

# AFRICAN DEVELOPMENT BANK GROUP



## MALI

### 2013-2014 TRANSITION MANAGEMENT SUPPORT STRATEGY: EXTENSION TO JUNE 2015 AND ELIGIBILITY TO PILLAR I OF THE TSF

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## **Currency Equivalences**

(Janvier 2014)

UA 1 = USD 1.55

UA 1 = ... CFAF

USD 1 = ... CFAF

## **Fiscal Year**

1st January - 31 December

## **Weights and Measures**

1 metric tonne	=	2,204 pounds
1 kilogramme (kg)	=	2.200 pounds
1 metre (m)	=	3.28 feet
1 millimetre (mm)	=	0.03937 inches
1 kilometre (Km)	=	0.62 mile
1 hectare (ha)	=	2.471 acres

## I. INTRODUCTION

1. The Boards of Directors approved on 8 May 2013, a Transition-Management Support Strategy for Mali covering the 2013-2014 period. The Strategy was aimed at enhancing the resilience of the most vulnerable population segments during the transition period and laying the foundations for more robust economic recovery in order to support and sustain the process of emerging from the crisis.

2. The strategy was aligned on the: (i) country's 2012-2017 Growth and Poverty Reduction Strategic Framework (GPRSF), which constitutes the economic and social policy benchmark at the national level; and (ii) 2013-2014 Sustainable Recovery Plan (SRP), which was used for the International Donor Conference held in Brussels in May 2013<sup>1</sup>.

3. The Strategy was designed in an unstable socio-political context. Indeed, after two decades of political stability, considered exemplary, Mali experienced an exceptional socio-political crisis which led to a coup d'État. This situation resulted in a multi-faceted crisis the most blatant of which was the security crisis in the north of the country and in the entire Sahelo-Sahara region. This crisis revealed the fragility of the country. In the wake of the coup d'État, the Bank suspended its operations in Mali. However, progress made in the country in April 2012 led to the resumption of operations therein. A high-level mission dispatched to Bamako in November 2012 held discussions with the Malian Authorities and the technical and financial partners (TFP) on the re-engagement of the Bank, restructuring of the portfolio and the cooperation modalities during the period.

4. Considering the regional nature of the Malian crisis, the proposed strategy also borrowed from the guidelines of the Common Approach on Resilience Building in the Sahel, prepared by the United Nations in 2012, and which seeks to assist the populations to better address exogenous shocks, to bounce back and, in the long term, to implement a structural transformation capable of preventing crises. In the drive to adapt its intervention to Mali's new difficult context and to the regional dimension of the crisis, the Bank applied two principles: (i) restructuring of the portfolio in order to enhance the efficiency of its operations (improved portfolio performance and reallocation of the resources thus freed up, to priority expenditure, based on the exceptional situation the country was going through); and (ii) selection of new operations, taking into account their level of preparation, their relevance in a transition period of 18 months and their inclusive nature.

5. This addendum to the Strategy document is consistent with the new Bank approach adopted in June 2014 with a view to addressing fragility and enhancing resilience in Africa (2014-2019). Its objective is to request 1) the extension of the 2013-2014 Transition Management Support Strategy up to 30 June 2015; and 2) that Mali become eligible to the resources of Pillars I and III of the Transition Support Facility. This extension and eligibility will afford the Bank the necessary visibility to finalize the preparation of a new strategy that takes into account recent developments in the country while addressing the most urgent needs in the current situation. In addition to this introduction, this addendum presents in Chapter II, Recent Developments (political, security, economic and social); Chapter III deals with the Bank's positioning and its portfolio in Mali; Chapter IV discusses the progress achieved thus far in the implementation of the Transition-Management Support Strategy; Chapter V dwells on the rationale for the extension of the Transition-Management Support Strategy to 30 June 2015 and the eligibility of Mali to Pillar I resources; and Chapter VI entails the recommendations.

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<sup>1</sup> This conference helped to mobilize Euro 3.285 billion (including Euro 240 million from ADF resources).

## II. RECENT DEVELOPMENTS

### *Political and Security Context*

6. In 2012, Mali went through the most acute crisis of its history, which culminated in the coup d'Etat of 22 March 2012 and the nine-month occupation of the north of the country by rebel and/or jihadist groups. The efforts deployed by the international community and regional institutions resulted in the withdrawal of the military junta and the establishment of a transition government in Bamako. Following the withdrawal of the soldiers and the resignation of President Amadou Toumani Toure, the Constitutional Court declared the presidency vacant and the Speaker of the National Assembly, Mr. Dioncounda Traore, was appointed to lead the transition, with effect from April 2012.

7. In a crisis-exit drive, the transition authorities prepared a roadmap that was adopted by the National Assembly on 29 January 2013 and comprised two objectives: i) restoration of the territorial integrity of the country through recovery of the northern regions; and ii) the organization of transparent and credible general elections before 31 July 2013.

8. The first objective was partially attained thanks to the support of the international community. Regarding the second objective, the smooth organization of presidential elections on 28 July 2013<sup>2</sup>, which culminated in the victory of Mr. Ibrahim Boubacar Keita, with 77.61% of the votes, and the conduct of legislative elections in November-December 2013, marked the end of the political transition and restored the country to a normal constitutional status.

9. Concerning the first objective, the progression of armed Islamist groups towards the centre of the country was stopped in January 2013 by the intervention of the French forces (operation SERVAL), supported by Chadian and ECOWAS troops. In April 2013, the international community put in place<sup>3</sup>, an international force within the framework of the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA) in order to buttress the political and security processes in the country. Although Mali's score of 3.7 in the Country Policy and Institutional Assessment (CPIA) is above the ceiling set for being classified as a Fragile State, in light of the foregoing, particularly the creation of a multinational peacekeeping force, Mali was registered in the harmonized ADB/World Bank list of Fragile States. This classification confirmed the need to conduct an in-depth and qualitative analysis of the fragility factors and risks that continue to blight the development of the country (see Annexes 1 and 3).

10. MINUSMA's mandate was renewed and strengthened in June 2014<sup>4</sup>. The UN forces are now deployed throughout the Malian territory. They are tasked with supporting the priority objectives such as security, stabilization and protection of civilians, support to national political dialogue, national reconciliation, restoration of State authority throughout the country, reconstruction of the Malian security sector, promotion and protection of human rights as well as humanitarian assistance.

11. August 2014 marked the end of the mission of the SERVAL force, which helped to reconquer most of the northern regions, and it was replaced by Operation Barkhane, stationed in Chad and entrusted with the regional mission of assisting countries exposed to the influence of armed terrorist groups. Moreover, on 16 July 2014, the Malian and French authorities concluded a bilateral defence agreement which should contribute to entrenching sustainable peace and security in the north of the country.

12. These actions contributed to stabilizing the country to a certain extent. However, the peace consolidation and national reconciliation processes are still fraught with challenges. Neither the Government nor the armed groups have fully honoured their commitments under the Ouagadougou Agreement. The situation deteriorated considerably in May 2014 following the violent confrontations

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<sup>2</sup> Following the signature in June 2013 of the Preliminary Agreement for the Presidential Elections and Inclusive Peace Talks in Mali (Ouagadougou Agreement)

<sup>3</sup> Resolution 2100 of the Security Council, dated 25 April 2013

<sup>4</sup>Resolution 2164 of 25 June 2014

between the Malian armed forces and the armed groups which occurred on the occasion of the Prime Minister's visit to Kidal. The signature of a ceasefire agreement on 23 May 2014, under the auspices of the African Union, helped to put an end to hostilities. Nonetheless, sporadic attacks continue, occasionally leading to loss of lives, and they sustain a climate of insecurity in the north of the country. However, they did not put an end to the negotiations aimed at securing a final settlement of the crisis.

13. The Government and the armed groups resumed their negotiations since 16 July 2014 in order to reach a comprehensive and lasting peace and security agreement. The objective is to resolve once and for all the upheavals in the north of the country and to combat terrorism with the assistance of the international community. These negotiations, which resulted in the adoption on 24 July 2014 of a consensual roadmap, in keeping with the Ouagadougou Agreement of 18 June 2013, were held within the framework of an inclusive inter-Malian dialogue, through the mediation of Algeria, with the support of the international community (ECOWAS, AU, UN).

## ***Economic Context***

### **Recent Economic Developments**

14. After having enjoyed an average growth rate of 5 to 5.5% during the past decade, the Malian economy slipped into recession in 2012 (-0.4% real GDP growth rate) and in 2013, it grew at an estimated 1.7%.

15. With respect to budget management, in 2012, the Government succeeded in strengthening the budgetary indicators, with, in particular, a budget deficit<sup>5</sup> that stood at 1.2% of GDP as against 3.8% of GDP in 2011 and a baseline budget balance limited to -0.7% of GDP compared to -1.1% of GDP in 2011, but the execution of the budget resulted in an accumulation of domestic arrears to the tune of about CFAF 29.8 billion. In 2013, in spite of a regulation of budgetary expenditure, the overall budget balance stood at -3.2% of GDP. The objective for 2014 is to maintain the baseline balance virtually at equilibrium point and to keep the overall budget balance at a level (-3.9% of GDP) compatible with public debt sustainability (the risk of a debt overhang for the country remains moderate<sup>6</sup>). Regarding external accounts, it is expected that the current account deficit (including grants), will deteriorate in 2014 (to 10.4% of GDP as against 7% of GDP in 2013) owing to a downturn in exports (a slump in the price of gold and cotton) and a deterioration of the exchange rate (-12.9% in 2013 compared to 13.9% in 2012).

### **State of Governance/Public Finance Reforms and Fiduciary Risks**

16. The 2012 crisis has resulted in a significant deterioration in governance, which has weakened the progress made under the Government Action Plan for Improving and Modernizing Public Finance Management. Furthermore, Mali's standing under the ADF country performance assessment deteriorated in the wake of the crisis. The country's CPIA rating stood at 3.7 in 2013 compared to 4.2 in 2011 and governance was rated at 4 in 2013 as against 4.1 in 2011.

17. In spite of the National Anti-corruption Policy adopted in 1999, achievements in the area of corruption control are barely tangible in Mali. This is due to the complexity of the phenomenon and the dysfunctioning of the judicial administration, which is characterized by: (i) insufficient human and material resources; (ii) the unwieldy and costly procedures; (iii) the perceived distance between the justice system and the citizens; (iv) the excessive centralization of the judicial structures and personnel; (v) the mismatch between legislation and regulations on one hand, and the country's environmental, political, social, economic and cultural changes, on the other; (vi) the inadequate, and even total absence of staff supervision, with the resultant deviant behaviour which undermines the credibility of the entire judiciary; and (vii) the meddling of politico-administrative authorities in judicial matters. In July 2002, the

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<sup>5</sup> Cash and grant base budgetary deficit.

<sup>6</sup> Mali's external debt is entirely public (30% of GDP in 2013) and the internal debt remains a low 3.7% of GDP. The debt sustainability analysis was jointly conducted by the IMF and the World Bank in 2013

Government set up an ad hoc committee that was entrusted with analyzing the report entitled «Recommendations for Strengthening the Anti-corruption Programme», which was expected to propose concrete actions for implementation. Furthermore, an Act on the prevention and repression of illicit enrichment was adopted in May 2014.

18. The latest findings on Mali's public-finance-management system date back to 2010. Although encouraging, these findings underestimate the fiduciary risk. In spite of the efforts made, this risk remains non-negligible and was exacerbated by the events of 2012.

## ***Social Context***

### **Social Indicators and Poverty**

19. The already fragile social situation has further deteriorated. Although on the decline, the poverty rate remains a source of concern (47.5% in 2006, 43.6% in 2010, 41.7% in 2011 and 42.7% in 2012). In the same vein, considering that economic growth was not inclusive, it did not reduce the number of the poor, which instead rose from 5.7 million in 2001 to 6.4 million in 2010. The high fertility rate (6.7 children per woman) creates high dependency ratios, aggravates maternal mortality, tends to entrench gender inequality in various sectors and adversely affects the capacity of the State to provide adequate social services.

20. At this stage, it seems unlikely that any of the Millennium Development Goals (MDGs) will be attained by the 2015 target date. According to the 2013 UNDP Human Development Report, Mali is ranked 182<sup>nd</sup> out of 187 countries (human development index of 0.34). From the humanitarian standpoint, there is considerable food insecurity (2.3 million people are exposed to moderate food insecurity and 812,000 people are faced with severe food insecurity)<sup>7</sup> and the country, which has refugees and internally displaced persons, has immediate food-aid needs.

### **Gender and the Situation of Women**

21. The situation of women has not improved. In 2012, the country was ranked 141<sup>st</sup> out of 186 countries with regard to the sexo-specific human development index (ranked 135<sup>th</sup> out of 169 countries in 2010). There are no specific legal texts on violence against women (conjugal violence, sexual harassment, forced/early marriages, excision etc...) and social pressures are exerted against victims of violence. Almost 85% of women aged between 15 and 49 years have been affected by excision. In the same vein, the occupation of the north of the country by Islamist groups has considerably degraded the situation of women.

### **Youth Employment**

22. Mali has a young population (48.7% of the population is less than 15 years<sup>8</sup>). The youth are faced with training and professional integration difficulties. The youth unemployment rate stands at 15.4% as against 9-6 % for the national average. This phenomenon is more pronounced in the northern regions, which are less endowed with economic infrastructure.

### **Environment and Natural Resources**

23. Mali's environment and natural resources continue to deteriorate. Due to the combined effects of climate change, strong population pressures and socio-economic development, Mali is confronted with major challenges (desertification, dwindling and uncertain rainfall, silting of the Niger River and rapid deforestation). Furthermore, some local practices have negative environmental impacts (tie-dyeing and artisanal processing of agricultural produce).

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<sup>7</sup> OCHA: Humanitarian Needs Overview, Version dated 27/12/2013

<sup>8</sup>Modular and Permanent Household Survey (EMOP) 2013

### **III. THE BANK'S POSITIONING AND PORTFOLIO**

24. The 2012-2017 Strategic Growth and Poverty Reduction Framework is the national economic and social policy benchmark. Its medium and long term objectives are to «transform Mali into an emerging country and an agricultural powerhouse, which provides a good standard of living for its populations, both male and female». In the wake of the crisis, the Government prepared a Sustainable Recovery Plan (SRP) for the 2013-2014 period, comprising programmes relating to infrastructure rehabilitation, reconciliation, security, organization of elections, management of the redeployment of the administration, refugees and displaced populations in the northern regions of the country. The Plan was used for the international donor conference (Brussels, 15 May 2013) and helped to mobilize 3.285 billion Euros.

25. The Bank supported implementation of this Plan through the 2013-2014 Transition-Management Support Strategy for Mali, which was approved on 8 May 2013. The objective of the Strategy was to enhance the resilience of the most vulnerable population segments, entrench the rule of law and lay the foundations for a more robust recovery of the economy with a view to supporting and accompanying the process of transition to the post-crisis period, thereby preventing or at least mitigating adverse effects of the crisis on the countries of the Sahelo-Sahara sub-region.

#### ***Bank Portfolio***

26. As at 31 July 2014, the Bank portfolio in Mali consisted of 11 operations totalling UA 164.68 million and covering 5 sectors: i) 4 rural development projects (45.13%); ii) 2 water and sanitation projects (20.89%); iii) 1 social sector project (9.11%); iv) two (2) energy sector studies (0.58%); and v) a budget support programme and an economic management support programme (24.29%).

#### ***ADF-XIII Package***

27. During the ADF-XIII cycle the Bank will allocate the following resources to the country: (i) performance-based ADF-XIII allocations; (ii) resources from Pillar 1 of the TSF for an amount of UA 60 million; (iii) resources from the regional package; (iv) resources from the Private Sector Window; (v) resources from the NTF Window; and (vi) other resources from the trust funds and climate funds. The country could also benefit from potential resources drawn from the Africa50 African Infrastructure Fund, Fund for African Private Sector Assistance (FAPA), new ADF financial instruments and available new financing sources such as AGTF. These available resources could be supplemented by resources from the regional operations envelop, which seeks to promote regional integration through joint projects between neighbouring countries.

28. The 2014 indicative performance-based country allocation for Mali, under ADF-XIII, stands at UA 54.79 million covering the 2014-2016 period as against UA 110.32 million for the 2011-2013 period (ADF-XII). This significant decline in the country allocation is due primarily to: i) a decline in total available resources (a 20.4% drop in the overall performance-based country allocation package); ii) the negative impact of the decline in the portfolio performance; and iii) the adverse effect of the deterioration of the Country Policy and Institutional Assessment score (CPIA-ABC).

### **IV. PROGRESS ACHIEVED IN THE IMPLEMENTATION OF THE 2013-2014 TRANSITION-MANAGEMENT SUPPORT STRATEGY (TMSS)**

#### ***Implementation Status and Context***

29. The Bank prepared the 2013-2014 TMSS in an unstable socio-political context in the drive to assist the country emerge from crisis. Bank operations during the transition period were based on the following two (2) emergency programmes (pillars): (i) mitigation of the impact of the crisis and enhancement of the resilience of the vulnerable and displaced population segments, particularly those in the north of the country; and (ii) consolidation of the basis for entrenching the rule of law in order to lay the foundations for economic recovery, particularly through the adoption and implementation of reforms in



support of social sector investment programmes. The 2013-2014 TMSS was implemented in a relatively stable context, with advances in the area of security following recovery of the northern regions of the country, which were hitherto occupied by Touareg rebels from the National Movement for the Liberation of Azawad (MNLA - Mouvement national de libération de l'Azawad) and Islamist groups. Progress has been made at the political level as well, with the smooth organization of presidential and legislative elections, which marked the return to constitutional order in Mali.

### ***Implementation and Outcomes***

30. The implementation and outcomes of the 2013-2014 TMSS are generally satisfactory. Out of the eight planned operations six have been approved by the Bank for a total amount of UA 150.97 million. These are the: (i) Emergency Economic Recovery/Budget Support Programme (UA 40 million); (ii) Economic Governance Support Programme (UA 9.97 million); (iii) Project for the Supply of Drinking Water to Bamako from Kabala (UA 50 million); (iv) Project for Strengthening Food Security through Irrigation Development (UA 36 million); (v) Project for Strengthening Food and Nutritional Security in the Koulikoro Region within the Framework of the World Agriculture and Food Security Programme (UA 3 million); and (vi) Regional Programme for Strengthening Resilience to Food and Nutritional Insecurity in the Sahel (UA 12 million). The two (2) planned operations which could not be implemented are: (i) the Priority Socio-economic Infrastructure Reconstruction Programme in the key northern agglomerations, which were abandoned owing to the security risks in Northern Mali; and (ii) the Zantiebougou-Kolondieba-Cote d'Ivoire Border Road Project, a regional programme that was deferred because the regional funds programmed it for 2015. Furthermore, two (2) operations that were not programmed by the TMSS were approved in 2014, namely the «Moulin Moderne du Mali» (Mali Modern Mill) Diversification Project (financing from the Private Sector Window) for an amount of UA 15 million, and the Renewable Energies Promotion Support Project, at a cost of UA 1.31 million, financed by the Sustainable Energy Fund for Africa (SEFA) and the Scaling-up Renewable Energy Programme (SREP) in low-income countries

31. With regard to knowledge generation, out of the three (3) studies initially planned by the TMSS, only one (Study of the Fragility Factors) was conducted. It will be used for designing the Bank's new strategy for Mali as well as for new operations. The terms of reference of the two (2) other studies have been prepared but the studies could not be conducted for want of funding.

## **V. RATIONALE FOR EXTENDING THE TRANSITION SUPPORT STRATEGY AND THE ELIGIBILITY OF MALI TO THE TO THE TSF RESOURCES (ADF-XIII)**

32. The Transition-Management Support Strategy will expire in December 2014. Finalization of the 2015-2019 CSP (in respect of which an evaluation mission has already been fielded) has been deferred to enable the Bank to take stock of the recent developments, particularly in the areas of financial management and governance. The requested extension will ensure that the Bank will not be devoid of a programming document for a fragile state such as Mali otherwise, should the need to intervene arise, the Bank might not be in a position to do so. During the extension period, the Bank's Strategy will continue to focus on enhancing the resilience of the most vulnerable population segments during this precarious transition period and to lay the groundwork for more robust economic recovery in order to sustain and support the transition to a post-crisis period. The transitional CSP will last for two years. Board presentation of the new CSP is scheduled for 30 June 2015, when the extension of the Strategy will come to an end.

### ***Rationale of Mali's Eligibility to Resources of Pillar 1 of the TSF***

33. The socio-political crisis facing Mali since 2012 weakened institutions and the State's capacity to provide basic services to the population undermined the living conditions of the population, the performance of the economy, infrastructure, governance, business climate and performance of the Bank's portfolio. In spite of the growth levels recorded over the past few years, the country continues to face major challenges in the areas of economic growth inclusiveness and transition to green growth. Indeed, the poverty rate remains a source of concern and economic growth during the last decade turned out to be

partly ineffective as concerns the creation of adequate jobs and opportunities for the majority of the population. This poverty has been compounded by high population pressures, desertification, environmental degradation and the negative effects of climate change (scarcity of rains, floods etc...).

34. Growth remained confined to certain economic spheres and amplified inequality: (i) business activities have essentially been driven by mining, telecommunications, financial services and trade, without sustainably affecting structuring sectors such as agriculture, which provides employment to a large segment of the population; and (ii) access to economic opportunities has been essentially limited to large enterprises without any growth for small domestic private sector structures (micro, small and medium-sized enterprises) and without an increase in their know-how, nor in the creation of productive employment at the local level. Regarding the spatial distribution of growth, it has primarily benefited big cities of the southern regions and in particular, Bamako, whereas a sizeable part of the population is rural. In addition, regional disparities are compounded by inadequate infrastructure.

35. Moreover, the youth are more affected by poverty due to unemployment, which affects them most (81.5% of the unemployed are youth). With regard to gender, significant disparities between men and women persist in several areas (access to education, health, land, employment, positions of responsibility).

36. Security issues remain a concern and the political management of the situation in the north is still to yield noticeable results in terms of peace and security restoration in the country's northern regions. The political class is mobilized and public opinion is voicing concerns regarding the restoration of State authority and sovereignty over the entire national territory.

37. On the whole, viewed from the social, economic, environmental and political standpoints, Mali is clearly in a situation of fragility. Annex 2 presents the results of the fragility assessment in Mali. This fragility warrants the establishment of an effective synergy to address challenges and boost inclusive growth and support the transition to green growth. Governance improvement and infrastructure development are the two major areas where Bank support is expected to produce a positive impact.

38. Moreover, the evaluation of criteria for the first and second stage (the crisis-exit agreement, the existence of a legitimate government, drop in real GDP per capita, HDI ranking and the existence of macroeconomic reforms, streamlining of public finance management as well as improvement of transparency) is set out in Annex 1.

39. Based on the diagnosis of the factors of fragility in Mali and criteria of eligibility to Pillar I of the Transition Support Facility, the Bank's Management considered Mali eligible for support through the additional resources of Pillar I of the Transition Support Facility. In light of the indicative allocation of ADF-XIII and TSF resources, Mali will benefit from the resources of Pillar I of the TSF to the tune of UA 60 million as well as from the resources of the Pillar III of the TSF. The additional resources of Pillar I of the TSF will be deployed to help achieve the outcomes of the Transition-Management Support Strategy and the results of the new 2015-2019 strategy being finalized, with focus on reducing the country's specific factors of fragility as identified by the recent in-depth evaluation of fragility in Mali.

40. Given the expiry in December 2014 of the Transition-Management Support Strategy, i.e. before approval of the new strategy planned before June 2015, Mali's eligibility to the resources of Pillar I of the TSF will enable the Bank to respond to the country's pressing needs by approving new operations during the fourth quarter of 2014 and the first half 2015, in particular, a budget support operation aiming to strengthen governance in order to create the conditions for economic recovery. The aim is to restore the State's capacity, especially regarding economic governance, to make possible the mobilization of resources, and create the conditions for economic recovery in particular through improvement of the investment climate. The programme will seek to support the efforts of the authorities to meet the urgent reconstruction needs arising out of the successive crises that have beset the country and help the latter to address the deteriorating humanitarian situation, within the framework of concerted efforts by the international community in Mali to restore the authority of the State and foster economic recovery.

## ***Bank's Operations Programme during the Extension Period to June 2015***

41. The scheduled actions fully meet the priorities chosen within the framework of the Bank's strategy in Mali and that of the Government, in particular, the PRSP. More specifically, the resources of Pillar I of the TSF will be allocated to the country's priority actions (see details in Annex 3).

### **VI. CONCLUSIONS AND RECOMMENDATIONS**

42. During the past year, Mali has made significant progress as regards the restoration of peace, stability and reviving the economy. However, there are still major urgent challenges to be met.

43. The Boards are invited to approve:

- (i) Mali's eligibility to Pillars I and III of the TSF, in order to focus on institutional capacity building with the aim of improving governance and contributing to economic recovery, the revitalization of the Malian private sector and fostering inclusive economic growth, in particular by opening up the country internally and externally; and
- (ii) extension of the Transition-Management Support Strategy until 30 June 2015.

**ANNEX 1**  
**MALI - EVALUATION OF ELIGIBILITY FOR PILLAR I RESOURCES - ADDITIONAL SUPPORT FROM THE TSF UNDER ADF-XIII**

<b>Indicator</b>	<b>Pillar I: Additional Support - Step 1: Eligibility Criteria</b>
<p>Commitment to consolidate peace and security</p>	<p>Mali has experienced one of its worst crises in 2012 with a coup d'état on 22 March 2012 and occupation for nine months of the northern regions by armed groups. Following French military intervention, several reconciliation and dialogue initiatives have been deployed to restore peace. In a bid to promote peace and security and ensure Mali's territorial integrity, the Government and some armed groups signed on 18 June 2013, a Preliminary Agreement for Presidential Elections and Inclusive Peace Negotiations in Mali (Ouagadougou Agreement). This facilitated crisis exit and laid the groundwork for the organization of presidential elections countrywide in a peaceful climate. The successful conduct of presidential elections in July/August 2013 and parliamentary elections in November/December 2013 helped to restore normal constitutional order.</p> <p>However, the peace consolidation and national reconciliation process has faced some challenges as evidenced by the Prime Minister's visit to Kidal in May 2013. Nevertheless, it should be noted with satisfaction that, despite the sporadic attacks that sometimes cause loss of life, hostilities have ceased with the signing of a cease-fire agreement on 23 May 2014, under the auspices of the African Union. Moreover, in order to reach a comprehensive peace agreement likely to lead the country towards stability from a sustainable security standpoint, the Government and armed groups have resumed negotiations since 16 July 2013. The aim is to end decades of uprisings in the north once and for all and to combat terrorism with the support of the international community. These inclusive negotiations, under the mediation of Algeria, with the help of the international community (ECOWAS, AU, UN), culminated on 24 July 2014 in the adoption of a consensual roadmap, in line with the Ouagadougou Agreement of June 2013.</p> <p>Besides, as part of efforts to secure and pacify the northern regions, MINUSMA's mandate was renewed and strengthened and a bilateral defence agreement signed with France. All these actions by both Malian stakeholders and the international community augur well for the restoration and consolidation of peace and security throughout the Malian territory.</p>
<p>Socio-economic needs not satisfied</p>	<p>Economic and social needs are considerable, and the crisis has caused an economic recession with a real GDP growth rate of -0.4 % in 2012 as against an average of 4.9 % between 1994 and 2004 and 5.7 % between 2000 and 2010. It has also compounded poverty; the monetary poverty rate rose in 2012 to 42.7 % against 41.7 % in 2011.</p> <p>The Malian economy relies principally on the primary sector (agriculture, livestock) and produces mainly raw materials. The structural weaknesses of the economy and the low inclusiveness of growth worsen unemployment (especially among the youth), which helps to fuel social tensions and the risk of social unrest.</p> <p>Poverty index trends vary considerably depending on the regions, with progress in the West and South regions against persistence and even deterioration in the north. These inequalities were exacerbated with the 2011 food crisis that negatively and disproportionately affected households. In the north, for instance, a 41 % increase was observed with respect to the proportion of people living in food-poor households, following the 2011 price and production shocks.</p> <p>Whereas fiscal expenditure in the education and health sectors are in line with the averages of the other WAMU countries, it is still very unequal and lopsided: it does not benefit the most disadvantaged population segments. In addition, public spending on social safety nets designed to support the poor remain very inadequate and are not always well targeted (a significant share of these resources does not reach the poorest households).</p> <p>Mali's human development index is one of the lowest in the world, and the country was ranked 182<sup>nd</sup> out of 187 countries in 2013. Even if progress had been recorded, in particular with regard to primary education, Mali continues to lag behind on most social indicators. The country will probably not achieve the majority of the MDGS in 2015. In addition, the Malian crisis has had an impact on the ECOWAS and Sahel countries, Mauritania and Algeria from the standpoints of the humanitarian situation (refugees, food needs), peace and regional security, regional trade etc. Mali is exposed to various exogenous shocks due to its exposure to the effects of climate change and price volatility.</p> <p>In a nutshell, the already fragile socio-economic situation deteriorated with the crisis.</p>

Indicator	Pillar I: Additional Support - Step 2: Eligibility Criteria
Better macroeconomic conditions and sound debt management practices.	<p>The macroeconomic framework remains stable. Economic recovery started in 2013, even if it remains modest with a real GDP growth rate estimated at 1.7 % as against a recession marked by -0.4% real GDP growth in 2012. The medium-term macroeconomic outlook is promising with projected growth rates of 6.5% and 5.5% respectively in 2014 and 2015. The crisis did not result in a deterioration of public debt indicators thanks to the fiscal discipline observed by the authorities in 2012 and 2013. Mali's external debt (30% of GDP in 2013) is entirely public and domestic debt (3.7% of GDP) remains low. The public debt-to-GDP ratio remains well below the WAMU convergence criteria (70 %). Debt sustainability analysis (DSA) conducted in 2013 indicates that the risk of debt overhang for the country remains moderate.</p> <p>As a whole, these trends, deemed acceptable both by the IMF and the Government of Mali, are attributed to the positive impact of debt relief, a prudent fiscal policy and government policies aimed at consolidating public finances through expenditure control and expansion of the existing tax base<sup>1</sup>.</p> <p>It should be noted, however, that the instability and insecurity caused by the crisis in the north, coupled with the adverse effects of the Ebola virus disease epidemic, which is ravaging the sub-region and deteriorating the terms of trade, are risks that should be taken into account in order to maintain the current positive trends.</p>
Sound financial management practices	<p>The commitment of the Malian authorities to ensure financial management transparency was initiated since 2001 with the establishment of the Office of the Auditor General whose audits and controls have strongly helped to shed light on cases of financial mismanagement and corruption. Real progress has been achieved in public finance management through the implementation of the Government Action Plan for the modernization and improvement of public finance management (PAGAM-GFP, 2011-2015) but it has been undermined by the crisis. As part of budget preparation and execution, recent improvements include: i) the adoption and implementation of regulatory instruments on budget execution (Order setting out the arrangements and procedures for implementing supplemental appropriations, Order laying down the procedures for the transfers of budgetary appropriations and circular prohibiting the stockpiling of budgetary credits); ii) the accounts management of State expenditure and revenue and monitoring of payment timeframes; iii) strengthening the method of selection of investment projects/programmes.</p> <p>The fight against corruption has become a top priority of the new authorities as evidenced by: i) the adoption of the Act approving the Public-Finance-Management Transparency Code in July 2013; ii) adoption of the Act on the prevention and repression of illicit enrichment in May 2014; iii) the ongoing enactment of the Act on the principle of transparency in administration and public life.</p> <p>This progress notwithstanding, implementation of the Programme with the IMF in 2014 faced difficulties owing to the procurement of an air plane by the Ministry of Defence, intended for Presidential travels, and the conclusion of a contract for the purchase of military equipment, thus throwing doubt over the credibility of public finance management. However, these differences between the two parties are being ironed out: the Government is committed to implementing actions and reforms identified in agreement with the IMF and the programme review mission supported by the Extended Credit Facility, which was concluded on a positive note. The first and second reviews will be presented to the IMF Executive Board in December 2014.</p>
Transparency in public accounting	<p>Within the framework of public accounting transparency, efforts have been made particularly in the area of external audit: (i) validation of the accounts of public accountants from 1960 to 1991 by Act No. 2013-001 of 15 January 2013 ; ii) the accelerated judicial clearance of State accounts from 1992 to 2008 ; (iii) availability of reports of the Supreme Court's Audit Bench; iv) swearing in of public accountants for the first time; v) making available to the Audit Bench external auditors to support it in its duties. In addition, as indicated above, an Act on Public-Finance-Management Transparency Code was adopted in July 2013.</p>

## ANNEX 2

### MAIN OUTCOMES OF THE FRAGILITY ASSESSMENT

#### INTRODUCTION

1. More than a year after the security, political and institutional crisis which rocked the country and threatened the stability of the sub-region, Mali is struggling to regain its past stability despite the return to constitutional rule and the establishment of new institutions from democratic elections deemed free and fair by international observers. In fact, the coup d'état of 22 March 2012 in Mali plunged the country into one of its worst crises since its accession to international sovereignty, with the occupation during nine months of the northern regions by armed groups. Mali's territorial integrity was thus threatened, rendering the Government unable to ensure the safety of citizens and their property following the mutiny of a tiny group led by junior officers, which quickly turned into an impromptu coup d'état. The crisis resulted in the weakening, or even collapse of institutions and of the State's capacity to provide basic services to the population as well as deterioration in the living conditions of the latter, in economic performance, infrastructure, governance and the business climate. The political class neutralized itself by indulging in machinations and "pro" and "anti" coup rhetoric, and thus proved its inability to shelve elitist and opportunistic rivalry to meaningfully contribute to the quest for solutions commensurate with the challenges facing the country. Efforts by both the international community and regional institutions led to the withdrawal and dispersal of the coup leaders, and the establishment of a transitional Government. Following the withdrawal of the coup leaders and the resignation of President Amadou Toumani Toure, the Constitutional Court declared a power vacuum and charged the Speaker of the National Assembly, Dioncounda Traore, to lead the transition period starting from April 2012.

2. It is in the context of this transition and following the resumption of operations by the Bank in October 2012, that the latter dispatched to Mali in November 2012, a mission of high-level experts to "assess the situation of its portfolio and make proposals for its restructuring." On this occasion, the Bank agreed with Mali on an intervention programme enabling it to support the transition process and in particular to "to enhance the resilience of the most vulnerable population segments, entrench the rule of law and lay the foundations for a more robust recovery of the economy with a view to supporting and accompanying the process of transition to the post-crisis period, thereby preventing or at least mitigating adverse effects of the crisis on the countries of the Sahelo-Sahara sub-region (ECOWAS, WAEMU)." Mali's development partners established that this crisis had not affected the macroeconomic fundamentals of the country; however, its nature, magnitude and the threat it represented for the sub-region pushed the Malians and the international community to seek the root causes of an apparently sudden and brutal security, political and institutional crisis in a country and institutions hitherto cited as an example of democracy and stability. The erosion of State institutions within a space of two months exposed the degree of Mali's fragility and led Malians and outside observers to reflect on the external factors of fragility, but also on those that are internal and specific to Mali.

#### FACTORS OF FRAGILITY IN MALI

3. Even if the collapse of institutions in Mali, in the wake of the 2012 coup d'état, shocked many, it did not surprise many Malian citizens and other pundits who had long sensed a growing frustration and tensions related to poverty, inequality, corruption and sectarian divisions. The challenge to the State's legitimacy shows that the signs of democracy or economic growth conceal the uncertainty that often constitutes the major hidden problem, which the authorities must deal with daily. The factors of fragility in Mali can be grouped into four broad categories:

##### I. GEOGRAPHICAL ENVIRONMENT AND POPULATION FACTORS

4. Mali is a country with an ancient civilization and which straddles the Sahel/Sahara, Savannah and forest areas. The country suffers from an inherited vulnerability of balkanisation, a hostile isoclimatic environment and is struggling to engage in a sustainable economic development that could curb endemic

poverty. The country, which covers a wide expanse of the Sahelo-Saharan area (second in size only to Niger among its 7 neighbours), is characterized by a desert over 2/3 of its territory and is landlocked within West Africa. These vast areas located to the north of the country are inhabited by various human groups (Songhai, Peulh, Bella, Tamasheq, Arabs and Moors); the region lacks natural resources and its naturally weak nomadic pastoral economy is subjected to harsh climatic conditions. The country's relief is somewhat uneven. Very vast alluvial plains are, however, dominated by a few limestone and sandstone plateaux. The country has three climatic zones: the desert to the north (with less than 127 mm of rain per year) forest zone to the south (up to 1,400 mm) and the Sahel zone in the centre (where rainfall varies between 200 and 550mm). The cycle of droughts that hit the Sahel in the 1970s and 1980s deeply affected the north of Mali, gradually eroded the living conditions of the population and rendered the socio-economic system even more vulnerable. The marginalization of the region thus worsened, as acknowledged by the Government during negotiations for the National Pact.

5. Mali's population has quadrupled since independence, despite high emigration, from 3.5 million habitants in 1960 to 14.5 million in 2009. The population density varies widely from 90 inhabitants/ km<sup>2</sup> in the Central Niger Delta to less than 5 inhabitants/ km<sup>2</sup> in the North Saharan region. The population is therefore concentrated in the southern part of the country, while the three northern regions (Gao, Timbuktu and Kidal) have only about 9% of the total population. Mali's population is generally very young, with people under 25 years representing 65% of the total population. Furthermore, children (especially girls) and women are still vulnerable because of the violence they are subjected to (early marriage, female genital mutilation, forced feeding, etc.). Rapid urbanization increased the urban population (according to the administration) from 22% in 1987 to 27% in 1998 and 35% in 2009, without such urbanization being primarily the result of growing industrialization. According to an economic survey conducted in 2008, Mali each year records a decline in well-being and income of about 20% of GDP, equivalent to more than CFAF 680 billion (or nearly 1.3 billion dollars), due to environmental damage and inefficient use of natural resources and energy.

6. **Drought:** It causes a sharp drop in cereal production and rising cereal prices, as well as shortage of fodder for livestock and environmental degradation, leading to displacement and the worsening of chronic poverty, which are further exacerbated by conflict/crises. According to the Office for the Coordination of Humanitarian Affairs (OCHA), a severe food and nutrition crisis is threatening the Sahel region, at a time when more than 10 million people are already facing food insecurity and more than one million people are exposed to severe malnutrition. Five of the six countries in the region (Burkina Faso, Chad, Mali, Mauritania and Niger) are affected, with nearly 800,000 vulnerable farmers and stockbreeders exposed to a cycle of recurrent food crises. According to estimates, at least 15 million people are threatened by food insecurity in the Sahel region.

### *Causes of environmental degradation*

7. Mali suffers from poor performance in environmental governance, ranking the country 156<sup>th</sup> out of 163 countries (EPI Index, 2010). Population pressure on scarce arable land in a fragile ecosystem is a key factor in rapid environmental degradation in Mali. The relatively high population growth in Mali occurs within an already fragile biophysical and socio-economic environment, characterized by irregular and insufficient rainfall patterns and drought. Rainfall is sufficient for rainfed crops (estimated at more than 600 mm per year) in about 25% of Mali, mainly in the Sudan-savannah agro-climatic zone. In addition, only one third of the total land area of the country (1.24 million km<sup>2</sup>) is arable land. Given these constraints, the uncontrolled interaction of population growth, the fragility of the ecosystem, and erratic rains has caused severe environmental problems, with social and economic consequences for the rural poor, especially women. The main environmental problems are land degradation (farm land, forests and beach), surface and groundwater pollution, decline of biodiversity, loss of archaeological and cultural heritage, air pollution and drought.

8. In addition to population pressure, other factors of environmental degradation include lack of economic alternatives, especially within the farming and rural population, widespread lack of environmental awareness, limited institutional capacity to enforce existing regulations, lack of

comprehensive policy on land use with land rights and well-defined macro-economic policies, and absence of broad institutional standards. The lack of alternative economic activities has mainly resulted in greater dependence on and over-exploitation of agricultural land. At the macro-economic level, the loss of traditional livestock export markets due to the loss of international competitiveness, price policies for firewood, and the inefficient tax system for forestry have indirectly contributed to the growing environmental problem.

9. While some causes of land degradation may be independent of human activities, others, such as declining soil fertility, erosion, or bush fires are under human control. In this respect, the main variables that cause land degradation depend on human behaviour with respect to the environment. The variables are mainly shorter fallow periods, inappropriate farming practices, overgrazing of pasturelands, deforestation and the use of firewood. Most of these variables stem from the main institutional, legal, economic and social causes of environmental degradation.

10. To address this environmental problem, Mali and development partners will need to identify key factors that cause degradation, and develop strategies to: (a) check the current rate of degradation, (b) prevent future deterioration of the environment, and (c) restore a functional environment. The strategies will consist in developing coherent policies on population growth, promoting greater efficiency in the management of public resources, providing training and better environmental awareness, and increasing the participation of community associations. The key elements of these strategies could be the development of local capacity, i.e. of community associations, to foster greater grassroots participation, appropriate incentives, as well as the revision and implementation of landed property laws.

## **II. STRUCTURAL FACTORS OF THE ECONOMY**

11. The political and economic structures of Mali were based on models bequeathed by the French colonial administration; these models were not always designed for the Malian people. Until 2011, that is to say just before the 2012 crisis, the country had a strong economy thanks to a stable growth rate of 5.7% on average since 2005 and a sustainable deficit budget. Although this economy is one of the most successful in the WAEMU sub-region – due to the fact that the economy is based primarily on activities in the southern part of the country under government control, where abundant rains stimulate the production of cotton and other agricultural products, and where the exploitation of gold mines continues to grow - and has been fairly resilient to environmental, political and security crises, the country remains one of the poorest in the sub-region and its fragility cannot be ignored. With a population estimated to stand at 30 million by 2030, the country risks being suffocated by its growing population. Since young people under 15 years account for almost half of the population, there is reason to fear that a large number of young people will come to an already overstretched labour market that will need to cater for nearly 300,000 additional job seekers per year by 2030. However, the education and training for such an influx require large budgetary resources that the country cannot afford. On the other hand, the country is facing uncontrolled urbanization (it is estimated that Bamako will have a population of 5 million people by 2030) and that will put more pressure on the Government which is already finding it very difficult to keep pace with such population growth by providing appropriate infrastructure, particularly in the areas of sanitation, water and transport. In addition to these difficulties, there are recurrent problems of insecurity and the attendant possible increase in urban poverty and youth unemployment. Consequently, the country would probably be hard put to do without bilateral and multilateral assistance which account for nearly one quarter of the State budget and about 4/5 of public investment, and accordingly, limit the government's ability to take initiatives.

12. Agriculture is essentially smallholder family units and occupies almost 2/3 of the working population. The country cultivates only 3.2 million hectares, that is, thirteen times less than the amount of arable land identified. It is therefore essential to prioritize investments in more intense and efficient use of water resources.



13. The medium-term outlook of mining in Mali is not strong. Almost all gold production companies - the main source of export earnings – are of foreign origin. The contribution of the private sector, and particularly the industrial sector, to GDP formation is generally low. Furthermore, the informal sector plays a dominant role in the economy. Unemployment is rather structural and rural underemployment widespread. The job market is characterized by increasing urban unemployment and precarious informal activities. The formal public and private sector employs only 6% of the workforce. Women are under-represented in the formal sector and in professional categories that require a certain level of training and qualification.

## **V. POLITICAL AGREEMENTS AND GOVERNANCE**

14. Mali, like most African countries, has experienced a long period of authoritarian regimes and/or military dictatorship; however, unlike many of these countries, Mali's transition to multiparty democracy has been atypical: the emergence of social movements calling for the introduction of multiparty democracy was sudden and claimed the lives of thousands of Malians. Furthermore, the process was accompanied by a group of officers considered as "soldiers of democracy" who overthrew the regime (March 1991). This upheaval also led to the holding (in July-August, 1991) of a sovereign national conference that provided a forum for much debate between the elite and the rest of the population on new political, economic and social orientations for the future Mali. Unlike other countries where the experience of democratization was challenged, Mali managed to stay the course (for 20 years) and strengthen democratic governance, particularly through the introduction multiparty politics, peaceful and credible elections, respect for civil rights etc. (even though the participation of Malians in elections has not usually been strong: in the five presidential elections in the democratic history of the country, the 40% turnout threshold was attained or exceeded only once – during the last presidential elections).

15. An analysis of Touareg political grievances indicates that the Central Government in Bamako has generally failed to address the grievances of the north of the country. These populations of the north feel that they do not share in the country's wealth and the growth dividends, thereby leading to tensions. Many other signs of potential problems range from limited participation in politics as mentioned above, including in elections, to widespread corruption of the authorities. Over the past few years, Bamako had been identified by international police sources as an increasingly important transit hub in the international drug trade, with strong complicity of high-level officials in the Government.

16. At the social level, according to the latest available estimates (2010 data), Mali is far behind schedule in achieving the MDGs (2015), and the challenges are considered "huge", particularly in the areas of health and development financing, as well as recurrent vulnerabilities associated with the environment, structural fragility of the economy, and new challenges in governance and security. As regards health coverage, the high population growth rate has made it difficult to significantly increase the number of people with access to health care facilities, despite the immense progress made in this respect. As regards land-use planning, significant progress has been made: the opening up of towns and farming areas, improvement of access to drinking water supply and electricity, and housing programmes, with 40% of the houses distributed to women. It is considered that about 76% of the road network is reliable.

## **IV. SECURITY FACTORS**

17. The security situation continues to be a major concern in Mali where sporadic attacks by armed groups on UN peacekeeping forces have already resulted in over twenty deaths since the start of the mission in Mali in July 2013. The security challenge, especially in Northern Mali, stems from the colonial administration of the country. Indeed, following independence, Mali faced constraints and recurring vulnerabilities due to the balkanization inherited by most African States. The border between Mali and Mauritania, for example, changed several times. The situation in Northern Mali is characteristic of this reality that most African States experience and where the boundaries demarcate territorial spaces "shared" by diverse ethno-cultural communities whose historical social relations, often conflicting, has not evolved to a "homogeneous" identity or reached a level of social cohesion that characterizes a strong State and a pluralistic nation.

18. Under the rule of various empires, and especially under colonization, some of these communities, the Touaregs of Kidal region more particularly, enjoyed a special status which preserved their specificities and recognized their identity as a parameter of legitimacy and a foundation for their social organization. This reality of selective autonomy in favour of one or more ethno-cultural groups is fraught with national integration challenges and constitutes a threat to social cohesion in post-independence Mali.

19. At the military and security levels, the disorder in the defense and security forces is not due only to the crisis in Libya, contrary to what some try to argue. The state of the Malian Armed Forces –FAMA– (weakness and inadequate professionalism), as revealed by the 2012 crisis, is perceived as the result of poor governance over the past years, a period which many people in Mali consider as having been marked by unprecedented laxity in the management of the State. Despite the undeniable and significant impact of the Libyan crisis on the rise of armed movements in Mali, this crisis was certainly more of an accelerator than a factor of a relatively programmed collapse of an army that, according to several observers, suffered from lack of a political and military strategy. Mention could also be made of the absence of the rule of law, which is the result of poor management of a very large expanse of land, as is the case with Mali.

## **V. SUB-REGIONAL ASPECT OF THE FRAGILITY**

20. Mali is at the centre of a geopolitical entity whose boundaries vary according to the challenges of the moment. The Sahel/Sahara space was, until recently, known rather for its austere climate and its impact on the ecosystem and inhabitants of the region, following years of severe drought. This Sahelo-Saharan space has, for a few years, been described as the centre of all trafficking, organized cross-border crime, the crossing point of large multinational mafias and terrorist movements as well as growing insecurity. The above space comprises Chad, northern Cameroon, Mali, Niger, Mauritania, and southern Algeria (south).

21. The crises that shook Northern Mali impacted on or affected its neighbours to various degrees. Within this context, it can be noted that two neighbouring countries in particular, Algeria and Libya, have played (or are still playing) a key role in resolving the crises that have marked the history of Mali to the point where some analysts do not hesitate to say that Libya, for example, "is capable of influencing the commencement and end of irregular armed initiatives, including the Touareg uprisings in Northern Mali and Northern Niger." In this respect, it could be noted that Libya had instituted the practice of welcoming fighters on its territory and "integrating" Malian and Niger Touaregs into its defense and security forces, and even making them special units. The massive arrival of heavily armed fighters from Libya in Malian territory in 2012 is an example, even if it has not been established that Libya condoned or gave material support to these rebellions.

22. It is generally accepted that the instability in Mali, Niger and Mauritania stems mainly from the Maghreb area. The vulnerability of these countries (level of overall poverty, porosity of their borders, lack of technical capacity and/or incompetence or corruption of their intelligence services, marked laxity in the command chain of their armies etc...) is often considered as conducive to the development or worsening of cross-border organized crime. At one time, the tolerance of armed groups (increase in the number of hostages on the Malian territory with ransom payments) or the impunity they seemed to enjoy made some neighbouring States and some partners in Mali "suspect a pact of non-aggression between Malian and terrorist forces". It is believed that beneath the criminal activities of the groups, there are networks of "beneficiaries" of this underground economy in government as much as in the military forces and customs services of the various countries. Mali alone, has the three vectors of violence in the region, which shows and supports the idea that its institutions are fragile: the country serves as a base for terrorism; it is a vital connection point for smuggling; and it is the centre of identity grievances for Arab and Tuareg minorities. It is also mainly in Mali that security cooperation initiatives materialize, particularly with France and USA.

23. At the humanitarian level, the countries in the sub-region are suffering from the consequences of the Malian and Libyan crises, with the massive arrival of refugees on their territories. It is encouraging to note that the Malian crisis triggered a strong reaction that, for the first time, witnessed the general mobilization of stakeholders (Governments, sub-regional organizations, international community, and development partners) and, in principle, tackled the root causes of the problems revealed by the crisis.

## **VI. CONCLUSION**

The vulnerability factors identified and developed in this report outline the development challenges facing Mali and which should guide the operations of technical and financial partners in the country. This report, which seeks to (i) extend the Transition-Management Support Strategy in Mali to June 2015, and (ii) request that Mali be eligible for resources from TSF Pillars I and III, will strengthen Bank interventions in the country which seek to address some key aspects of fragility in Mali.

**ANNEX 3**  
**PROGRAMMING OF ADF 13 OPERATIONS (2014-2016)**

<b>PROJECT</b>	<b>SECTOR</b>	<b>ADF - Loans</b>	<b>ADF - Grants</b>	<b>TSF - Loans</b>	<b>TSF - Grants</b>	<b>Cancelled – Loans</b>	<b>Cancelled - Grants</b>	<b>Total</b>
<b>2014 EMERGENCY BUDGET SUPPORT</b>	<b>Multi-Sector</b>	<b>7500</b>						<b>14 603</b>
<b>PReSAN - KL (GAFSP)</b>						<b>3 000</b>		<b>3 000</b>
<b>BAMAKO SANITATION PROJECT</b>	<b>Water and Sanitation</b>			<b>7570</b>	<b>12430</b>			<b>20520</b>
<b>DOUENZA-GAO TRANS-SAHARA ROAD SECTION</b>	<b>Transport</b>			<b>10 000</b>	<b>10000</b>			<b>20 000</b>
<b>BUDGET SUPPORT PROGRAMME – 2015</b>	<b>Multi-Sector</b>	<b>6 053</b>	<b>4 000</b>					<b>10 053</b>
<b>BUDGET SUPPORT PROGRAMME – 2016</b>	<b>Multi-Sector</b>	<b>5 000</b>	<b>5 000</b>					<b>10 000</b>
<b>MINI MICRO HYFRO</b>	<b>Energy</b>					<b>2480</b>		<b>2 480</b>
<b>GHANA-BURKINA-MALI POWER INTERCONNECTION</b>	<b>Energy</b>	<b>5 000</b>	<b>3 000</b>					<b>8 000</b>
<b>RESILIENCE ENHANCEMENT PROGRAMME (FOOD SECURITY)</b>	<b>Agriculture and Rural Development</b>	<b>6 067</b>	<b>6 067</b>					<b>12 134</b>
<b>TRANSBORDER ROAD PROJECTS CÔTE D'IVOIRE/GUINEA/MALI</b>	<b>Transport</b>			<b>10000</b>	<b>10000</b>		<b>3590</b>	<b>23 000</b>
<b>TOTAL</b>		<b>29620</b>	<b>25170</b>	<b>27570</b>	<b>32 430</b>	<b>5480</b>	<b>3590</b>	<b>123860</b>