	0.0	0.0	0.0	0.0	0,0	0.0	0,0	0,0	0.0
Voluntary retirement programme	0.0	0.0	0.0	0.0	0,0	0.0	0,0	0,0	0.0
PAGE expenditure	0.0	18.2	0.0	0.0	0,0	0.0	0,0	0,0	0.0
Other transfers and subsidies	18.9	30.0	43.2	41.1	28,0	44.6	39,3	42,8	46.4
Interest due	16.0	14.6	18.4	23.0	18,8	18.6	18,6	19,3	22.5
Domestic debt	1.6	0.8	2.1	3.2	3,4	1.1	1,1	1,5	1.4
IMF	1.2	0.5	0.5	0.3	0,5	0.4	0,4	0,2	0.2
BCEAO (Statutory advance and BDM)	0.4	0.3	0.3	0.9	0,9	0.8	0,8	0,3	0.3
Other domestic debts	0.0	0.0	1.3	1.9	1,9	0.0	0,0	1,0	1.0
Foreign debt (DGDP and fut. drawings.)	14.4	13.8	16.3	19.7	15,4	17.4	17,4	18,5	21.1
Capital expenditures	185.8	169.3	203.1	279.8	219,2	293.8	259,0	283,9	312.9
External financing	133.3	116.3	140.3	175.6	140,9	182.6	169,0	181,4	195.7
Borrowings	75.5	60.2	71.1	105.8	77,8	108.3	94,8	100,9	108.0
Grants	57.8	56.1	69.2	69.8	63,1	74.3	74,3	80,5	87.7
Domestic financing	52.4	53.0	62.7	91.6	78,3	100.9	90,0	102,5	117.2
Expenditures special funds. and supplementary budget (excluding salaries)	24.4	27.5	33.7	33.8	37,4	39.0	39,0	40,0	41.0
Net loans	-2.5	-10.7	-4.9	-3.9	-3,9	-4.3	-4,3	-4,4	-3.5
DEFICIT (on commitment basis)									
Grants excluded	-145.6	-154.7	-169.7	-204.2	-147,2	-209.8	-201,3	-213,1	-220.6
Grants included		-71.1	-83.9	-95.9	-32,5	-106.4	-82,0	-83,5	-132.9
Adjustment (on cash basis) supplementary period	1.6	0.0	-1.3	0.0	10,8	0.0	-8,2	0.0	0.0
DEFICIT (on cash basis)									
Grants excluded	-144.0	-154.7	-171.0	-204.2	-136,4	-209.8	-209,5	-213,1	-220.6
Grants included	-54.0	-71.1	-85.2	-95.9	-21,7	-106.4	-90,2	-83,5	-132.9

State's Financial Operations, 2000-2007

	2000	2001	2002	2003	2003	2004	2004	2005	2006
						Authorit	Prog.		
FINANCING	54.0	71.1	85.2	95.9	21,7	65.1	90.2	83,5	74.3
External financing (net)	51.8	65.0	88.5	125.9	106,1	97.7	114,1	125,6	95.9
Borrowings	82.4	78.4	102.6	141.0	112,7	108.3	124,7	133,6	108.0
PASEP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Budgetary loans	6.9	18.2	31.5	35.2	34.9	0.0	30,0	32,8	0.0
Amortization	-33.2	-36.4	-41.6	-44.2	-36.8	-40.3	-40.3	-37,7	-41.7
HIPC	2.6	23.1	27.5	29.2	30.1	29.6	29.6	29.7	29.7
Domestic financing (net)	2.2	6.1	-3.4	-30.1	-84.4	-32.6	-23.9	-42,2	-21.6
Domestic financing (net) excluding CRM	2.2	6.1	4.8	-30.1	-84.4	-32.6	-23.9	-28.5	-21.6
Banking system	-17.9	17.3	-9.9	15.1	-49.6	4.5	2.9	-31,3	-12.1
<i>Net government Position</i>	-15.1	18.7	-8.8	16.0	-48.6	5.2	3.7	-17,2	-12.1
Statutory Advance	0.0	23.2	0.0	-2.3	-2.3	-2.1	-2.1	-2.1	-2.1
Net Drawings	-3.3	4.1	-10.0	-6.6	-5.7	-16.7	-18.2	-13.1	-10.0
IMF buybacks	-9.9	-12.9	-16.0	-17.3	-16.2	-16.7	-18.2	-13.1	-10.0
IMF purchases	6.6	17.0	6.0	10.7	10.5	0.0	0.0	0.0	0.0
Other items (net)	-9.8	-6.6	3.2	26.9	-38.6	26.0	26.0	0.0	0.0
<i>Including : Treasury bills issuance/ref</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cons. Contributions./Securization	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	0.0
Other monetary financing	-2.8	-1.4	-1.1	-0.9	-1.0	-0.8	-0.8	-0.4	0.0
Advance MTEF	0.0	0.0	0.0	-9.0	0.0	0.0	0.0	0.0	0.0
Privatisation revenue	20.3	0.0	29.4	2.0	1.0	7.1	3.2	4.5	4.5
Other financing	-0.2	-11.2	-22.9	-38.2	-35.8	-44.1	-30.0	-15.4	-14.0
Domestic debt refund	0.0	0.0	-4.3	-21.5	-30.5	-32.1	-18.0	-8.0	-8.0
Variation of deposits	-0.2	-11.2	6.6	4.3	1.3	-2.0	-2.0	-7.4	-6.0
Treasury bills, net	0.0	0.0	-8.8	-16.0	0.0	0.0	0.0	0.0	0.0
Buy-out	0.0	0.0	-8.8	-16.0	-16.0	0.0	0.0	0.0	0.0
Fresh issues	0.0	0.0	0.0	0.0	16.0	0.0	0.0	0.0	0.0
FINANCING VARIANCE	0.0	0.0	0.0	0.0	0.0	41.3	56.4	71.1	58.6
Budget adjustment profile									
In percentage of GDP (unless otherwise stated)									
Total revenue and grants	18.5	17.8	19.6	21.6	21.0	...	2	20.1	20.7
Total revenue	13.8	14.1	15.9	17.2	16.6	...	1	17.4	18.0
Budgetary revenues	12.5	12.8	14.5	15.6	15.1	...	1	16.0	16.7
Tax revenues	11.9	12.3	13.1	14.2	13.7	...	1	14.6	15.2
Non-oil revenues	...	...	...	...	...	.....	...	...	...
Grants	4.7	3.8	3.7	4.4	4.4	...	3.	2.8	2.8
Total expenditures and net loans	21.5	21.1	23.2	25.4	21.7	...	2	24.6	24.9
Current expenditures	10.5	12.6	13.2	13.0	12.5	...	1	13.7	13.9
Current expenditures, excluding interests	9.7	12.0	12.5	12.0	11.7	...	1	13.0	13.2
Wage bill	3.8	3.9	4.0	4.5	4.2	...	4.	4.6	4.6
Wage bill/ Tax revenues	32.4	31.5	30.6	31.4	30.4	...	3	31.5	30.4
Interest payments	0.8	0.7	0.8	0.9	0.7	...	0.	0.7	0.7
Capital expenditures	9.8	7.7	8.7	11.3	7.9	...	9.	9.7	9.8
Including : financed from domestic resources	2.8	2.4	2.7	4.2	3.1	...	3.	3.5	3.7
Capital expenditures	9.8	7.7	8.7	11.3	7.9	...	9.	9.7	9.8
Capital expend. From domes. resources./tax revenue	23.2	19.4	20.5	29.5	22.4	...	2	23.8	24.3
Deficit (commitment basis)						...			
Including grants	-2.9	-3.2	-3.6	-3.9	-0.7	...	-	-4.5	-4.2
Grants excluded	-7.7	-7.0	-7.3	-8.2	-5.1	...	-	-7.2	-6.9
Grants and elections excluded/GDP	-7.6	-6.6	-6.8	-8.2	-5.1	...	-	-7.1	-6.6
Deficit, (cash basis), including grants	-2.8	-3.2	-3.7	-3.9	-0.3	...	-	-4.5	-4.2
Primary balance	-6.8	-6.3	-6.5	-7.3	-4.4	...	-	-6.6	-6.2
Basic primary balance	0.2	-1.1	-0.5	-0.2	0.5	...	-	-0.4	-0.1
Primary balance (Ext. fin. dev. exp. and elections)	0.2	-0.7	0.0	-0.2	0.5	...	-	-0.2	0.2
Basic budget balance	-0.6	-1.7	-1.3	-1.1	-0.2	...	-	-1.0	-0.8
excluding HIPC	-0.6	-1.0	0.1	0.2	1.1	...	-	0.0	0.2
Excluding interests and excluding HIPC	0.2	-0.3	0.9	1.2	1.9	...	0.	0.6	0.9
Budgetary assistance (in % of GDP)	2.2	3.1	3.2	4.1	4.6	...	3.	3.4	2.8
Public savings (in % of GDP)	4.2	2.5	3.6	5.2	4.9	...	4.	4.4	4.9
Excluding exceptional expenditure cotton	4.2	3.1	4.8	5.2	4.9	...	4.	4.4	4.9

Source : Malian authorities ; IMF personnel estimations and projections

Mali : Monetary Situation
(in billions of CFAF, unless otherwise stated)

	2001 Dec.	2002 Dec.	2003 Dec.	2004 Dec.	2005
	(In billions of CFA francs)				
Net foreign assets	198.1	284.9	345.6	370.6	478,0
Central Bank (BCEAO)	115.4	239.3	300.0	325.0	435,4
Commercial Banks	82.7	45.6	45.6	45.6	42,6
Net domestic assets	289.5	341.4	377.4	438.3	383,3
Claims on the Government (net)	-18.7	-27.5	41.5	43.8	-101,5
BCEAO	109.1	107.4			.....
Commercial Banks	-126.5	-134.9			.....
Others	-1.3	0.0			.....
Credit to the economy	338.5	411.5	454.6	537.7	558,7
Other elements (net)	-30.2	-42.6	-65.6	-65.6	-73,8
Money supply (M2)	487.6	626.3	723.0	808.8	861,4
Fiduciary circulation (currency outside banks)	179.0	247.4			.....
Bank deposits	308.5	378.9			.....
	(in percentage of money supply at the beginning of the period)				
Contribution to money supply growth					
Net foreign assets	7.4	17.8	9.7	3.5	
Net domestic assets	11.8	10.6	5.8	8.4	4,7
including: claims on the central government	4.6	-1.8	2.6	-3.1	-3,9
Money supply (M2)	19.2	28.4	15.4	11.9	5,9
	As a memorandum				
Money supply	19.2	28.4	15.4	11.9	5,9
Credit to the economy	19.0	21.6	10.5	18.3	14,2
Money circulation velocity (PIB/M2)	4.5	3.7	3.4	3.3	3,2
Fiduciary circulation / M2 (in percentage)	36.7	39.5			.....

Source: BCEAO ; estimations and projections of IMF personnel

Mali : Balance of Payments, 2000-2007
(in billions of CFAF, unless otherwise indicated)

	2000	2001	2002	2003	2004	2005	2006	2007
FOB Exports	387.8	531.1	624.6	552.8	622.8	555.0	622.7	668,6
Cotton (lint)	108.9	81.2	155.4	151.3	204.1	123,1	106,2	110,3
Gold	189.4	353.8	400.0	319.2	321.4	322,0	389,2	419,7
Others	89.6	96.0	69.1	91.3	97.3	109,9	127,3	138,6
FOB Imports.	-421.5	-538.4	-492.8	-560,2	-541,8	-631,3	-657,6	-687,6
Oil Products (excl mining sector)	-101.8	-104.0	-86.9	-100,2	-78.1	-125,8	-122,0	-124,1
Importation of food products	-59.6	-66.1	-63.7	-66.8	-66.5	-70.4	-75.3	.....
Others	-260.2	-434.3	-405.8	-420.2	-458.5	-505.3	-556.7	.....
Balance of trade	-33.7	-7.3	131.8	-7.4	81.0	-76,3	-34,9	-19,1
Net Services	-167.9	-198.1	-135.6	-135,0	-182,2	-142,2	-139,7	-153,6
Credit	70.5	110.8	118.1	131.1	104.2	143,8	156,4	168,7
Debit	-238.4	-308.9	-253.7	-266,1	-286,4	-286,0	-296,1	-322,3
Including freight	-152.0	-177.3	-147.2	-150.5	-188.1	-174.4	-181.4	.....
Net Revenues	-69.9	-121.7	-167.4	-81,3	-81.5	-83,1	-113,0	-118,9
Including ; interests on public debt	-15.6	-14.3	-16.8	-15.7	-17.9	-14,8	-15,8	-16,4
Net private transfers	44.3	51.1	71.2	45.1	44.0	53.3	55.3	58,4
Net official transfers	45.7	48.4	30.8	63.8	21.7	86,2	2.4	2,6
Including : budget support	32.2	27.5	16.6	51.7	19.5	84,0	0.0	0,0
Balance of current transactions								
Excluding official grants	-227.1	-276.0	-100.0	-165.9	-149.6	-178.1	-193.8	.....
Including official grants	-181.4	-227.6	-69.2	-102.1	-127.9	-176.0	-191.5	.....
Capital and financial operations account	182.6	131.1	195.7	221,0	56,9	147,5	140,2	137,0
Net capital account	61.1	62.1	72.7	67,1	76.3	79,2	87.2	94,7
Including: project grants	57.8	56.1	69.2	63,1	74.3	75,2	83.2	90,7
Financial operations account	121.5	69.0	123.0	153,8	-19.3	68,3	53,0	42,3
Net Private 2/	72.3	27.1	62.0	77,9	-73.8	-28,4	-23,4	-37,9
Direct Investments (net)	55.8	76.6	168.8	26,7	21.6	32,3	24,6	27,7
Private portfolio investments (net)	4.1	7.6	36.7	4.4	5.5	6.5	6,5	6,5
Other private investments		-44.1	-143.5	46,8	-100,9	-67.2	-54.5	-72,1
Official (net)	49.2	42.0	61.0	76,0	54.5	96,7	76,3	80,3
Disbursements (net)	82.4	78.4	102.6	112,7	94.8	139,6	116,4	127,5
Including: budget support	6.9	18.2	31.5	34.9	0.0	0.0	0.0	.....
Project financing	75.5	60.2	71.1	62.6	94.8	100.9	107.8	.....
Public debt write-off	-33.2	-36.4	-41.6	-36.8	-40.3	-42,9	-40,1	-47,2
Debt relief	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0,0
Errors and omissions	26.7	63.7	-30.2	-13,5	0.0	0.0	0.0	0,0
Overall balance	27.8	-32.8	96,3.0	92,6	-60.1	-14,6	-89,7	-93,6
Financing	-27.8	32.8	-96,3	-92,6	60.1	14,6	89,7	93,6
Net foreign assets	-30.4	9.8	-123,9	-122,6	-25.0	-10,0	10,0	10,0
including: IMF financing	-3.3	4.1	-10.0	-6.4	-18.2	-12,0	-9,8	-11,5
Assistance under HIPC initiative 3/	2.6	23.1	27.5	30.1	29.6	24,6	24,6	24,7
Residual financing gap	0.0	0.0	0.0	0.0	55,5	0.0	55,1	58,9

Mali : Balance of Payments, 2000-2007
(in billions of CFAF, unless otherwise indicated)

	2000	2001	2002	2003	2004	2005	2006	2007
As a memorandum:								
Foreign trade								
Volume of exports	-1.2	24.9	31.7	-11,8	3.6	4,2	5,1	5,1
Cotton	-19.8	-35.9	108.7	-8.4	15.3	-1.3	4.1	.....
Gold	8.8	89.8	23.1	-17.4	-7.4	13.2	7.9	.....
Others	32.2	2.1	-28.2	30.7	4.9	5.3	4.4	.....
Including volume of exports excluding the gold sector	-7.5	-23.0	47.3	0.2	17.4	0.4	4.2	.....
Volume of imports	1.7	29.8	-10.4	11,1	8.3	6,3	4,6	3,4
Volume of imports excluding the gold sector	0.7	11.1	-16.2	8.4	7.8	8.2	8.4	.....
Export unit values	10.4	9.6	-10.7	0,3	9,4	-8,5	6,8	2,2
Import unit values	11.2	7.2	-1.3	2,8	-0.1	1,4	-0,8	1,1
Terms of trade	-0.7	2.2	-9.5	-2,4	9,5	-9,8	7,7	1,1
Current external balance								
Excluding official transfers	-12.0	-12.5	-4.3	-6.9	-5.1	-9.0	-7.6	-7,0
Including official transfers	-9.6	-10.3	-3.0	-4.5	-4.3	-5.9	-7.5	-6,9
Public debt	99.2	89.4	90,2	72,6	77,9	61,4	55,5	49,8
Debt service 4/								
Prior to relief	12.8	9.9	10.0	10,1	10,5	10,4	8.7	9,1
Post- relief (including HIPC)	12.2	6.3	6.3	5,7	6.4	6,9	5.5	6,1
Gross reserves (billions of CFA F)	268.8	259.7	413.0	488.9	513.9	538.9	563.9	.....
in months of imports for the following year ⁴	3.8	4.2	6.1	7.0	7.0	6.8	6.6	
Exchange rate (annual average)								
CFAF to SDR	936.5	932.3	...	...	...	...	...
CFAF to USD	710.1	732.4	...	...	...	...	...
Price of raw materials								
Oil (crude spot, US \$/bbl)	28.2	24.3						
Gold (US \$/fine ounce)	279.2	271.1						
Cotton (CTS/LB, global price)	59.0	48.0						
Cotton (CTS/LB, Malian price)	39.1	44.1						

External Financing Requirements and Sources, 2000-2007
(Billions of CFA, unless otherwise indicated)

	2000	2001	2002	2003	2004	2005	2006	2007	2005-07			
		est.	Rev.pro j.			Projections			Billions FCFA	Millions USD	Million s UC	Percentage
External resource needs	254.0	256.0	301.7	345.6	271.0	303.4	264.5	271.4	839.3	1688.95	1119.02	100.0%
Current account deficit, excluding official transfers	226.9	275.9	100.0	230.0	166.1	248.3	232.3	233	713.80	1436.40	951.70	85.0%
Debt amortization	33.2	36.4	41.6	44.2	40.3	42.9	40.1	47.2	130.20	262.01	173.59	15.5%
IMF buyback	12.1	12.9	16.0	17.3	18.2	14.8	11.9	12.5	39.20	78.88	52.26	4.7%
Net foreign assets variations (+=increase+) 1/ Adjustment 2/	-16.9	-5.7	113.9	54.1	46.4	-2.6	-19.8	-21.5	-43.90	-88.34	-58.53	-5.2%
	-1.3	-63.6	30.2	0 0,0	0.0	0.0	0.0	0	0.00		0.00	0.0%
Resources	254.0	256.0	301.6	345.6	271.0	280.4	209.2	212.6	702.2	1413.06	936.23	83.7%
Official transfers 3/	45.7	48.4	30.8	68.6	46.8	86.2	2.4	2.6	91.20	183.52	121.60	10.9%
Official projects grants 3/	57.8	56.1	69.2	69.8	74.3	75.2	83.2	90.7	249.10	501.27	332.12	29.7%
Disbursement : long-term public loans3/	82.4	78.4	102.6	141.0	101.6	110.0	116.4	128	353.90	712.16	471.85	42.2%
Budget support	6.9	18.2	31.5	35.2	6.8	0.0	0.0	0	0.00	0.00	0.00	0.0%
Project support	75.5	60.2	71.1	105.8	94.8	110.0	116.4	128	353.90	712.16	471.85	42.2%
Private capital (net) 4/	58.3	33.0	65.5	26.3	17.6	-24.4	-19.4	-33.9	-77.70	-156.36	-103.60	-9.3%
Debt relief ,including HIPC 5/	2.6	23.1	27.5	29.2	29.6	31.2	24.6	24.7	80.50	161.99	107.33	9.6%
Debt being negotiated /moratorium	0.0	0.0	0.0	0 0,0	0.0	0.0	0.0	0	0.00	0.00	0.00	0.0%
ESAF IMF & Utilisation of IMF credit	6.3	17.0	6.0	10.7	1.1	2.2	2.0	1	5.20	10.46	6.93	0.6%
Exceptional financing	0.0	0.0	-0.1	0,0	0,0	-23.0	-55.3	-58.8	-137.10	-275.89	-182.79	-16.3%

Source: Malian Authorities; estimates and projections of the IMF and World Bank services.

Mali – Prospects of Achieving the Millennium Development Goals

Goal 1 : Reduce acute poverty and hunger		Reliable	probability
Target 1 : Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day.		the achievement of this goal entails the decline in the poverty rate estimated at 63.8% in 1998 and 31.9% in 2015, i.e. a slump of 2.7% per annum. This reduction supposes a sustained income growth of at least 7% per annum, equitably distributed between the regions and the less poor vulnerable groups, with more going to the poorer vulnerable groups. The probability of attaining this goal is low.	
Target 2 : Halve, between 1990 and 2015, the proportion of people who suffer from hunger.			
	1990 1995 2000 2003 2004 2005 2006* 2015**		
Population living with less than 1 \$ a day (%)	76.5 72.8 47.5 38.25		
Depth of poverty at 1\$ a day (%)	3.9 37.4 32 1.95		
Proportion of income or consumption of 20 % of the poorest populations	.. 4.6		
Prevalence of malnutrition among children (% of children under 5)	.. 26.9 .. 33.2 ..		
Population not attaining the minimum calorie intake level (%)	25 27 32.0 21 29 12.5		
Goal 2 : Guaranteeing primary education for all		Probability of completing the primary cycle is average but low for registration	
Target 3 : Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling		Gross school attendance rate increased from 26.5% to 48.9% between 1990 and 1997, i.e. 22 percentage points in 8 years. The PRSP seeks to increase it from 60% in 2001 to 83% in 2006, i.e. an increase of 23 percentage points in 5 years. However, the proportion of pupils of the same batch reaching the fifth year is limited. Consequently, the probability of attaining this goal is low.	
	1990 1995 2000 2003 2004 2005 2006* 2015**		
Net school attendance rate at primary level (% of relevant age cohort)	20.4 31.3 41.7 44.5 44.5 100		
Proportion of school children completing the fifth grade (% age group)	12 35 40.0 100		
Proportion of school children enrolled in first grade and completing fifth grade (%)	69.7 84.0 100		
Youth literacy rate (% 15-24 years)	27.6 31.7 34.7 100		
Goal 3 : Promote gender equality and the empowerment of women		High probability for the primary cycle but low for other levels of education	
Target 5 : Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education not later than 2015.		The parity index at the primary level evolved from 0.86 in 1990-95 to 0.89 in 2000 and girls' attendance rate reached the average level of the two. However there is a 2 point gap in secondary and higher education. The objective can be attained in primary education but efforts will be required in the other levels of education. The implementation of PRODEC raises hopes of attaining the objective in this area.	
	1990 1995 2000 2003 2004 2005 2006* 2015**		
Girls/boys ratio in primary and secondary education (%)	58.2 61.7 66.0 .. 71.3		
Girls' literacy rate in relation to boys (% 15 to 24 years)	44.7 48.7 ... 52.3		
Percentage of women employed in the non-agricultural sector (%)	35.6		
Proportion of national parliamentary seats occupied by women (%)	2.3 12.2 .. 12		
Goal 4 : Reduce child mortality		High probability for children under one year old.	
Target 7 : Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate		The infant mortality rate went from 246 per 1000 in 1990-95, to 221‰ in 2000 with a target of 210‰ in 2006, and 165‰ in 2015. The rate after 2006 seems unrealisable.	
	1990 1995 2000 2003 2004 2005 2006* 2015**		
Under-five mortality rate (per 1.000)	250 233 .. 217.6 220		
Infant mortality rate (per 1 000 live births)	140 131 120.4		
Proportion of children vaccinated against measles (% of children under one year old)	43 54 57.0 37		
Goal 5 : Improve maternal health		In decline	
Target 8 : Reduce the maternal mortality ratio by three quarters, between 1990 and 2015.		Maternal mortality rate, estimated at 1250 per 100 000 live births in 1990-1995 dropped to 1200 in 2000-2001, with a target of 500 in 2006. The probability of achieving it is low.	
	1990 1995 2000 2003 2004 2005 2006* 2015**		
Maternal mortality rate (typical estimation per 100,000 live births)	.. ... .. 1200 --	
Proportion of births assisted by qualified health personnel (% of total)	.. 24.0		

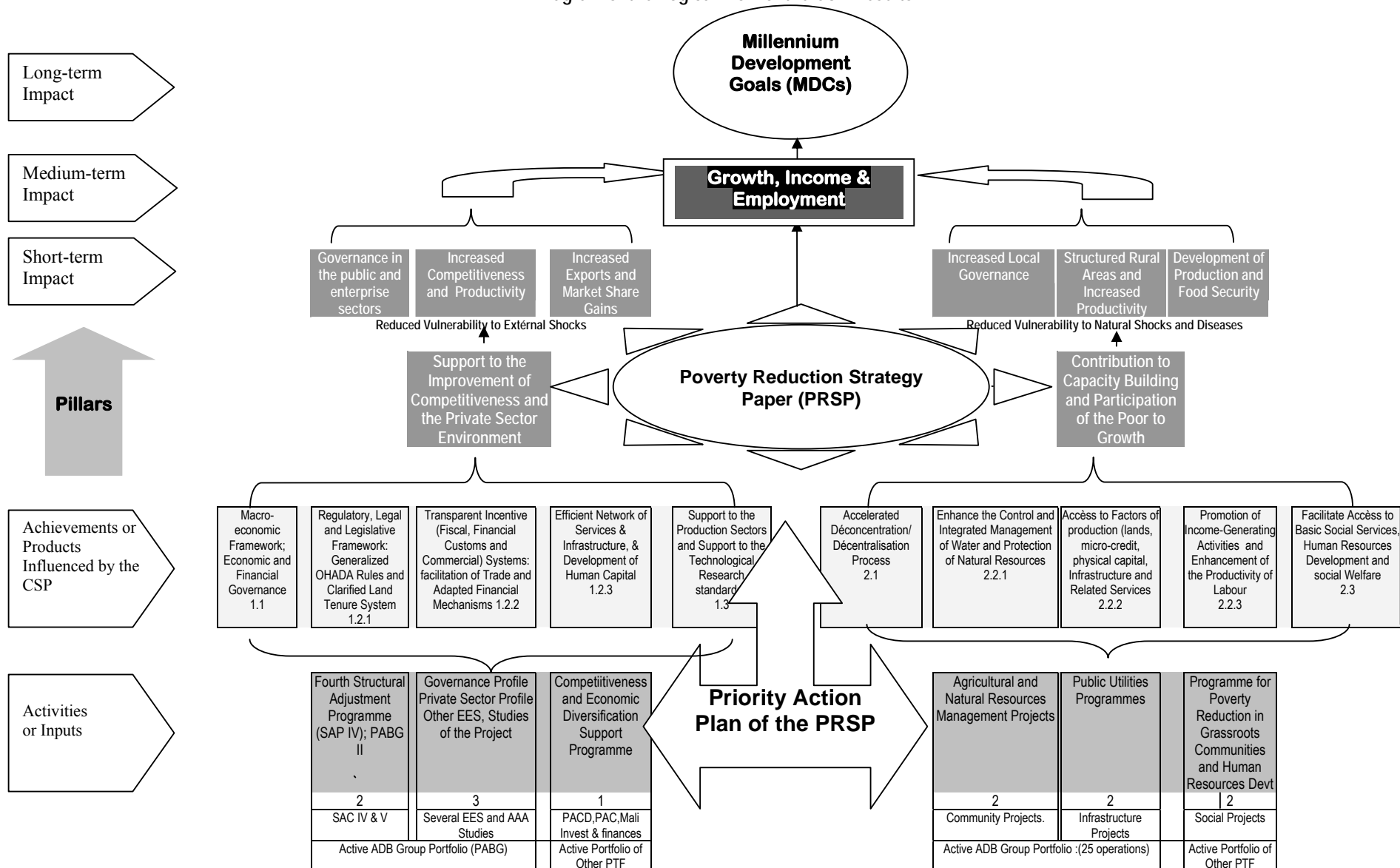
Goal 6 : Combat HIV/AIDS, malaria and other diseases							
Target 9 : Halt by 2015, and begin to reverse the propagation of HIV/AIDS.							
Halt by 2015, and begin to reverse the incidence of malaria and other major diseases.							
	1990	1995	2000	2003	2004	2005	2006* 2015**
HIV prevalence among women (% 15-24 years)	..	..	2.1	2.1		--	--
Rate of contraceptive use (% of women between 15 and 49)	..	6.7	..	8.1		--	--
Number of HIV/AIDS orphans	..	..	..	59000	75000	--	--
Incidence of tuberculosis (per 100,000 individuals)	297.2	..	261.0	290.2	288.1		
Cases of tuberculosis detected through DOTS	..	20	19.0	14.5	18.2		
Goal 7 : Ensure environmental sustainability							
Target 11 : Integrate the principles of sustainable development into country policies and programmes and reverse the losses of environmental resources.							
Target 12 : Halve by 2015 the proportion of people without sustainable access to safe drinking water and basic sanitation.							
Target 13 : Facilitate access to economic and social housing, for the largest number of households.							
	1990	1995	2000	2003	2004	2005	2006* 2015**
Proportion of forest zones (% of the total land area)	11.6	..	..	10.8			
Area of protected land (% of the total land area)	..	3.7	3.7	3.7			
Energy consumed per unit of GDP (PPA \$ per kg of oil equivalent )	..	..	..	..
Emission of CO ₂ (metric tons per inhabitant)	0.0	0.0	0.0	0.1			
Access to an improved water source (% of the population)	34	..	..	48			
Access to an improved sanitation system (% of the population)	36	..	..	45			
Access to a secured land system (% of the population)	..	..	..	..
Goal 8 : Build a global partnership for development							
Target 7: In cooperation with developing countries, develop and implement strategies for decent and productive work for youths.							
Target 19 : In cooperation with the private sector, ensure that everyone takes advantage of new technologies, especially the information and communication technologies.							
	1990	1995	2000	2003	2004	2005	2006* 2015**
Aid per inhabitant (current US dollar)	56.9		33.2	45.3			
Youth unemployment rate (in % of active population between 15-24 years)	..	..	..	..
Number of stationary and mobile telephone lines (per 1000 inhabitants)	1.4	1.9	3.6	4.9	10.3		
Number of Internet users (per 1000 inhabitants)	..	..	1.5	2.4			
Number of computers available (per 1000 inhabitants)	..	0.3	1.0	1.2	1.4	-	-
As a memorandum							
Total population (millions)	8.5	9.6	10.6	10.8	11.7		
Gross national income (GNI, billions of US dollars)	2.3	2.4	2.6	2.5	3.4		
GNI per inhabitant (US dollars)	270.0	250.0	240.0	240.0	290		
Adult illiteracy rate (% of over 15 years)	18.8	33.2	39.8	41.5	...		
Total fertility rate (births per woman)	6.9	6.7	..	6.3	6.4		
Life expectancy at birth (years)	45.0	44.0	42.6	42.3	40.6		
Aid (in % of GNI)	20.0	22.4	14.0	15.9			
Foreign debt (in % of GNI)	102.6	122.3	126.0	130.8			
Investment (in % of GDP)	23.0	22.9	21.2	22.3	23.4		
Foreign trade (in % of GDP)	50.9	57.3	60.9	66.2	57.2		

Low probability
The AIDS prevalence rate stood at around 1.7% between 1997-2004, with a target of 1% in 2006. Its achievement is improbable.

On the right track. As regards potable water, the access rate is currently around 50%. The national environmental action plan (NEAP) seeks to improve the living environment in the urban and rural areas and check desertification

On the right track. Partnership is established in various sectors, particularly in the poverty reduction and reform support sectors. All the other programmes: (particularly education, health, justice, environment, AIDS and water)

Diagram of the Logical Flow of the CSP Results



Mali – 2005-2009 Country Strategy Paper
List of Documents Consulted

1. Documents des Etats généraux sur la filière coton, avril 2001
2. Lettre de politique de développement du secteur coton, rapport de mise en œuvre 2005 ;
3. Rapports des consultants sur les réformes de la filière cotonnière ;
4. Etude des consultants sur l'organisation des structures faïtières, 2005
5. Plan d'actions du secteur coton, novembre 2003 ;
6. Programme de réforme du secteur coton du Mali : mesures et état d'exécution
7. Etude sur le renforcement des capacités des producteurs ;
8. Etude socio-économique sur l'impact de la crise de la filière coton ;
9. Divers documents de stratégies, de politiques sectorielles et plans d'actions prioritaires (agriculture, foncier rural, agriculture durable, gestion forestière, eau, énergie, transport, tourisme, artisanat, industrie, population, décentralisation), 2000 à 2005
10. Cadre stratégique de lutte contre la pauvreté, CSLP (document de base), mai 2002
11. Programme de développement du Gouvernement, présenté à la table ronde mars 2004
12. Rapports de mise en œuvre du CSLP, 2003, 2004 et rapport consolidé (2003-2004), en 2005
13. Rapport sur les progrès accomplis vers les objectifs de développement du millénaire, 2004
14. Système de suivi-évaluation du CSLP, liste des indicateurs, 2004
15. Politiques commerciales du Mali, OMC, 2003/2004
16. Profil pays de la gouvernance, BAD, 2005, en cours de finalisation.
17. Profil pays du secteur privé, BAD, 2005
18. Etude de développement intégré du commerce (EDIC-USAID, PNUD, IDA, CNUCED, OMC), décembre 2004
19. Facilité pour la réduction de la pauvreté et la croissance, 2004-2007 et rapports de revue, FMI et rapport du FMI sur les consultations au titre de l'Article IV,
20. Divers rapports d'évaluation de projets de l'IDA dont PASAOP, Energie domestique, Projet d'appui aux sources de croissance, Projet d'appui à la compétitivité et à la diversification agricole, Projet d'appui aux communautés de base
21. Divers documents de stratégies et de réserves de projets des partenaires au développement (CAS IDA UE, Agences des Nations Unies (UNDAF, Bilan commun..,) AFD, ACDI, USAID (Accelerated Growth), et divers aide-mémoire de missions des partenaires
22. Rapport d'évaluation de la Banque mondiale sur la corruption
23. Perspectives économiques en Afrique, OCDE, 2004-05 ;
24. Projections économiques et financières dans les pays de la Zone franc : modèle Jumbo, 2004-2006
25. Divers Programmes sectoriels décennaux (santé, éducation, justice, secteur privé, décentralisation ;
26. Rapports des commissions de l'atelier de préparation du DSP 2005- au Mali.
27. Rapport annuel sur le développement humain durable du PNUD
28. Mission de décentralisation du Mali : stratégie et plan d'action
29. Plan cadre des Nations Unies pour l'assistance au développement (UNDAF) 1998-2002 ; 2003-07.
30. Coopération Banque mondiale – Mali, 2001-2002
31. Divers accords commerciaux et de partenariat (Accord de Cotonou, TSA de l'UE, AGOA,)
32. NEPAD, Plans d'actions à court de divers secteurs, 2002-2005
33. Divers rapports sur les études et analyses portant sur la croissance en faveur des pauvres (Pro-Poor Growth & Shared growth) dont celui de Marc Ruffinot sur le Mali, 2003-2004
34. Divers documents sur la méthodologie de la gestion axée sur les résultats (PNUD, OCDE, Banque mondiale,)
35. Utilisation des services de santé de premier niveau au Mali : analyse de la situation et perspectives; rapport préparé par la Banque mondiale, octobre 2004
36. La problématique de la santé et de la pauvreté au Mali : analyse des indicateurs de santé et population dans le cadre de la stratégie de lutte contre la pauvreté au Mali. Rapport analytique Santé et Pauvreté, Banque mondiale, septembre 2004
37. Cadre de dépenses à moyen terme (CDMT), 2005-2009, éducation, santé, transports, eau 2004-2005
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