

AFRICAN DEVELOPMENT BANK GROUP



Directorate General, West Africa Regional Development and Business Delivery Office
(RDGW) – Mali Country Office (COML)

MALI – CSP 2021-2025

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LIST OF ACRONYMS AND ABBREVIATIONS

ADF	African Development Fund
AFAWA	Affirmative Financial Action for Women in Africa
AfCFTA	African Continental Free Trade Area
AfDB	African Development Bank
AIDI	Africa Infrastructure Development Index
AMANORM	Agency for Standardization and Quality Promotion in Mali
APEX	Agency for Export Promotion
API-Mali	Agency for Investment Promotion in Mali
ARII	African Regional Integration Index
ARMDS	Public Procurement and Public Service Delegation Regulatory Authority
AU	African Union
AZI	Agency for the Development of Industrial Zones
BCEAO	Central Bank of West African States
BDEV	Independent Development Evaluation Department
BOAD	West African Development Bank
BRMN	Office for Restructuring and Upgrading Industrial Enterprises
BVG	Office of the Auditor General
CATI	Center for Technology and Innovation Support
CCAP	The Bank's Climate Change Action Plan
CDN	Nationally Determined Contribution
CFRA	Country Fiduciary Risk Assessment
CNSP	National Committee for the People's Salvation
CODE	Committee on Operations and Development Effectiveness
COML	AfDB Country Office in Mali
CPI	Corruption Perception Index
CPIA	Country Policy and Institutional Assessment
CPPIP	Country Portfolio Performance Improvement Plan
CREDD	Strategic Framework for Economic Recovery and Sustainable Development
CRFA	Country Resilience and Fragility Assessment
CRMT	Medium-term External Resources Framework
CSLP	Strategic Framework for Poverty Reduction
CSO	Civil Society Organisations
CSP	Country Strategy Paper
CTA	Center for Agro-food Processing
DFS	Decentralized Financial System
DG	Dialogue Group
DSA	Debt Sustainability Analysis
ECF	Extended Credit Facility
GEC	Executive Cooperation Group
ECOWAS	Economic Community of West African States
ECST	AfDB Statistics Department

ECVP	Vice-Presidency for Economic Governance and Knowledge Management
EDM	Energie du Mali (Mali's Power Utility)
EU	European Union
FAO	Food Agriculture Organization
FCFA	Franc of the African Financial Community
FFP	Fund for Peace
FIMES	Financial Modeling for the Extractive Sector
FTA	Free Trade Area
GCF	Green Climate Fund
GD	Dialogue Group
GDP	Gross Domestic Product
GEF	Global Environment Facility
GEMS	Geo-Enabling Initiative for Monitoring and Supervision
GHG	Greenhouse Gas
GHSI	Global Health Security Index
GIE	Economic Interest Groups
GPRSF	Growth and Poverty Reduction Strategic Framework
GT	Thematic Groups
GUECET	Electronic Single Window for Foreign Trade and Transport
HDI	Human Development Index
IBM	Iterative Beneficiary Monitoring
ICOR	Incremental Capital Output Ratio
ICT	Information and Communication Technology
IER	Institute for Rural Economy
ILO	International Labour Organization
IMF	International Monetary Fund
INSTAT	National Institute of Statistics
JICA	Japan International Cooperation Agency
KWh	Kilowatt hour
MIGA	Mo Ibrahim Index of Governance in Africa
MSME	Micro-, Small- and Medium-sized Enterprises
ND-GAIN	Notre Dame Global Adaptation Initiative
NGO	Non-governmental Organization
OCLEI	Central Office for Combating Illicit Enrichment
P2RS	Multi-country Programme for Building Resilience to Food and Nutrition Insecurity in the Sahel
PACEM	Project to Support the Competitiveness of the Malian Economy
PAEFFK	Project for the Economic Empowerment of Women in the Shea Sector
PAGODA	Delegated Agreement for Indirect Management
PARSEP-NM	Project to Support the Socio-Economic Reintegration of the People of Northern Mali
PATAM-EAJ	Support Programme for Agricultural Transformation in Mali - Youth Employment Component
PBA	Performance-Based Allocation

PCC	Platform Against Corruption and Unemployment
PCN	Project Concept Note
PDI-BS	Irrigation Development Project in the Bani and Selegué Basins
PDIR-PD2	Integrated Development Project for Improved Resilience of the Delta People
PEFA	Public Expenditure and Financial Accountability
PIDACC/BN	Integrated Programme for Development and Adaptation to Climate Change in the Niger River Basin
PIMA	Public Investment Management Evaluation
PIU	Project Implementation Unit
PMU	Project Management Unit
PPP	Public Private Partnership
PR8	Project for Transport Facilitation between Mali and Côte d'Ivoire
PREM	Mali's Public Financial Management Reform Plan
PRESA-DCI	Project for Strengthening Food Security through Irrigated Crop Development
PRESAN-KL	Project to Strengthen Food and Nutritional Security in the Koulikoro Region
PSIRC	Integrated Security Plan for the Central Regions
RIMA	Mali's Inter-connected Network
RTS2	Bourem-Kidal Trans-Saharan Road Development Project
SCCS	Accounts Section of the Supreme Court
SDO	Sustainable Development Objectives
SMCC	Senior Management Coordination Committee
SME	Small- and Medium-sized Enterprises
SMI	Small- and Medium-sized Industries
TFP	Technical and Financial Partners
TPE	Very Small Enterprises
TPM	Third Party Monitoring
TSF	Transition Support Facility
UA	Unit of Account
UNDP	United Nations Development Programme
UNOPS	United Nations Office for Project Services
UNO-Women	United Nations Organization for Gender Equality and the Empowerment of Women
US	United States
WAEMU	West African Economic and Monetary Union
WB	World Bank
WEF	World Economic Forum
YEI MDTF	Youth Entrepreneurship and Innovation Multi Donor Trust Fund
ZES	Special Economic Zone
ZSTA	Special Agro-food Processing Zone

CURRENCY EQUIVALENTS

May 2021

Currency Unit = CFA Franc (XOF)

UA 1 = XOF 779.63

EUR 1 = XOF 655.96

USD 1 = XOF 542.92

FISCAL YEAR: 1 January – 31 December

WEIGHTS AND MEASURES

Metric System

1 metric tonne	=	2204 pounds
1 kilogramme (kg)	=	2,200 pounds
1 metre (m)	=	3.28 feet
1 millimetre (mm)	=	0.03937 inch
1 kilometre (km)	=	0.62 mile
1 hectare (ha)	=	2.471 acres

MAP OF MALI



EXECUTIVE SUMMARY

1. This Country Strategy Paper (CSP) presents the Bank's strategy for Mali for the period 2021-2025. The completion report of the previous CSP, covering the period 2015-2019, was presented at the Committee on Operations and Development Effectiveness (CODE) on 08 June 2020 and approved on 09 July 2020. However, Mali's new CSP could not be approved in 2020 because Mali experienced a coup d'Etat on 18 August 2020 that postponed the execution of activities, with postponements of the date of presentation of the CSP at CODE. Following the resumption of Bank operations in Mali, the Senior Management Coordination Committee (SMCC) recommended to prepare a Full CSP. The current CSP 2021-2025 builds on the lessons learned from the previous CSP.

2. The CSP 2021-2025 was prepared in a difficult context. Mali has been facing persistent security crisis since 2012 and a COVID-19 shock dating back to 25 March 2020. The country was again hit by a political crisis that culminated in a coup d'Etat on 18 August 2020. Mali faces multidimensional fragility in the areas of **security**, **institutions** (deteriorating governance and increasing corruption), **politics** (permanent political instability), **social** (high levels of poverty and inequality, including gender inequality), **finance** (low capacity to mobilize domestic resources), **climate** (high exposure to natural hazards and low mitigation and adaptation capacity) and **economy** (low economic diversification and low private sector contribution to the economy).

3. The economy performed well despite the persistent security crisis, but deteriorated with COVID-19 and the coup d'Etat. The economy is mainly driven by agriculture (40.2% of GDP on average between 2015-2019) and services (39.7% of GDP) and is supported by strong private consumption (78.1% of GDP), with a smaller contribution from the industrial sector (21.8% of GDP) leading Mali to lag far behind in structural transformation. The economy is poorly diversified, and exports are dominated by gold which represents 72.95% of exports. The coronavirus combined with the coup d'Etat led to a -2% recession in 2020, compared to the strong 5.1% growth in 2019. This strong recession was felt more at the secondary (-1.6%) and tertiary (0.8%) sectors, and in terms of demand with a decline in net exports, public and private investments, and private consumption. The budget deficit deteriorated sharply from -1.8% in 2019 to -6.1% of GDP in 2020 due to tax revenue losses. However, the current account deficit improved from -4.2% in 2019 to -1.7% of GDP in 2020, mainly due to a 14.09% drop in imports linked to the deterioration of the economic cycle, with exports only decreasing by 0.27%. Public debt was expected to increase from 40.5% in 2019 to 44.8% of GDP in 2020 as a result of the health and political crises, although the risk of over-indebtedness would remain moderate.

4. From a social perspective, Mali persistently faces high levels of poverty and food insecurity. In 2020, the COVID-19 and the coup d'état were expected to raise poverty by 2.7% (800,000 additional poor people) and food insecurity by 0.83 to a further 1.36 million people, and to induce massive 50% job losses in businesses (5,394 jobs lost out of 10,964 registered in a sample of 200 enterprises). The education sector which faces recurrent teacher strikes and a deteriorating security situation (two-thirds of schools in conflict zones are closed) is seriously affected by the closure of schools. In the health sector, over a hundred health centres in conflict zones are not functional and over 40% of the population have no access to health services within a 5-kilometre radius.

5. The overarching development challenge of Mali is related to its economic fragility, linked to the lack of structural transformation, the low diversification of the economy and its high vulnerability to exogenous shocks. The underlying development challenges relate to the absence of agricultural value chains and the poor development of transport and energy infrastructure supporting these agricultural value chains.

6. In response to the development challenges, the main objective/theme of the CSP 2021-2025 is to address the challenges of economic fragility, with a single priority area for Bank support: “reduce economic fragility through improved agricultural value chains”. The cross-cutting themes of the strategy focus on: (i) Improving governance and fighting corruption; (ii) Private sector development, gender, women, youths and civil society; (iii) Climate change. CODE had: (i) endorsed the proposed priority area, noted the consideration of agricultural value chains and fragility and asked Management to make governance a cross-cutting theme; (ii) underlined the importance of improving portfolio performance; and (iii) underlined the need to plan a non-lending portfolio in order to improve national policies. Therefore, the priority area of the new CSP is consistent with that approved by the Board when the completion report of the previous CSP was approved. The CSP is aligned with national priorities (Strategic Framework for Economic Recovery and Sustainable Development - CREDD 2019-2023), with priorities of the transition (Transitional government action program - PAG 2020-2022) and with those of the Bank (the High-5s and the Ten-Year Strategy 2013-2022). The selection of the priority area has been informed by recommendations from BDEV and CODE, the Bank’s Country Diagnostic Note and its CRFA Tool.

7. **The Bank’s portfolio performance rating in Mali is 2.3 on a scale of 1 to 4.** The public sector portfolio disbursement rate is 40.49%, the average age of the portfolio is 2.81 years, the average implementation period is 18.49 months and the flagged project ratio is 57%. As of 31 December 2020, the Bank Group’s portfolio in Mali comprised 25 operations for a total UA 597.98 million (CFAF 488.62 billion) and includes the road transport sector (29,66% of the portfolio) followed by agriculture (28,02%), governance (11,33%), energy (10,01%), the private sector (industry) (8,56%), water and sanitation (8,36%), and other sectors (climate change and social development) (4,06%).

8. **Implementation of the CSP 2021-2025 operations will be financed with resources from ADF-15 (2020-2022), ADF-16 (2023-2025) and the Transition Support Facility (TSF).** The total allocation to Mali under ADF-15 is UA 115.73 million. For the purposes of this document, resources under ADF-16 are also estimated at UA 115 million. Furthermore, the 2021-2025 lending programme will be supported by the regional operations window, resources resulting from the cancellation of balances of 3 projects in the agricultural sector, the Global Environment Facility (GEF), the Global Agriculture and Food Security Program (GAFSP), and resources mobilized from co-financing with TFPs operating in Mali. These partners will be better identified during the examination of each operation. The CSP 2021-2025 will also be supported by the ADB window resources allocated for financing private sector operations, for which Mali has an annual average ceiling of USD 200 million. Non-lending operations will be covered by trust funds, TSF Pillar III resources, and administrative resources.

9. **The Board of Directors of the Bank Group is invited to approve the Mali new CSP 2021-2025.**

I. INTRODUCTION

1. This Country Strategy Paper (CSP) presents the Bank’s strategy for Mali for the period 2021-2025. It was prepared within a challenging context in which Mali, besides the persistent security crisis since March 2012, has faced a political crisis that culminated in a coup d’état on 18 August 2020, while the economy has struggled with the impacts of the COVID-19 pandemic since 25 March 2020. The completion report of the previous CSP, which covered the period 2015-2019, was presented at the Committee on Operations and Development Effectiveness (CODE) on 08 June 2020 and approved on 09 July 2020. However, Mali’s new CSP, which was initially planned for the period 2020-2024, could not be approved in 2020 because Mali experienced a coup d’Etat on 18 August 2020, when the CSP was being prepared. All Bank operations in Mali were suspended, with postponements of the date of presentation of the CSP at CODE. During its regular meeting on 05 November 2020, the Senior Management Coordination Committee (SMCC) approved the official resumption of Bank operations in Mali, and recommended to the Mali Team to “prepare a Full CSP and, at the end of the transition, to do the mid-term review”. The current CSP 2021-2025 draws lessons from the previous CSP.

2. The CSP 2015-2019 completion report concluded that the development challenges of Mali have basically remained unchanged and are centered on multidimensional fragility, but COVID-19 has been a new emerging challenge, as well as the management of the political transition further to the coup d’Etat. This fragility, indeed, is on several fronts, notably security, institutional, political, social, financial, climatic and economic areas. To address these challenges, the CSP 2021-2025 will focus on a single priority area: “*reduce economic fragility through improved agricultural value chains*” as endorsed by CODE. The selection of the priority area was informed by recommendations from BDEV and CODE, the Bank’s Country Diagnostic Note and its CRFA tool (See Box 7).

3. This report is structured as follows: Section II highlights the country context. Section III presents the key findings of the Country Portfolio Performance Review. Section IV discusses the lessons learned. Section V highlights the Bank’s new strategy while Section VI concludes the report and makes recommendations.

II. COUNTRY CONTEXT AND OUTLOOK

2.1 Political Context and Outlook

4. Political context. The disputed legislative elections in 2020 led to renewed tensions rekindled by popular demonstrations and acts of civil disobedience instigated by the June 5 Movement - Rally of Patriotic Forces. The political stalemate led the military junta of the National Committee for the People’s Salvation (CNSP) to stage a coup d’Etat on 18 August 2020, condemned by the international community. A transitional government was set up on 05 October 2020, after ECOWAS mediation.

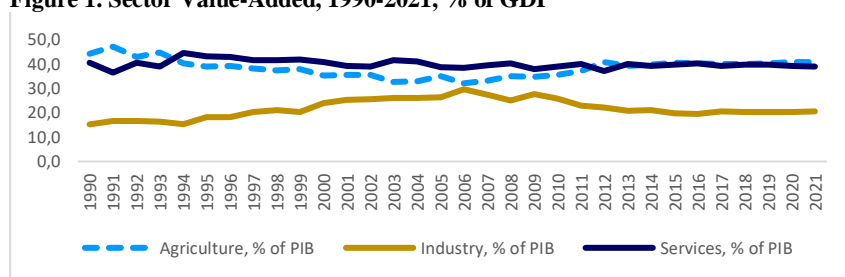
5. Security context. Mali has also been facing a security crisis since the March 2012 coup d’Etat. Initially confined to the north occupied by armed rebel groups and terrorists, the security crisis shifted to the centre (Mopti and Ségou) now grappling with inter-communal violence in addition to terrorist attacks (600 civilians killed in the first half of 2020), and spread to every part of Mali and even beyond (Niger and Burkina Faso).

6. Political governance. Governance is at the heart of the political crisis. During the seven years that the former President was in power, the country had six prime ministers and more than seven governments. The 2020 Mo Ibrahim Index of Governance in Africa (IIGA) report shows a growing deterioration in governance in Mali ranked 31st out of 54 countries in 2019 with a score of 46.6/100. The AfDB’s 2020 Country Policy and Institutional Assessment (CPIA) reveals a deterioration in property rights (score of 3.125 in 2020 against 3.25 in 2018). The Transparency International’s Corruption Perception Index (CPI) is on the increase, ranking Mali 129th in 2020 out of 180 countries compared to 95th in 2015 (see Annex A.18).

2.2 Economic Context and Outlook

7. Structure of the economy. The economy is poorly diversified. Over the past 2 decades, Mali's real GDP has almost sextupled from just below US Dollars 3 billion in 2000 to 17.68 billion in 2020, while GDP per capita over the same period has only a bit more than tripled from US Dollars 270 in 2000 to a still very low US Dollars 899 in 2020, ranking Mali 165th out of 188 countries and classifying it as a Low-Income Country. Exports are dominated by gold (gold accounts for 72.95% of exports, making Mali the third largest gold exporter in Africa). Mali lags far behind in terms of structural transformation, with a contribution of the industrial sector to growth which increased (from 15.2% of GDP in 1990 to 20.3% in 2019) but remained weak compared to that of agriculture (40.1% in 2019) and services (39.6% in 2019) (Figure 1), due to the limited contribution of the manufacturing sector (0.6% of GDP in 2019). The constraints to structural transformation are: the narrowness of the domestic market, informal practices which lead to unfair competition, high compulsory deductions on wages, the low level of qualification, the difficulties to access to electricity and financing, the low quality of transport infrastructure. The sub-sectors with the potential to contribute to structural transformation in Mali are: agriculture, livestock, fisheries, mining.

Figure 1. Sector Value-Added, 1990-2021, % of GDP

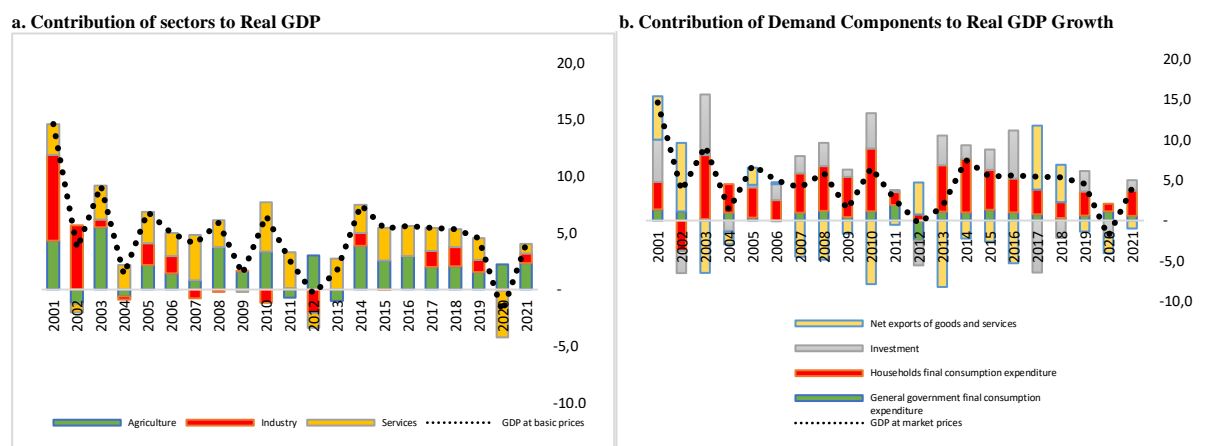


Source: AfDB Statistics Department (ECST)

8. The economy has experienced episodes of total factor productivity (TFP) gains between 1992-2001 and 2013-2019 but these have been on the decline since the 2012 coup d'Etat, as well as TFP losses between 2002-2012 (Annex A.25), suggesting the absence of technological innovation. TFP growth is low (0.83% between 1992-2019) and highly volatile, implying low efficiency of the economic activity.

9. Economic Growth. The economy is expected to recover sharply in 2021 and 2020. Notwithstanding the persistent security crisis, the economy has been resilient with a solid performance of 5.4% in growth between 2015-2019 driven mainly by the sub-sectors of agriculture, energy, mining, transport (Annex A.25). However, the COVID-19 and the coup d'Etat plunged the economy into a -2% recession in 2020 compared to a positive growth of 5.1% in 2019. On the supply side, the industrial sector recorded a significant drop of 3.5% due to the slowdown in supplies for some industries. Services also fell sharply by 5.5% following restrictive measures. On the demand side, the tightening of public investments due to the reorientation of resources from public programs towards social sectors, the decline in private investments induced by the difficulties of businesses, the reduction in consumption caused by job losses, and the decline in exports due to the drop in global demand also negatively affected services. Assuming a gradual end to COVID-19 from the second half of 2021 due to the start of vaccination in April 2021, real GDP growth is expected to recover to 4% in 2021 and 5.7% in 2022, stimulated by the reopening of the economy and the rebound in exports supported by the revival of global demand, which would lead to higher commodity prices (see Figure 2). This growth outlook also depends on a stable political transition in 2021 and 2022. In addition, forecasts of a historic fall of 79.3% in cotton production could also call into question these growth prospects.

Figure 2. Breakdown of Mali's Real GDP Growth by Supply and Demand, 2001-2021

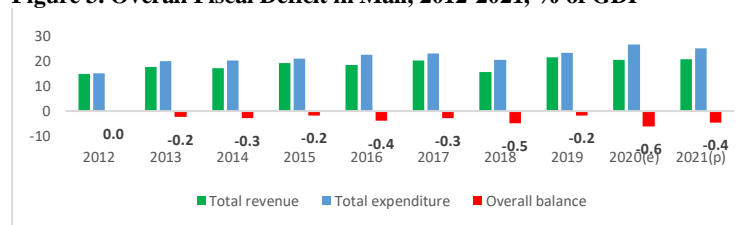


Source: AfDB Statistics Department (ECST); IMF (2020a)

Source: AfDB Statistics Department (ECST)

10. Fiscal Performance. Mali recorded an average budget deficit of 3.4% of GDP between 2015-2019 (exceeding the WAEMU ceiling of 3%). The deficit increased sharply from -1.8% of GDP in 2019 to -6.1% of GDP in 2020 as total expenditure (26.5% of GDP) strongly exceeded total revenue (17.9% of GDP) due to tax revenue losses from 14.7% of GDP in 2019 to 13.2% in 2020 and non-tax revenue losses from 4.8% of GDP in 2019 to 4.7% in 2020 (IMF, 2020b). Current spending stands at 16.4% of GDP in 2020, compared to 8.7% for investment spending. The financing need (2.9% of GDP in 2020) was mainly covered up to 97.3% by budget support (40% from the IMF, 42% from the World Bank, 9.8% from AfDB, and 5.5% from BOAD), and to a lesser extent through the regional financial market at 2.7%. The budget deficit is expected to improve to -4.5% in 2021 and -3.1% of GDP in 2022 thanks to increased tax revenue induced by the recovery of economic activities and the pursuit of reforms (see Figure 3).

Figure 3. Overall Fiscal Deficit in Mali, 2012-2021, % of GDP



Source: AfDB, Statistics Department (ECST); IMF (2020a)

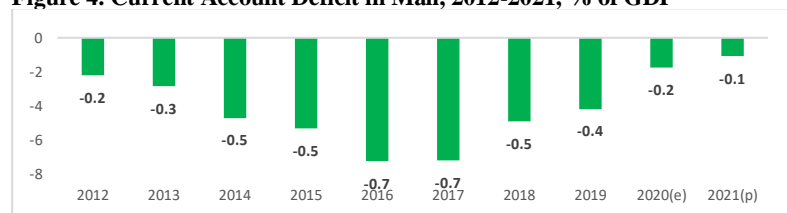
11. Debt Management. Mali pursues a prudent debt policy. The low public debt ratio (35.1% of GDP between 2015-2019 compared with the 70% regional standard) is in line with the IMF Extended Credit Facility (ECF) programme. Public debt was expected to increase from 40.5% of GDP in 2019 to 44.8% in 2020 (IMF, 2020a) in response to the health and political crises, but with a moderate global risk of debt distress (IMF, 2020b). Indeed, all the projected external debt burden indicators remain below their thresholds under the baseline scenario, except for the ratio of external debt service to exports in the case of an extreme shock to exports, but the risk of external debt distress is moderate (Annex A.26). The Transitional Government Action Plan (PAG) 2020-2022 should maintain this upward trend in debt at 46.2% in 2021 and 47.2% of GDP in 2022.

12. Inflation and Monetary Policy. Mali had a low inflation rate of 1.1% between 2015-2019. Inflation has increased from -2.9% in 2019 to 0.5% in 2020 but was below the lower bound of the BCEAO's target range of 2.1% to 2.3%. This increase reflects disruptions in supply. BCEAO's monetary policy was expansionary to support the dynamic of restarting productive activity in the context of COVID-19, with a downward adjustment of 50 basis points in key rates. Inflation is expected to increase to 1.5% in 2021 and 2.1% in 2022. This increase is fuelled by the rise in oil prices, the increase in the price of flour despite forecasts of an

increase in cereal production. In the light of growth revival, economic activity should be in a recovery phase sufficiently strong to enable the BCEAO to adopt a restrictive monetary policy.

13. Current Account Balance. The current account is in structural deficit. The current account deficit is high (5.2% of GDP between 2015-2019). It has improved from -4.2% of GDP in 2019 to -1.7% in 2020 due to a massive 14.09% drop in imports as a result of the deterioration of the economic cycle, with exports falling by only 0.27%. It is expected to improve to -1.1% of GDP in 2021 due to the recovery of exports on the wings of extractive industries, but would deteriorate to -2.3% in 2022 due to increased oil bill and rising imports linked to public development investments (see Figure 4).

Figure 4. Current Account Deficit in Mali, 2012-2021, % of GDP



Source: AfDB Statistics Department (ECST); IMF (2020a)

14. Economic and Financial Governance. Mali has made progress in public finance management by implementing certain WAEMU directives and strengthening legal texts on external oversight bodies namely, the Office of the Auditor General (BVG) and the Audit Bench of the Supreme Court (SCCS). However, some weaknesses persist at the internal control level. Moreover, there were frequent discrepancies between existing legal texts and their effective application due to the slow pace of change management. The continuation of ongoing reforms is based on four pillars in Mali's Public Financial Management Reform Plan (PREM) 2017-2021: (i) modernization of tax administration and policies; (ii) implementation of the new framework for budget programming, execution and monitoring; (iii) transition to an internal and external control system aligned with best practice; and (iv) establishment of a contractualized and transparent system of local financial governance. Overall fiduciary risk remains substantial, despite progress noted in the Country Fiduciary Risk Assessment (CFRA) in Annex A.14. The overall level of risk under the procurement system is deemed "substantial" (Annex A.14).

15. Private Sector and Business Environment. The private sector is mainly made up of the informal sector (76.2% of enterprises are MSME). Mali's performance in Doing Business is weak as the country seems to be among the 49 worst performing nations in the world in 2015-2020. The main constraints identified by Doing Business 2020 are linked to the fact that Mali made paying taxes more difficult by introducing a new tax, the solidarity contribution, which is levied at a rate of 0.5% on the business turnover. The private sector contributes little to wealth creation (12.5% of GDP in 2017) and capital formation (9.5% of GDP between 2015-2019). To generate greater value-added, the private sector should invest more in sectors where Mali has great potential, in particular agro-industry, and the processing of livestock, fishing and mining products. The Government should implement reforms to remove the constraints identified above in order to support high value-added manufacturing activities and formal wage employment, notably: (i) reducing compulsory deductions on wages to encourage companies to be formal; (ii) strengthen technical and professional capacities and on new technologies; (iii) improve public services delivery in electricity and road transport; (iv) put in place mechanisms to facilitate companies access to credit; (v) implement the AfCFTA in order to facilitate companies access to sub-regional and regional markets (Box 2).

16. Financial Sector. The banking system comprised, at the end of 2019, 17 credit institutions (8 international banks, 6 sub-regional banks, and 1 international bank-like financial institution and 2 international bank-like financial institutions) with a total balance sheet of CFAF 5,026 billion (BCEAO, 2020b). Mali had 16 decentralized financial systems (SFDs) at

the end of 2019. The banking sector is resilient despite the security crisis because, at the end of 2019, out of the 17 credit institutions in Mali, 15 were in compliance with the prudential system. Despite the pandemic combined with the political crisis, the resilience of the banking system was consolidated in 2020 due to the improvement in the portfolio quality, with a net rate of deterioration falling from 6.5% in September 2019 to 4.8% in September 2020. However, the banking sector still faces the risk of concentration since the outstanding amount granted to the 50 largest companies represents 41.0% of credit to the economy in 2020 and 64.3% of banks capital are held by foreigners (BCEAO, 2020c). The adoption of an expansionary monetary policy by the BCEAO to support productive activity did not translate into a tightening of bank credit to the private sector which instead increased by 5.1% between November 2019 and November 2020, in liaison with the government stimulus plan that increased resources for the private sector guarantee Fund.

17. Regional Integration and Trade. The main destination countries for Mali's exports are the United Arab Emirates (29% of exports), Switzerland (25.23%), South Africa (13.61%) and Bangladesh (6.66%). Mali's imports come mainly from Senegal (17.56% of imports), China (13.43%), Côte d'Ivoire (10.22%) and France (8.96%). Mali mainly exports gold (70% of its exports) and cotton (11.24%) (Box 1). Its import products largely include refined petroleum (15.2%), light pure woven cotton (4.75%), cement (4.11%), packaged medicaments (4.08%). Mali's trade generates low value-added due to insufficient diversification and industrialization. Indeed, products are exported raw without being processed, and imports are dominated by final consumption goods. Doing Business shows that Mali has made progress in cross-border trade, from 163rd out of 189 countries in 2015 to 95th out of 190 countries in 2020. However, constraints remain, including non-tariff measures (technical standards, procedural obstacles, very long delays in customs and administrative formalities, road harassment), the lack of transport infrastructure of high quality, tariff barriers (taxes and royalties).

Box 1. Potentials and paradox of the cotton sector in Mali

Cotton contributes 15% of GDP, 11.24% of exports and generates 1784 permanent jobs and 2112 seasonal jobs. Mali is the first cotton producing country in Africa. However, Mali exports raw cotton for US\$ 97.1 million and paradoxically imports woven cotton for US\$ 184 million, making the trade balance structurally in deficit.

Out of a production of 700,000 tonnes of cotton, 3% are processed, the 97% are exported raw. Mali should give more value to cotton by reducing raw cotton exports and focusing on processing so as to promote exports of processed cotton products, which would make it a high value added sector. Through CREDD 2019-2023, Mali plans to transform cotton and other agricultural products.

Box 2. Status of implementation of AfCFTA in Mali

Mali ratified the AfCFTA Agreement in November 2018. Mali has not started to implement the AfCFTA because the country has not yet adopted legislation prior to the implementation of this Agreement, and an AfCFTA Unit has not yet been installed within the Customs administration with respect to the implementation of the AfCFTA rules of origin. The Bank is preparing a study on the AfCFTA in West African countries including Mali, with the objective of developing a post-pandemic action plan enabling SMEs, on the basis of an increased use of digitization, better access to the market in order to benefit from the AfCFTA agreement and to have better integration into regional value chains. The report of this study will define a national roadmap addressing the main challenges for the participation and access of SMEs to the market. The Bank is also working on a proposal for a grant to support the private sector to benefit from the AfCFTA, and countries in transition including Mali should be considered.

2.3 Sector Context

18. Agriculture. The agricultural sector dominates the economy but agricultural value chains are poorly developed. It accounted for 38.2% of GDP between 1990-2019 and 67.8% of employment between 1991-2018. Cereal production covers domestic needs (surplus of 4.3 million tonnes). As regards livestock, Mali has the second largest livestock in West Africa (after Nigeria), which is largely sufficient for domestic needs. For fisheries, domestic needs (199,730 tonnes per year) are twice higher than production. However, the Agricultural sector is facing structural challenges: (i) poor processing of agricultural, livestock and fishery products; (ii) strong dependence of agricultural production on climate change; (iii) low access of producers to credit and to agricultural equipments; (iv) insecurity in production areas. The

agricultural policy is underpinned by two pillars: (i) the transformation from a subsistence agriculture to commercial market-oriented agriculture; (ii) the intensification, diversification and creation of inter-sector synergies (energy, water, transport, industry, trade, etc.) in the major agricultural production basins to promote private farms and develop agropoles linked to domestic, sub-regional, regional and international markets. Mali has rich development potential in agriculture (Box 3 and Annex A.16). Since Malian authorities plan to focus on inclusive growth and structural transformation of the economy in the CREDD 2019-2023, the Bank must therefore support the country in this process of transforming agricultural products.

Box 3. Development potentials in the agriculture sector in Mali

- **Considerable potential in agricultural land** : 40.5 million hectares of unused arable land.
- **Considerable potential in livestock** : abundant and diversified animal resources with 30 million hectares of pasture, 9 million heads of cattle, 25 million heads of sheep-goats, 1 million camels, 35 million traditional poultry.
- **Considerable aquaculture potential** : 5,500 sites covering 895,000 hectares and a potential for fish production of more than 200,000 tonnes per year.

Box 4. What explains the paradox between Mali's self-sufficiency in cereals and rising food insecurity?

Conflicts and civil insecurity are masking the good performance in terms of agricultural production and productivity in Mali. There is overproduction in the three major agricultural regions that are Sikasso, Ségou and Koulikoro. The large agrosilvopastoral and fish-farming region, Mopti, is trapped by conflicts and civil insecurity. The formal movement of livestock and food between the south (surplus agricultural production) and the north (insufficient agricultural production), passing through the center which is today the epicenter of conflicts, is made difficult by civil insecurity. The Government relies on humanitarian NGOs and various UN missions to supply municipalities in the center and north, some of which were once self-sufficient in cereals. Mali ends up with more cereal production (with problems for the sale of products), but at the same time, the number of municipalities in a situation of food insecurity is increasing (due to conflicts and civil insecurity).

19. Industrial Sector. The economy is barely industrialized. Compared to other sectors, the industrial sector contributed less to wealth creation (21.8% of GDP between 1990-2019) and jobs (7.3% between 1991-2018, meaning very few high value-added jobs) with a negative contribution from manufacturing industries (-0.4% of GDP between 2003-2019) (Annex A.25). The industrial sector continues to face the following constraints: (i) strong competition from imported products; (ii) lack of modern production tools; (iii) limited access and high costs of electricity and water tariffs; (iv) low technical and technological capacity; (v) poor knowledge of the protection of industrial property assets (brands, patents, trade name); (vi) difficulties in standardizing and improving the quality of the products offered; and (vii) high cost of access to credit, fraud and unfair competition. The industrial development strategy is articulated around two pillars: the diversification and integration of mining production into the economy on the one hand, and the promotion of industries based on potential value chains on the other hand. By developing the value chains of the Agriculture sector to make it a high value added sector, the Bank therefore plays an important role in terms of supporting the industrialization of the country.

20. Transport sector. Mali's transport infrastructure network is poorly developed. The African Infrastructure Development Index (AIDI) ranked Mali 36th out of 54 countries in 2020. Due to the degradation of paved roads, the length of good quality roads has been reduced by half, from 6079 km in 2015 to 2667 km in 2018. 2.99% of the classified road network is paved and in good condition. This demonstrates the existing huge road infrastructure deficit. The some 700-km long rail network is dilapidated marginally operational. River transport is poorly developed (12553 passengers in 2018) and operates intermittently (5-7 months per year). The air transport network has 7 airports (one international and 6 local) with little traffic. However, the domestic services of the new Sky Mali airline that launched its first flight to Kayes on 29 September 2020, should contribute to opening up the country with 12 weekly flights. The Bank, which had helped the country to strengthen its transport infrastructure and reduce its landlocked situation through the Mali-Côte d'Ivoire regional road project, will continue to support this sector with the important Bourem-Kidal road project whose achievement will link Mali and Algeria and connect conflict zones to the rest of the country.

Complementary support from other partners will also help strengthen the country's transport infrastructure.

21. Energy Sector. Mali faces a critical energy access challenge. The national power access rate was 50% in 2019 (compared to 36.11% in 2015). The problem is particularly acute in rural areas with 21.12% access rate in 2019 (compared to 15.75% in 2015). Power generation is limited (Annex A.17), forcing *Energie du Mali* (EDM, the power utility) to have recourse to frequent load shedding. EDM's difficulties stem from the discrepancy between the average price (CFAF 96 per kWh) and the power production cost (CFAF 130 per kWh) in 2019. This has led EDM to accumulate a colossal debt of CFAF 100 billion, barely surviving on state subsidies. The authorities have developed a recovery plan that is being implemented with the support of technical and financial partners and that includes the projected reform of the power sub-sector, the expected outcome of which would be the separation of EDM's activities into two entities: an "assets company" and an "operating company". The power supply is underpinned by the energy mix made up of thermal power plants at 77% and renewable energies at 23%, and distributed as follows: (i) thermal power plants of the existing units, energy imports mainly from Côte d'Ivoire which will be extended to the West African Power Pool; (ii) power plants based on renewable resources (hydraulic and solar), and implementation of regional and sub-regional renewable energy projects. The Bank will support Mali in strengthening its renewable energy production through its Desert to Power initiative (Box 5, Annexes A.2.1 and A.17).

Box 5. Desert to Power Initiative: Progress made for Mali

The Desert to Power Initiative, launched by the Bank in 2017, aims to transform the Sahel region by developing electricity production capacities of 10 GW by solar photovoltaic systems by 2030 in order to improve access to electricity. This initiative was approved by the heads of state of the G5 Sahel countries in September 2019. Mali is one of the Sahel countries concerned by this initiative because it has one of the best solar potentials in the world.

Progress made for Mali include: (i) The identification of priority projects and reforms in the National Roadmap validated in October 2020 (16 projects and request for capacity building) focused on generation, electricity transmission and distribution networks as well as governance; (ii) For resource mobilization, Mali has benefited in 2021 from US Dollar 945,000 under the Transition Support Facility (TSF), US Dollar 1 million from the G5 Sahel technical assistance program financed by SEFA and which aims to pave the way for the development of solar projects through studies of integration into the variable renewable energy grid and to support the deployment of a regional hybridization program to reduce the use of high-emission fossil fuels production, and euro 0.95 million from the SREP. The following activities are being carried out within the framework of the various financial resources already mobilized: a study on the integration of renewable energies financed with the TSF, a technical, environmental and social study on the hybridization of the Nioro power plant financed by SEFA and SREP, and co-financing with AFD for the investment of two power plants in Kambila and Safo; (iii) Mali is also one of the G5 Sahel countries that will benefit from the G5 Sahel Desert to Power Financing Facility amounting to more than US dollar 1 billion, of which USD 330 million will be concessional financing from the Green Climate Fund. The Taskforce received a letter of no objection from Mali, illustrating its enthusiasm and support for the proposed program.

22. Water and Sanitation Sector. The national drinking water access rate was 85.7% in 2019 (against 68.5% in 2012), 96.2% and 81.1% in urban and rural areas, respectively. The sanitation access rate remains low (39% in 2019).

23. Information and Communication Technologies. The digital industry is booming in Mali. Mali recorded a strong increase in individuals using the internet (from 0.14% in 2000 to 13% in 2017), a boom in cellular telephone subscriptions (from 0.09 subscriptions per 100 inhabitants in 2000 to 115.08 subscriptions in 2018), but a timid increase in fixed telephone subscriptions (from 0.36 subscriptions per 100 inhabitants in 2000 to 1.20 subscriptions in 2018) (Annex A.27). However, there is limited connection between ICTs and agricultural and industrial production activities.

2.4 Social Context and Cross-Cutting Themes

24. Poverty and Inequality. Mali faces a persistently high poverty level that COVID-19 has exacerbated. The national poverty rate was 42.3% in 2019 (compared with 43.8% in 2018), of which 3.8% in Bamako, 26.4% in urban areas outside Bamako and 52% in rural areas (CSLP, 2020). Similarly, the country has performed poorly in gender mainstreaming, with a deterioration in the Gini index from 0.34 in 2017 to 0.4 in 2019. Mali remains in the category of

“low human development” countries. With an HDI of 0.434, the country ranks 184th out of 189 countries in 2020 (UNDP, 2020). The World Bank’s Human Capital Index for Mali showed a weak performance that has not improved, with an unchanged score of 0.3/1 in both 2017 and 2020. The index SDG (Sustainable Development Goals) ranks Mali 152nd out of 162 countries in 2019. COVID-19 is expected to aggravate poverty by 2.7%, or 800,000 additional poor people (World Bank, 2020) and worsen food insecurity to an additional 0.83 or 1.36 million people. The country is also facing acute internal migration as the security crisis led to 201,000 internally displaced people in 2019 against 62,000 in 2015. Mali also has a long tradition of emigration outside the country that the authorities support through the Ministry of Malians Abroad, given the large volume of remittances from migrants (more than 538 billion FCFA and 5.5% of GDP in 2017). Indeed, one of the strategic objectives of CREDD 2019-2023 is to improve the management of migration so that it contributes to poverty reduction and sustainable development of the country; and the CREDD financing strategy recommends, among others, the mobilization of remittances from the diaspora. Migration comes mainly from within the country where poverty is more acute (19.2% of households have members who have migrated) compared to the capital Bamako (12.6% of households). Migration is more accentuated in rural areas where 21.6% of households have members who have migrated against 15.9% in urban areas. To reduce this poverty, these remittances from the diaspora should be used more to finance productive investments by strengthening firstly access to financial products and services. Mali’s national financial inclusion strategy 2021-2025, finalized in May 2021, which precisely aims to increase access to financial services and products, should therefore make it possible to capture remittances from the diaspora for productive investments. Secondly, Mali should explore the possibility of raising resources through the issuance of diaspora bonds to finance productive investments. The Bank could play a financial and advisory role¹.

25. Education, Youths and Unemployment. The population is very young (67% of Malians were under 25 in 2019). The number of new jobs created, which is steadily declining (38,459 in 2019 against 66,842 in 2016), cannot fully meet the demand (300,000 per year) (PRSP, 2020), thus resulting in a high unemployment rate (9.5% in 2019 against 9.1% in 2017) particularly among youths aged between 15 and 24 (19% in 2018, twice the national average) due to their low level of qualification and the mismatch between skills supply and the job market needs for technical and vocational training and new technologies. The education system has been performing poorly (Annex A.22): (i) 41% of the population were in secondary schools between 2010 and 2019; (ii) the country faces acute human capital deficits and is classified 129th out of 141 countries with the least qualified human resources in the world (World Economic Forum, 2019). Job losses caused by COVID-19 (50% of jobs lost) are likely to aggravate youth unemployment.

26. Health, Nutrition and Social Protection. Health indicators paint a bleak picture (Annex A.22): (i) 12.9 doctors per 100,000 inhabitants between 2010-2018; (ii) 6.3% of the population was malnourished in 2017; and (iii) access to health services within a 5-km radius was 58.4% in 2019. In 2019, 19.6% of the population had coverage by social security institutions and 6.31% by mutual health insurance. The country’s health system cannot cope with COVID-19 because Mali ranks among the least prepared nations to manage an epidemic (147th out of 195 countries in 2019 according to the *Global Health Security Index - GHSI*).

27. Gender. Gender inequalities have increased in Mali. The Bank’s Gender Equality Index ranked the country 45th out of 51 African nations in 2019. In the labour market, men’s participation rate (85.7%) was higher than that of women (62.0%) in 2018; 17.5% of jobs created and 13.07% of senior management positions were held by women in 2019 and 2018,

¹ In 2018, the Malian Treasury initiated a reflection on the issuance of Diaspora bonds, based on the recommendation and with the support from the Bank. However, the Bank did not respond favorably to the request for financing of the preliminary feasibility study. But, the issuance of Diaspora bonds is still of interest to the Malian Treasury and should be put back on the agenda.

respectively. The private sector recruited almost twice as many men (24,561) as women (6,185) in 2018, resulting in a higher unemployment rate for women (10.4%) than for men (8%). In terms of nominative functions, the country adopted a law that has increased women's representation in government (from 16.1% in 2014 to 23.6% in 2019) to a 30% threshold, and the proportion of seats held by women in institutions was 13.38% in 2018. With regard to health, women were more exposed with a morbidity rate of 27% compared to 23% for men in 2016. In education, women were less literate (25.7%) than men (69.8%) between 2010-2018 and 37% of girls were enrolled in secondary schools between 2010-2019. Through its Enable Youth Mali and Youth Entrepreneurship and Innovation Multi Donor Trust Fund (YEI MDTF) projects, the Bank plans to reduce gender, labour market, employment and vocational training disparities affecting women and youths (women and men) and promote activities led by these vulnerable groups to significantly improve job creation, increase their income, and enhance their empowerment and skills.

28. Environment and Climate Change. Mali faces the threat of very severe climate change that could aggravate the food crises and engender conflicts over scarce resources. The Environmental Performance Index ranked Mali 160th out of 180 countries in 2020. Mali is also the 8th most exposed country to climate risks and the 49th least prepared to adopt mitigation and adaptation measures. The climate change challenges are: (i) high rainfall variability; (ii) desertification and land degradation; (iii) severe and recurrent drought spells; (iv) scarcity of water resources and pastures; and (v) degradation of air quality. In line with the Paris Climate Change Agreements, Mali has prepared its first Nationally Determined Contribution (CDN) that commits it to reducing greenhouse gas (GHG) emissions by 31% for energy, 29% for agriculture and 21% for land use and forestry by 2030. An investment plan for the implementation of the CDN was drawn up in 2018 with an overall cost of US \$ 4.27 billion for mitigation measures and 9.57 billion for adaptation measures.

29. Addressing cyclical and structural fragilities in Mali. Mali's CRFA profile clearly highlights the enormous pressures on the 7 dimensions, but more accentuated on peaceful coexistence, economic inclusiveness, exogenous factors and security (Annex A.3). It is therefore essential to engage in national reconciliation and to guarantee the effectiveness of programs to citizens to allow the government to better respond to their concerns, and to focus more on the spirit of the legislation and the implementation of effective mechanisms in order to make the administration accountable to citizens. In addition, it is necessary to undertake interventions that will contribute to the reduction of structural and endemic factors of vulnerability, in particular the arid climate, food insecurity, poverty, weak territorial development and strong population growth. These actions are reflected in an economic structure that has remained unchanged since independence. Mali's dependence on rainfall has led to food insecurity in the event of a deficit in this rainfall; the country remains economically dependent on the exploitation of gold, an export sector which is neither integrated with the rest of the economy nor creator of viable jobs, while the population growth rate is one of the highest in the World. In addition, the private sector is too dependent on public markets while these markets themselves are dependent on external financing. Despite the failure of the textile industry, cotton is the livelihood for millions of Malians.

30. The CSP should serve as a basis for establishing a framework for a resilient economy that encourages a large influx of investment, especially in areas where there are immediate opportunities for value chain exploitation, such as agriculture and agro-industry, while ensuring the availability of a reliable source of energy. The crisis has highlighted the need to improve the quality of public services, whether in education, health or other public services, in order to build trust between central government and citizens. Food security in a country where 70% of the population live in rural areas remains a priority. Along with the development of agro-industry, rural development must occupy an important place in the Bank's key interventions during the period covered by the current CSP, in particular with regard to the evolution of agricultural productivity from agriculture subsistence to family commercial

agriculture as well as mastery of agricultural techniques, marketing channels and functional transformation. It is therefore important to: (i) rebuild the economy by strengthening the private sector and agriculture, and by investing in rural infrastructure and youth employment; (ii) meet the challenge of education; and (iii) promote the role of women in all sectors. However, it is useful to note that all these actions are only possible in a context of strengthening the country's institutions through an effective practice for accountability and good governance.

2.5 Country Strategic Framework

31. The development policy reference document for Mali is the Strategic Framework for Economic Recovery and Sustainable Development (CREDD) 2019-2023. The Government adopted it during in the Council of Ministers in July 2019. CREDD is based on five strategic thrusts: (i) consolidation of democracy and improvement of governance; (ii) restoration of peace, security and strengthening of coexistence; (iii) inclusive economic growth and structural transformation; (iv) environmental protection and enhancement of resilience to climate change; (v) human capital development. The CSP 2021-2025 aligns with CREDD. CREDD's implementation will cost CFAF 13,876 billion (worst-case scenario) or 14,320.4 billion (best-case scenario).

2.6 Aid Coordination Mechanisms, Bank Positioning and Comparative Advantage

32. The partners are organized in Thematic Groups (GT) to which the relevant Ministries are invited. Due to operational difficulties, the GT have been restructured by the Executive Cooperation Group (GEC). The new structure has 3 levels of coordination for the Technical and Financial Partners (TFP) Group: (i) overall coordination around the CREDD with 4 GT; (ii) Sector coordination with 5 GT; and (iii) coordination around the 20 dialogue groups (GD). The GEC has designated AfDB as the co-lead of the troika (with FAO and UN-Women) to coordinate the new GT on Inclusive and sustainable economy for 2 years (2020 and 2021). AfDB leads the GD Economy, finance, private sector and statistics, and also the GD Agricultural and rural economy and irrigation.

33. The AfDB, the European Union and the World Bank are Mali's three main multilateral donors. The AfDB ranked third in 2017 with an active portfolio estimated at FCFA 363.05 billion against 1,032.33 billion for the European Union and 971.80 billion for the World Bank (Annexe A.21). AfDB investments are mainly in the agriculture and infrastructure sectors where it has developed a comparative advantage. The Bank has been called upon to play an active role in the response to Mali's security crisis and fragile situation, especially through the Sahel Alliance where the Bank leads in the agriculture sector.

2.7 Strengths and Opportunities, Weaknesses and Challenges

34. As shown in the analysis of the country context above, the overarching development challenge of Mali is linked to its economic fragility, in relation to the lack of structural transformation, the low diversification of the economy and its high vulnerability to exogenous shocks. The underlying development challenges relate to the lack of agricultural value chains and the poor development of transport and energy infrastructure. In addition, Mali faces other forms of fragility. See Table 1.

Table 1. Strengths and Opportunities, Weaknesses and Challenges

Strengths	Opportunities
(i) Young population; (ii) High agricultural production (first cotton-producing country in Africa, second largest livestock in West Africa, food self-sufficiency in cereals); (iii) High potential for agro-food industry development; (iv) Natural resources potential (third gold-producing country in Africa).	(i) High potential to develop agricultural, livestock and mining value chains; (ii) High untapped agricultural sector potential (availability of untapped arable land and water resources); (iii) Availability of mining and energy resources; (iv) Untapped market potential to leverage regional (ECOWAS FTA) and African (AfCFTA) integration and promote external trade; (v) Cultural assets of Mali that can be harnessed to foster a dynamic tourism sector in the country.
Weaknesses	Défis
(i) Poor value chain development to support local product	(i) Persistent security crisis and political instability; (ii)

processing and creation of high value-added jobs; (ii) Insufficient transport and energy infrastructure; (iii) Unfavourable business environment and low development of PPPs; (iv) Low human resource skills levels; (v) Socio-political instability and erosion of social cohesion; (vi) Low capacity to adapt to climate change; (vii) the landlocked nature of the country.

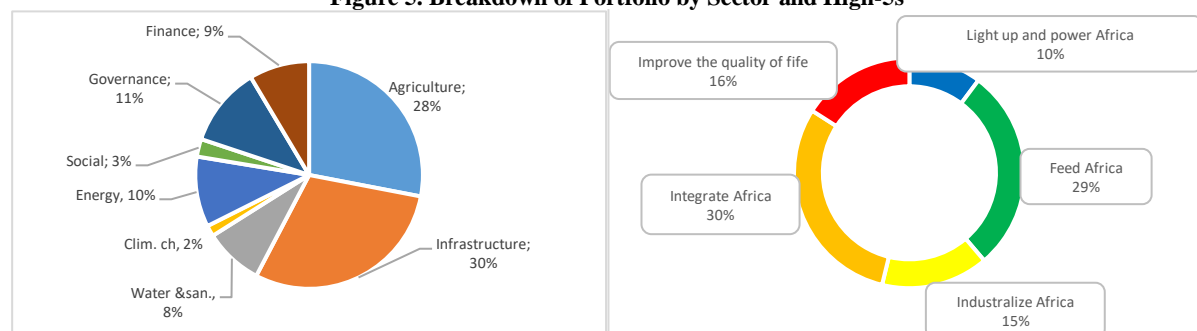
Deterioration of governance and corruption; (iii) Poor economic diversification; (iv) High vulnerability to climate change and exogenous shocks; (v) High concentration of domestic debt maturity, with 60% maturing between 2021-2023; (vi) Low domestic resource mobilization.

III. KEY FINDINGS OF THE COUNTRY PORTFOLIO PERFORMANCE REVIEW

35. Current Portfolio. As of 31 December 2020, the Bank's portfolio in Mali comprised 25 operations for UA 597.98 million (FCFA 488.62 billion) from ADF-13 (2014-2016) and ADF-14 (2017-2019). The public sector comprises 23 projects, of which 3 are co-financed with the European Union through the resources of the Delegation Agreement for Indirect Management (PAGODA). However, the second phase of the Trans-Saharan Road Project (RTS2) is no longer co-financed by the European Union. The road transport sector represents 29.66% of the portfolio, followed by agriculture (28,02%), governance (11,33%), energy (10,01%), private sector (industry) (8,56%), water and sanitation (8,36%) and the other sectors (climate change and social development) (5%) (Figure 5). With three operations at the beginning of 2020, the private sector has been reduced to two after the cancellation of the line of credit to *Banque de Développement du Mali* since the beneficiary of the credit line has not fulfilled disbursement conditions more than 2 years after the approval of the operation and has also formulated a request for a review of the terms and conditions of the loan that the Bank cannot assess under current health and security conditions.

36. The portfolio contributes to the Bank's High-5s (i) "Light-up and Power Africa" with 3 energy sector projects; (ii) "Integrate Africa" with the PR8 and Guinea-Mali Power Interconnection Projects; (iii) "Feed Africa" with 8 agricultural projects; (iv) "Industrialize Africa" with private sector projects; and (v) "Improve the quality of life for the people of Africa" with projects in the water and sanitation, governance, climate change resilience and social development sectors (Figure 5). The portfolio comprises 4 regional operations, namely: PR8, P2RS, Guinea-Mali Power Interconnection and PIDACC/BN projects.

Figure 5. Breakdown of Portfolio by Sector and High-5s



37. Portfolio Performance. The portfolio performance is rated 2.3 on a scale of 1 to 4. The ratings were 2 for physical execution and 2.4 for the achievement of development impact outcomes. The low disbursement rate under the public sector portfolio (40.49%) is attributable to the inclusion of new projects not yet disbursed in the portfolio. The portfolio has an average age of 2.81 years and does not include any problematic projects. The ratio of flagged operations remains high (57% at the end of December 2020). Non-performing and ageing projects are mainly in the agriculture sector. It is expected that three (3) projects in this sector will be closed and the balances cancelled. However, through CREDD 2019-2023, Mali has made the transformation of agricultural products a strategic thrust because of its enormous potential, as highlighted above. The Bank must therefore align with this new priority of the country by focusing on the development of agricultural value chains, while ensuring to improve the performance of agricultural projects. Indeed, although the agricultural sector showed

inadequacies in the implementation of operations of the previous CSP, vigorous quality-at-entry verification measures (see the lessons learned below) will make it possible to ensure efficient implementation of future operations.

38. Revised Portfolio Performance Improvement Plan (PPIP) 2019/2020. Only one of the eight recommendations made was not satisfactorily implemented, namely the delayed processing of Bank dossiers. The revised PPIP 2019/2020 was prepared through a participatory approach based on workshops involving the Bank and the Malian authorities. The recommendations were on project quality at entry, the need to set up PMUs and their composition, the payment of counterpart funding, and compensation of project affected persons (Annex A.11).

IV. LESSONS LEARNED

39. Strategic Lessons. The main strategic lesson is that the Bank has partially addressed Mali's most pressing development challenges. The previous strategy 2015-2019 was based on two pillars: (i) *improved governance for inclusive growth*; and (ii) *infrastructure development in support of economic recovery*. The CSP 2015-2019 contributed to the implementation of tools for improving economic and financial governance, the private sector development and the creation of jobs in particular for youths and women, the improvement in road transport infrastructure and in access to drinking water and energy, and increased food and nutrition security. However, Mali remains confronted with a deterioration of governance and an increase in corruption, a weak contribution of the private sector to the economy, a weak development of transport and energy infrastructure, growing food insecurity with a mainly subsistence agriculture based exclusively on climatic hazards and an amorphous agro-industry due to the absence of agricultural value chains. The new strategy 2021-2025 is therefore adapted to the country context since it will help to address these persistent development challenges in Mali. In addition to these challenges, Mali faces the emergence of two new challenges, including the COVID-19 pandemic and the management of the transition 2020-2022 following the coup d'Etat in August 2020.

40. Operational Lessons. The previous CSP enabled the following operational lessons to be learned for the improvement of the portfolio (Annex A.11): (i) Combine selectivity and flexibility in the Bank's intervention strategies in Mali; (ii) Have the PMUs assisted by an international financial management expert, who also acts as deputy/assistant to the coordinator, and an international procurement expert; (iii) Plan to compensate project affected persons from the resources of the financing instrument, in line with the results of the Bank's study on financing mechanisms (AfDB, 2020e); (iv) Proscribe the appointment of key local experts by the national authorities and provide for a competitive recruitment process that will be subject to the Bank's ex-ante review; (v) Avoid operations containing multiple small contracts that exacerbate the difficulties of PIU already struggling with lack of capacity. In addition, through a Note on the management of Bank's operations in Mali, we highlighted the specificities of the context of Mali which resulted in lessons that we identified in: (i) a checklist for the verification of the quality at entry of operations, and (ii) a portfolio monitoring action plan (see Annex A.11). The BDEV evaluation (2020) revealed that the effectiveness, impact and institutional performance of the Bank's interventions over the 2005-2019 period were unsatisfactory (Annex A.8). Furthermore, BDEV recommends that the Bank increases its contribution to knowledge generation, raises the private sector share in the portfolio and improves its country portfolio performance (Box 6).

Box 6. Status of implementation of BDEV recommendations

Recommendation 1 : Increase the private sector share in the portfolio.

Status 1 : Implemented at 100%. Resources to the private sector increase from 8.56% of the portfolio to 29.72% of the pipeline.

Recommendation 2 : Increase the Bank's contribution to knowledge generation.

Status 2 : Implemented at 100%. Studies have increased sharply, from 1 in the CSP 2015-2019 to 20 in the CSP 2021-2025. Among these 20 studies, 5 were carried out in 2020, 7 are underway in 2021. Several capacity building and technical assistance are also planned.

Recommendation 3 : Develop and implement a communication and civil society involvement plan.

Status 3 : Implemented at 90%. A communication consultant was hired and worked on the visibility of operations until the end of December 2020. The corporate film was produced. The dissemination of some knowledge products has been made virtually due to the COVID-19 pandemic by targeting authorities, TFP and professors and students at Universities; other disseminations will be made.

Recommendation 4 : Perform a review of the design and implementation practices of PPIP.

Status 4 : Implemented at 100%. A Note on the management of operations was produced for that review.

Recommendation 5 : Encourage project managers to take advantage of the Academy of Operations courses.

Status 5 : Implemented at 95%. All 11 Country Office experts have completed their operations academy courses. Among the 2 planned capacity building sessions, 1 was held in 2020 in public procurement for PMU experts. Country dialogue is engaged, and local key experts are nominated by competition.

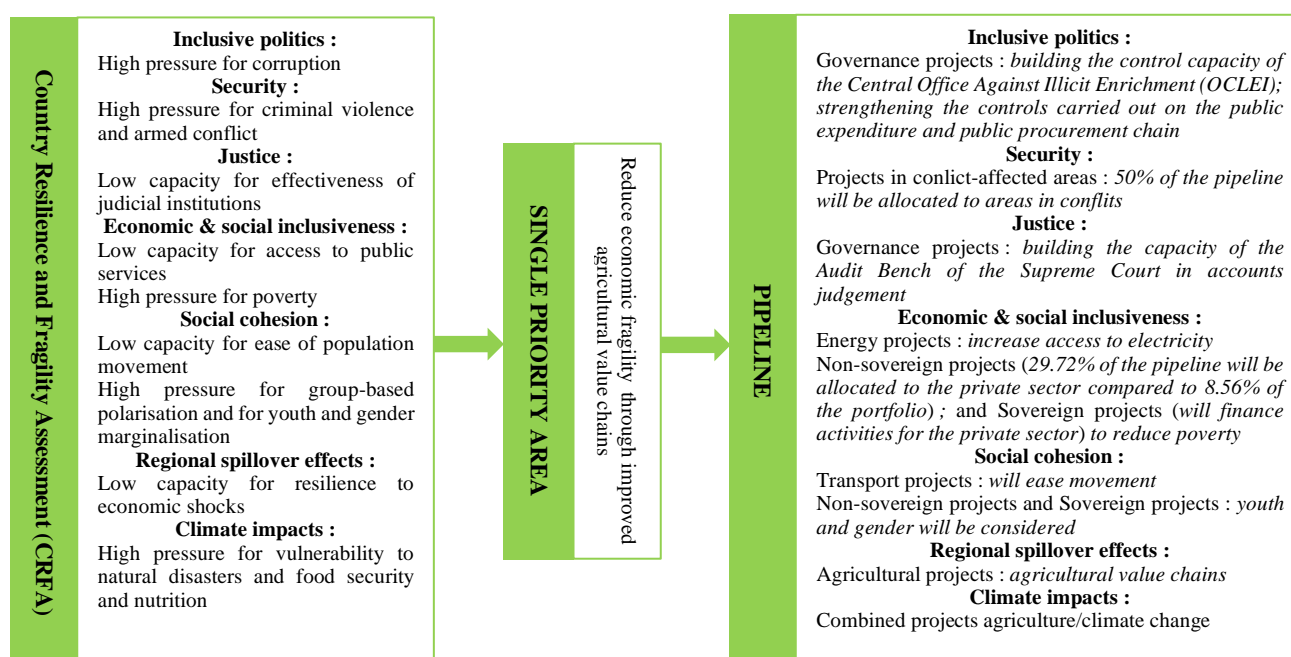
V. BANK GROUP STRATEGY 2021-2025

5.1 Strategy Rationale, Selectivity, Objective and Priority Area of the CSP

41. As demonstrated in the preceding sections, Mali's overarching development challenge relates to its economic fragility linked to the lack of structural transformation, the low diversification of the economy and its high vulnerability to exogenous shocks. This is compounded by several underlying development challenges, including: the lack of agricultural value chains and the poor development of transport and energy infrastructure supporting these value chains. In addition to economic fragility, Mali faces other forms of fragility in security, institutional, political, social, financial, and climate areas. Given the multiple challenges that Mali is facing and the Bank's limited resources, the Bank's strategy must be selective in order to maximize its effectiveness. The choice of focus areas for the new strategy was guided by several activities and analyses: (i) Consultations with Government and country stakeholders; (ii) Complementarity with support provided by other development partners and potential partnerships (see Annex A.21 on the sectors of intervention of TFPs); (iii) Bank's comparative advantage; (iv) Lessons learnt. These activities made it possible to identify the agricultural sector as the main target of the Bank's future strategy. It is recognized that, in fragile situations, the factors of fragility affect all sectors; therefore, there is always a tendency to want to address them all, hence the need for a very strategic arbitration. In this CSP, the strategy will be based on the agricultural sector whose tentacles will allow us to carry out interventions that address the factors of fragility identified in the social sector (community resilience, rural development, youth, women and immigration), the economic sector (private sector, employment, inclusive growth, rural infrastructure), and the climate change area.

42. In response to Mali's development challenges, and based on the above-mentioned selectivity criteria, the main objective/theme of the CSP 2021-2025 is to address the challenges of economic fragility, with a single priority area for Bank support: "reduce economic fragility through improved agricultural value chains". The cross-cutting themes of the strategy focus on: (i) Improving governance and fighting corruption; (ii) Private sector development, gender, women, youths and civil society; (iii) Climate change. This priority area is guided by orientations from BDEV, CODE, the Country Diagnostic Note, CRFA (Box 7).

Box 7. Link between the CRFA, the priority area and the pipeline



43. Given the country's fragile status and the limited resources for the strategy, the Bank will focus on large-scale projects and activities with quick and visible results for vulnerable communities and groups (youths and women). Since fragility is more acute in conflict zones, 50% of operations will extend their project sites to conflict-affected regions. Box 8 presents the innovations of the CSP 2021-2025 compared to previous CSP in Mali, at the strategic and operational levels.

44. The new CSP is aligned with national priorities, the Bank's Ten-Year Strategy 2013-2022 and High 5s. It aims to support the government's development strategy as set out in CREDD 2019-2023.

Box 8. What are the innovations in the CSP 2021-2025 compared to previous CSP in Mali?

- **Greater focus on multidimensional fragility factors** in security, institutional, economic, social, financial and climate areas.
- **Increasing Bank's interventions in conflict zones** to address fragility more effectively: Out of the 16 operations in the 2021-2025 lending programme, 8 (50%) are extending their project sites to conflict zones where fragility is most acute.
- **Deployment of geolocation and remote monitoring tools for projects in conflict zones** that are inaccessible.
- **Greater participation of civil society in general in implementing Bank's projects:** subcontracting with local stakeholders residing in inaccessible crisis zones, including local businesses, local NGOs, local civil society organisations, grassroots community organisations.
- **Focus on large-scale projects and activities with quick and visible results** for communities and vulnerable groups in conflict zones. The CSP no longer considers low-amount small projects.
- **Focus on integrated projects:** Given Mali's limited resources and the need to prioritize large-scale projects, cross-cutting areas will not be the subject of stand-alone projects but will be taken on board as an integrated project and will be overseen by Task Managers using the project concept note validation checklist. The Task Managers will be asked to set up integrated projects in which the various recommendations of the CSP can be expressed.
- **Significant increase in the share of private sector operations**, especially SME/SMI, in conflict zones and promoting job creation, mainly among youths and women: the 2021-2025 lending programme is marked by a significant increase in resources allocated to the private sector, which rose from 8.56% of the portfolio (UA 51.17 million) to 29.72% of the pipeline (UA 88.7 million). Moreover, several sovereign operations are undertaking activities that contribute to promote private sector development.
- **100% payment of compensation to project-affected persons** from financing instrument resources.
- **Establishment of a validation checklist for the project concept notes:** this will include consideration of CSP commitments and sub-activities dealing with cross-cutting issues.

5.2 Strategy and Expected Results

45. To achieve the main objective of the CSP highlighted above, a major result is targeted, with a complementary major result.

Major result. Diversification of the economy by developing agricultural value chains

46. **The Bank will support Mali in the creation of agropoles or special agro-food processing zones (ZSTA)** in the large production areas of the regions of Ségou and San (conflict zones), and Koulikoro and Sikasso (areas of insecurity) in order to make better return on former investments, create more value-added and decent and sustainable jobs for women and youths. To attract private investment, these ZSTA will benefit from the status of special economic zones (ZES) and will provide manufacturers with adequate infrastructure (energy, water, roads) and specialized services (cold chain, laboratory and certification, business services, information and communication technology, waste treatment). Around the ZSTA will be designed Agro-Food Processing Centers (CTA) which are multifunctional physical facilities that will serve as a business center, training, storage and pre-processing of agricultural products intended for supply to ZSTA or markets.

47. **Expected results.** (i) increase in the number of SME/SMI created in agricultural value chains from 5 in 2021 to 20 in 2025; (ii) increase in the proportion of direct and indirect jobs created for women in agricultural value chains from 0% in 2021 to 35% in 2025; (iii) decrease in vulnerability to climate change (Notre Dame Global Adaptation Initiative score) from 34.4 in 2021 to 45 in 2025; (iv) reduction in the proportion of the population in a situation of food insecurity from 6.60% in 2021 to 3.96% in 2025.

Complementary major result. Improvement of infrastructure in support for agricultural value chains

48. In supporting agricultural value chains, the Bank's investments will focus on targeted infrastructure: (i) development of 3 ZSTA; (ii) construction of 25 CTA; and (iii) improving infrastructure in key sectors (transport and energy).

49. **Expected results.** (i) increase in the share of the agro-food sector in GDP from 3.6% in 2021 to 5% in 2025; (ii) reduction in the transit time of a freight truck at the Côte d'Ivoire/Mali border from 24 in 2021 to 3 hours in 2025; (iii) increase in the access to electricity rate from 50% in 2021 to 65% in 2025 at national level, and from 21.12% in 2021 to 31% in 2025 in rural areas; (iv) improvement of the contribution of renewable energies in the total energy supply from 23.33% in 2021 to 35.52% in 2025; (v) increase in the number of jobs created for women in energy projects from 0 in 2021 to 130 in 2025; (vi) increase in the proportion of jobs created in transport projects for youths from 0% in 2021 to 80% in 2025 and for women from 0% in 2021 to 10% in 2025.

Cross-cutting themes

50. **Cross-cutting themes will also be an integral part of the CSP lending and non-lending programs.** With the exception of governance and corruption, the cross-cutting themes are integrated into the interventions envisaged in the major and complementary results above, and therefore reduce the sectoral scope of the strategy, thereby strengthening its selectivity.

Cross-cutting theme 1. Improving governance and fighting corruption

51. Through institutional support and budget support operations, the priority actions to be supported, in terms of fighting corruption and improving domestic resource mobilization, and then to reinforce the overall framework for economic and financial governance, will focus on: (i) building the control capacity of the Central Office Against Illicit Enrichment in controlling extractive sectors in order to increase accountability and public resources; (ii) building the capacity of the Audit Bench of the Supreme Court in accounts judgement; (iii) strengthening the controls carried out on the public expenditure and public procurement chain; and (iv)

improving domestic resource mobilization by building the capacity of tax authorities to collect taxes and conduct tax audits.

52. Expected results. (i) improvement in governance from 11th ranking in 2021 to 8th position in 2025 with the CPIA ranking; (ii) reduction in corruption from 130th ranking in 2021 to 125th in 2025 with the CPI ranking; (iii) improvement in domestic resources mobilization (tax-to-GDP ratio) from 14.6% of GDP in 2021 to 18.1% of GDP in 2025.

Cross-cutting theme 2. Private sector development, gender, women, youths and civil society

53. In line with BDEV's recommendations, the Bank will significantly increase the share of the portfolio allocated to the private sector, especially for SME/SMI operating in conflict zones, from 8.56% of the current portfolio to 29.72% of the 2021-2025 lending programme for a more inclusive economic growth. Sovereign operations will also support the private sector. Bank operations will take advantage of the project Youth Entrepreneurship and Innovation Multi Donor Trust Fund (YEI MDTF). In addition, specific operations will aim to promote reforms to improve the business climate and support SME (Annex A.13). Finally, by drawing lessons from the *Moulins Modernes du Mali* project from the past CSP, the Bank will refine its support to the private sector by strengthening corporate governance and improving the control and monitoring of environmental and social challenges.

54. The Bank will support the economic empowerment of women and youths and will build their capacity for self-employment (entrepreneurship), and will facilitate access to financing in targeted projects including Enable Youth Mali and YEI MDTF. For each sovereign operation in the pipeline, the gender marker system will be applied.

55. The Bank will involve local civil society organizations to ensure remote monitoring of its projects set up in conflict-affected zones inaccessible due to insecurity.

Cross-cutting theme 3. Climate change

56. Climate change has become a major fragility factor in Mali. The CSP 2021-2025 will address climate change as a major challenge to mainstream in all Bank operations in Mali.

Flexibility of the strategy: Support to the transition

57. The basic strategy is designed to be flexible and able to adapt to new and unforeseen situations. For example, following the coup d'Etat of 18 August 2020, the Bank supports the new Transitional Government Action Plan (PAG 2020-2022) (Box 9). Therefore, in 2021, the Bank will mobilize UA 15 million from projects cancellations and UA 30 million from ADF-15 allocations, and will finance 3 operations on institutional and vulnerability of youths and women issues. Indeed, the underlying reasons for the 2012 and 2020 coups d'Etat are linked to poor governance, youth unemployment and poverty aggravated by inter-community conflicts and jihadist attacks.

Box 9. Alignment with the Transitional Government's Action Plan (PAG 2020-2022)

Adopted by the National Transitional Council on 22 February 2021, the PAG 2020-2022 revolves around 6 axes : (i) **Axis 1** : strengthening security throughout the national territory ; (ii) **Axis 2** : promotion of good governance ; (iii) **Axis 3** : overhaul of the education system ; (iv) **Axis 4** : political and institutional reforms ; (v) **Axis 5** : adoption of a social stability pact ; (vi) **Axis 6** : organization of general elections.

The Bank will increase its efforts in order to extend the impacts of its projects to conflict zones. In this context, the CSP 2021-2025 will target strengthening : (i) socio-economic resilience at the community level, in particular basic social services especially for the most vulnerable and most exposed populations to insecurity in conflict zones, as well as activities aiming at preventing the radicalization of youths and promoting conditions favorable to their employability ; (ii) institutional capacities of the country to promote good governance.

Box 10. How would the proposed strategy contribute to greater shock mitigation, particularly in terms of conflicts and political risks prevention?

The strategy proposed could be an instrument for shock mitigation and conflict and political risk prevention for a variety of reasons. **Firstly**, by focusing on the development of agricultural value chains, the strategy would lay the foundations for a diversified economy, and thereby contribute to reducing the vulnerability of the economy to shocks. **Secondly**, by increasing its interventions in conflict zones, the strategy will support local stakeholders (local SMEs, NGOs, local civil society organizations, grassroots community-based organizations) to carry out economic activities that will help generate employment, increase income and reduce poverty. This should also help to prevent conflicts, since youth unemployment and poverty are major sources of contention. **Furthermore**, by significantly increasing private sector resources, the strategy would be laying the foundation for more inclusive growth and greater poverty reduction, which would also contribute to conflict prevention. **Lastly**, by supporting the country to improve governance and fight corruption, the strategy would build institutional capacity, thereby preventing political risks, since poor governance and corruption are among the root causes of Mali's persistent political crisis.

How should projects in inaccessible conflict zones be implemented?

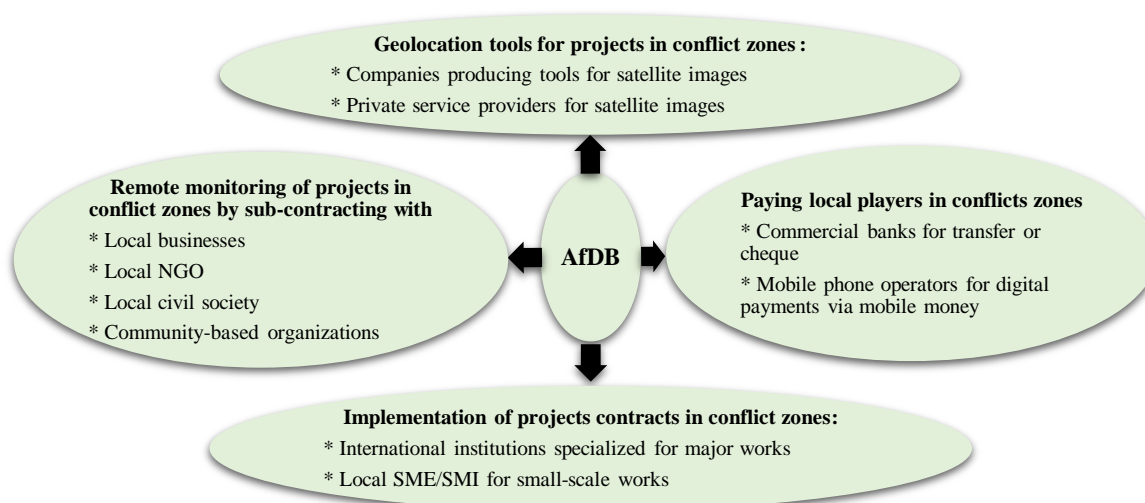
58. AfDB experiences in conflict zones in other countries. The Mali's CSP 2021-2025 could draw on AfDB's experiences in conflict-affected zones in other countries (Box 11).

Box 11. AfDB experiences in implementing projects in conflict zones in other countries

- The project for the economic empowerment of vulnerable women in the Sahel, implemented jointly with the ICRC, and which aims at supporting income-generating activities of women at the bottom of the pyramid in areas affected by conflict, such as Timbuktu in Mali, Diffa and Agadez in Niger and Kishira in Chad, is a typical example of how the Bank works with other institutions in communities affected by insecurity.
- With the implementation of COVID-19 Rapid Response Facility (CRF) operations, there is collaboration with the International Organization for Migration (IOM) to provide safe drinking water to internal displaced people (IDP), hard-to-reach rural communities and vulnerable populations in Somalia.
- The joint AfDB-G5 Sahel project, which supports the G5 Sahel countries in terms of health and socio-economic responses, in particular populations in remote areas of the Sahel, is implemented by UNHCR.

59. Experiences of other TFP in conflict zones in Mali. The Bank could develop a partnership and therefore use the experiences from other TFP in terms of operating in conflict-affected zones in Mali, such as the World Bank (Box 12, Annex A.6)².

Box 12. Interaction between key players in conflict-affected zones in Mali

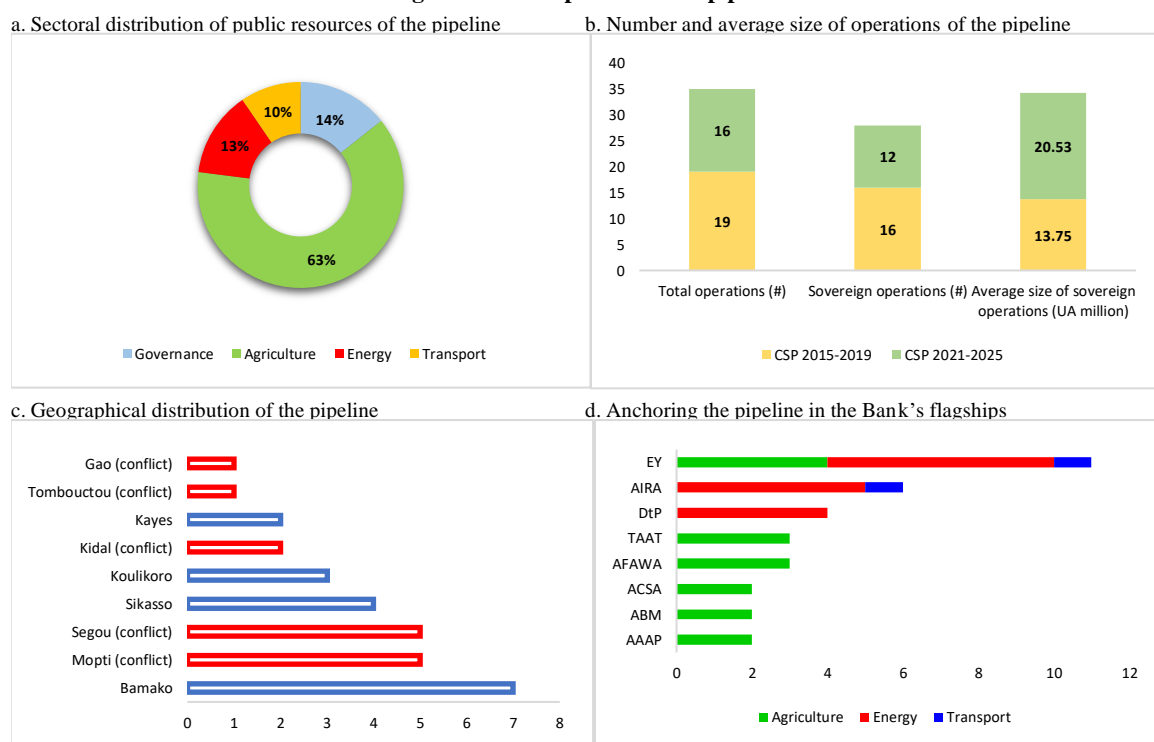


² The rate of execution for projects in conflict zones depends on the type of monitoring used. TFPs, which themselves carried out local monitoring for their projects located in conflict zones, were faced with implementation difficulties and their projects in these crisis zones were at a standstill. With the new trend of TFPs to correct this type of monitoring by adapting to the situation in conflict zones and therefore by sub-contracting with local actors residing in these crisis zones, the projects are well executed. The EU and the World Bank, which have adapted their monitoring to this new approach, see their projects well implemented. The Unit, which manages the reconstruction and recovery project in the north (conflict zones) of Mali, is among the best units of the World Bank in terms of disbursement and implementation rates.

5.3 Indicative Lending/Non-Lending Programme

60. Lending Programme. The provisional lending programme 2021-2025 comprises 16 operations of which 15 from the Bank Group (ADF/TSF/ADB) and 1 from Trust Fund (GEF) (against 19 for the CSP 2015-2019). Out of the 16 operations, 8 (50%) will extend their project sites to conflict regions (Figure 6). The Bank Group's contribution is estimated at UA 298.43 million, including UA 209.73 million (70.28%) for public window operations with UA 15 million from balances cancellations for 3 projects of the agricultural sector and UA 88.7 million (29.72%) for private window operations (Annex A.2). The total number of sovereign operations (non-Trust Fund from GEF) all integrated has increased from 16 in the CSP 2015-2019 to 12 (of which 2 PRG) in the CSP 2021-2025. The average size of the 10 non-PRG sovereign operations of the pipeline is UA 20.53 million, compared to UA 13.75 million in the CSP 2015-2019. In line with the single priority area, the pipeline is strongly dominated at 86% by the integrated value chain sector made up of the agriculture-transport-energy triangle (Figure 6). As recommended by BDEV, the resources allocated to the private sector increased sharply from 8.56% of the portfolio to 29.72% of the pipeline. Moreover, sovereign operations will fund targeted activities to support private sector development. The pipeline is backed by ADF-15 resources (UA 115.73 million) and ADF-16 (UA 115 million for the purposes of the document). The pipeline covers several flagships of the Bank (See Figure 6). After projects completion and close, the mechanisms to enhance ownership and sustainability of Bank-financed infrastructure in Mali are centred on: (i) the contribution of the Malian Government to financing the maintenance of road, thermal energy, and agriculture infrastructures; (ii) private financing of the maintenance of solar power plants operated by the private sector; (iii) collection of monitoring and evaluation data on the Bank's achievements (See Box 13).

Figure 6. Global picture of the pipeline



Source : CSP 2015-2019, pipeline 2021-2025

Note: Bank's flagships covered: Desert to Power (DtP), Initiative Technologies for African Agricultural Transformation (TAAT), Affirmative Finance Action for Women in Africa (AFAWA), Africa Infrastructure Resilience Accelerator (AIRA), Africa Adaptation Acceleration Program (AAAP), Adaptation Benefits Mechanism (ABM), Africa Climate Smart Agriculture (ACSA), Enable Youth (EY).

Box 13. Mechanisms to enhance ownership and sustainability of Bank-financed infrastructure in Mali after projects completion and close

- **Contribution of the Malian Government to financing the maintenance of road :** (i) Second generation road maintenance fund called “Road Authority” set up by the Government to ensure the maintenance of road infrastructures financed by the Bank. (ii) Increase in own financial resources via an increase in the road user charge (RUR), the optimization of the collection of toll revenue and the review of the texts of the Road Authority, with the objective of raising on the banking financial market CFAF 100 billion per year for road maintenance. (iii) Initiation of the results-based road maintenance management method. (iv) Commitment made by Mali to ensure road maintenance for 5 years following handover of the roads.
- **Full application, by the Malian Government, of WAEMU Regulation 14 on axle load control** to ensure the sustainability of road infrastructure.
- **Availability of material, financial and human resources in Energie du Mali (EDM) to ensure the maintenance of electrical facilities :** Establishment of a pricing mechanism that fully takes into account expenses related to the maintenance of electrical infrastructure.
- **Private financing of the maintenance of solar power plants operated by the private sector.**
- **Contribution of the Malian Government to financing the maintenance of agricultural infrastructures :** (i) Maintenance of agricultural infrastructures provided by rural development offices. (ii) Levy, by these offices, of water charges from producers to, in part, finance the maintenance of agricultural infrastructures.
- **Funding, by the Bank, of capacity building activities for officials of the offices on the management and maintenance of agricultural infrastructures.**
- **Collection of monitoring and evaluation data on the Bank’s achievements.**

61. Non-Lending Programme. Following BDEV and CODE recommendations, the Bank will increase its knowledge generation activities. Non-lending activities envisaged include studies, technical assistance and capacity building, all of which will further strengthen country dialogue (Annex A.2). These non-lending activities will enable the country to implement the required reforms, and the Bank to put in place operations in the country.

5.4 Country Dialogue

62. The Bank places greater emphasis on coordination and alignment of its interventions with policy dialogue. The Bank will leverage its comparative advantage in Mali and will strengthen policy dialogue in order to support reforms in connection with: (i) the diversification of the economy, the contribution of the private sector to the economy, the vulnerability of the country to exogenous shocks; (ii) governance and corruption; (iii) portfolio management. The Bank will provide advisory support to the government’s reforms for the development of public-private partnership, the establishment of a safeguard plan for SME/SMI affected by COVID-19, broadening the tax base and digitizing tax administration, financial modeling and control in the extractive sector.

5.5 Financing the Strategy

63. The Bank’s public sector lending programme under CSP 2021-2025 will be funded by the ADF-15 (2020-2022) and the ADF-16 (2023-2025). The lending programme will also be supported by regional operations window, resources from balances cancellations for 3 projects of the agricultural sector, the Global Environment Facility (GEF), the Global Agriculture and Food Security Program (GAFSP), and resources mobilized from co-financing arrangements with TFPs operating in Mali. Private sector operations will be covered by resources from the AfDB window. The CSP will explore the possibility of using the Bank’s results-based financing instrument for some sovereign operations. Non-lending operations will be funded by trust funds, TSF Pillar III resources and administrative resources.

5.6 Implementation Arrangements, Monitoring and Evaluation

64. The Strategic Alignment Matrix and the Performance Matrix (Annex A.1) are two tools that highlight areas of assessment of the Bank’s performance in the implementation of the CSP 2021-2025, monitoring indicators, baseline values in 2021 and target values in 2025 extracted from the measurement frameworks of the CREDD 2019-2023 performance and the Bank’s project outcomes. The CSP mid-term review is scheduled for 2023 and its completion report for 2025. In Mali, portfolio monitoring is carried out every 2 months by the Directorate General of Public Debt jointly with the AfDB.

5.7 Risks and Mitigation Measures

65. The risks, which could undermine the implementation of the CSP 2021-2025, are:

Table 2: Risks and Mitigation Measures

Political, Security and Institutional Risks and Mitigation Measures	
Political crisis ; Security crisis ; Increased corruption	The transition is ongoing and the Bank will support the transitional Government's action plan 2020-2022 adopted in February 2021 by increasing its interventions in conflict zones and by putting in place projects to promote good governance
Macroeconomic Risks and Mitigation Measures	
Persistence of COVID-19	<ul style="list-style-type: none"> • The authorities have taken a series of fiscal, social and economic measures • The COVID-19 budget support was approved, signed and disbursed in 2020
Fiduciary and Operational Risks Impacting the Implementation of the Bank's Portfolio and Mitigation Measures	
<ul style="list-style-type: none"> • Poor portfolio performance • Weak PMU capacity in procurement and contract management 	<ul style="list-style-type: none"> • A Note on the management of operations was produced in 2020 • The Bank will strengthen the training of PMUs in procurement and will assist them in recruiting relevant expert consultants
Climate Change Risks and Mitigation Measures	
Scarce rainfall and drought	<ul style="list-style-type: none"> • Build farmers' capacity in water control and sustainable land management • Facilitate access to climate information and services • Prioritize smart and climate-resilient agriculture projects.

VI. CONCLUSION AND RECOMMENDATIONS

66. **Conclusion.** In response to the multidimensional fragility of Mali, the CSP 2021-2025 aims at building institutional and economic diversification capacity for a more inclusive growth, with particular emphasis on conflict zones where fragility is the most acute and a greater involvement of the civil society and vulnerable groups (youths and women).

67. **Recommendations.** The Board of Directors is invited to consider and approve this Mali's CSP 2021-2025.

ANNEX A.1. CSP RESULTS MEASUREMENT FRAMEWORK

A.1.1. Strategic Alignment Matrix. This matrix demonstrates the alignment of the priority areas of the CSP with Mali's national development plan and the Bank's own priorities. It is not intended to assess the performance of the Bank support.

SINGLE PRIORITY AREA: Reduce economic fragility through improved agricultural value chains				
Mali's National Development Plan			Bank's Institutional Policies	
<ul style="list-style-type: none"> • CREDD 2019-2023: Strategic Pillar 1 (Consolidating democracy and improving governance), Strategic Pillar 3 (Inclusive growth and structural transformation of the economy), Strategic Pillar 4 (Environmental protection and building resilience to climate change), Strategic Pillar 5 (Human capital development). • Sustainable Development Goals: SDG 1 (No Poverty), SDG 2 (No Hunger), SDG 5 (Gender Equality), SDG 7 (Clean and affordable energy), SDG 8 (Decent work and economic growth), SDG 9 (Industry, innovation and infrastructure), SDG 16 (Peace, justice and effective institutions). 			<p>Ten-Year Strategy 2013-2022:</p> <ul style="list-style-type: none"> • Operational priorities: infrastructure development, private sector development, regional integration, governance and accountability. • Areas of particular interest: fragile states, agriculture and food security, gender and climate change. <p>High 5s: (i) Feed Africa ; (ii) Industrialize Africa ; (iii) Light up and Power Africa; (iv) Improve the quality of life for the people of Africa; (v) Integrate Africa</p>	
Mali's Sector Strategies			Bank's Sector Strategies	
<ul style="list-style-type: none"> • Agricultural Development Policy (PDA): (i) ensure nutritional food security, (ii) ensure institutional development and build the capacity of all stakeholders, (iii) preserve the environment and better manage natural resources, (iv) improve the competitiveness of agricultural and agro-industrial products, (v) develop an agricultural research and advisory system. • Revised Industrial Development Policy (PDI) and its Provisional Action Plan 2020-2024. • Agro-food Sector Development Strategy (2012-2021). • National Policy for Transport, Transport Infrastructure and Access (PNTITD). • National Energy Policy. • National Water Policy. • National Sanitation Policy. • Other Policies: Public Finance Reform Plan (PREM 2017-2021), National Gender Policy (PNG), National Employment Policy (PNE), National Environmental Protection Policy (PNPE 2018-2022), Nationally Determined Contribution (CDN), Programme to Support the Development of Small- and Medium-sized Enterprises (PAD-PME), National Investment Promotion Policy (PNPI), National Export Strategy (SNE 2018-2022). 			<ul style="list-style-type: none"> • Strategy for Agricultural Transformation in Africa 2016-2025: (i) increased investment in both physical and non-physical infrastructure; (ii) improvement of the agro-industrial environment; and (iii) increased inclusion, sustainability and nutrition. • AfDB Strategy 2016-2025 for industrializing Africa: (i) promote sound industrial policies (ii) leverage finance for infrastructure and industrial project funding; and (iii) promote and boosting entrepreneurship. • Bank Strategy for the New Energy Partnership in Africa 2016-2025. • Strategy for Addressing Fragility and Strengthening Resilience in Africa. • Strategy for Economic Governance in Africa 2021-2025. • Strategic Framework for Regional Integration 2018-2025. • Bank Group Strategy for Youth Employment in Africa 2016-2025. • Affirmative Finance Action for Women in Africa (AFAWA) Initiative. • Desert to Power Initiative and Bank's Climate Change Action Plan. • African Development Bank Group Gender Strategy 2021-2025. 	
Mali's Development Outcomes			Bank's Interventions	
Indicators	Reference (2021)	Target (2025)	Investment sectors	Amount (UA million)
Agricultural value chains				
People facing food insecurity (%)	6.60	3.96	Sovereign operations	209.73
Rural income poverty rate (%)	52	45	...including budget support	30
Agri-food sector (% of GDP)	3.6	5	...including conflict zones	168.17
Food processing units (#)	432	550		
Transport and industrial production				
Length of paved roads (km)	9 926	22 463	Private sector (energy, line of credit)	88.7
Industrial enterprises (#)	957	1150	Knowledge products	0.3
Energy				
Rate of access to rural electricity (%)	21	31		
Rate of access to urban electricity (%)	96	98	Total (lending and non-lending)	298.73

A.1.2. CSP 2021-2025 Performance Matrix of Mali. The performance matrix measures a wide range of results that should be regularly monitored during the CSP period. This not only includes the operational results that will be delivered by the projects approved in the previous period, but also other essential elements of the CSP, including cross-cutting issues, financial leverage, harmonization, portfolio performance...

Performance Area	Sample of Monitoring Indicators	Reference (2021)	Target (2025)	Source of Data
1. Operational results (from projects)³				
- Outcomes	Agricultural value chains <ul style="list-style-type: none"> Improve the capacity for processing agricultural products (average rate, %) 3 Increase the GDP share of the agro-food sector (%) 3.6 Reduce agro-food imports (EUR million) 600 Population in food insecurity (%) 6.60 Transport <ul style="list-style-type: none"> Improve road safety and the average time taken to treat road accident victims (hours) 6 Travel time between Bourem and Kidal (hours) <ul style="list-style-type: none"> Light vehicles 8.8 Heavy trucks 10.85 Time taken for a cargo truck to cross the Côte d'Ivoire/Mali border (hours) 24 Energy <ul style="list-style-type: none"> National electricity access rate (%) 50 Rural electricity access rate (%) 21 Amount of additional energy imported (GWH/year) 0 Improvement of the contribution of renewable energy in the total energy supply (%) 23 			Annual report of sector ministries CREDD 2019-2023 Annual report of sector ministries 17th session of the National Food and Nutrition Security Council held on April 30, 2021; and CREDD 2019-2023 National Road Safety Agency (ANASR) AfDB Project Completion Report AfDB PR8 Completion Report CREDD 2019-2023 National Energy Authority
- Outputs	Agricultural value chains <ul style="list-style-type: none"> Number of food processing units (#) 432 Power of installed transformers (kW) 0 Roads and feeder roads completed/rehabilitated (km) 0 Transport <ul style="list-style-type: none"> Upgrade and paving of of interurban roads (km) 0 Bourem-Kidal 0 Bougouni-Manankoro-Côte d'Ivoire border 0 Rehabilitation of urban roads in PR8 0 Rehabilitation of feeder roads in PR8 0 Cross-border transport and transit facilitation works (Single Common Border Post) 0 Energy <ul style="list-style-type: none"> Additional length of lines built (km) <ul style="list-style-type: none"> HV line 0 MV line 0 Additional number of stations built (#) <ul style="list-style-type: none"> HV/MV stations 0 MV/LV stations 0 Number of additional localities electrified (#) 0 Additional number of households connected (#) 0 			CREDD 2019-2023 Project Activity Report/Completion Report National Road Authority AfDB PR8 Completion Report AfDB Project Completion Report AfDB Project Completion Report AfDB Project Completion Report AfDB Project Completion Report AfDB Project Completion Report
- Cross-cutting themes (Improving governance and fighting corruption; Private sector development, gender, women, youths and civil society; Climate change)	Outcomes: Governance, corruption and domestic resource mobilization <ul style="list-style-type: none"> Improve governance (CPIA, rank) 11 Reduce corruption (CPI, rank) 130 Improve domestic resource mobilization (% of GDP) 14.6 Outcomes: Climate change <ul style="list-style-type: none"> Quantity of greenhouse gases averted (TEq CO2/year) 0 Vulnerability to climate change (Notre Dame Global Adaptation Initiative, ND-GAIN score) 34.4 Outcomes: Private sector development, gender, women, youths <ul style="list-style-type: none"> Increase in the number of SMEs created within agricultural value chains (#) 5 Increase in direct and indirect jobs created within agricultural value chains: 20 			African Development Bank (AfDB) Transparency International IMF (2021), Country Report No. 21/67 ; and CREDD 2019-2023 Energy department in RDGW1 ND-GAIN Annual Report of the Sector Ministries Project activity report

³ Including projects carried over from previous CSPs and projects approved under the current CSP.

	<p>and the Central Bank to promote financial inclusion, and to financial institutions to improve access to finance and management of women-owned businesses through the AfDB's Affirmative Finance Action for Women in Africa (AFAWA) programme (Yes/No)</p> <ul style="list-style-type: none"> ▪ Institutional support and capacity building for the General Directorate of Public Procurement and Public Service Commission (Yes/No) 	No	Yes	Procurement Department (SNFI1)
6. Development Coordination and Harmonization	<ul style="list-style-type: none"> ▪ Use of national procurement system (% of AfDB projects) 	32	NA	AfDB (2021 benchmark) and World Bank (2025 target) portfolio in Mali
7. Fragility	<ul style="list-style-type: none"> ▪ Lending program operations implemented in conflict zones (%) ▪ Country's fragility (rank of the most fragile country in the world) 	0 16	50 21	Lending Programme 2021-2025 State Fragility Index of the Peace Fund

ANNEX A.2. INDICATIVE LENDING/NON-LENDING PROGRAMME AND CONTRIBUTION TO THE HIGH 5S

A.2.1. Indicative Lending Programme

SECTORS	PROJECTS	PROJECTS AREAS	FINANCING	AfDB and Other Ressources UA Million	AMOUNT UA Million	SAP Code
Indicative Lending Programme for 2021						
Governance	Governance Structures Support Project (*)	Bamako and other regions of the centre (*)	TSF Grant		10	P-ML-KF0-002
Agriculture	Second Programme to Build Resilience to Food and Nutrition Insecurity in the Sahel - Sub-components Youth Employability and Africa disaster risk finance (*) [AFAWA, TAAT, ACSA, EY**]	Kayes, Koulikoro, Sikasso, Segou (*), Mopti (*)	ADF/TSF (UA 15 from cancellation of balances)	15	23	P-ML-AA0-037
Energy	Bamako Loop (Safo and Kambila) Multi-donor Solar Power Plant Project [DtP, AIRA, EY**]	Bamako, Koulikoro	TSF		8.8	P-ML-FF0-003
Indicative Lending Programme for 2022						
Agriculture	Agricultural Transformation Project, Support for Youth Entrepreneurship in Agricultural Value Chains, Faguibine System Feasibility Study (*) [AFAWA, TAAT, EY**]	All regions of Mali including those of the North (*)	TSF		33.51	P-ML-AAZ-009
Energy/NSO	42 MW Kénie Hydro Power Project [AIRA, EY**]	Kénie in the region of Sikasso	ADB	42		P-ML-F00-011
Energy	Partial Guarantee for the Kénie Hydropower Project [AIRA, EY**]	Bamako	TSF		3.22	P-ML-FAB-003
Energy/NSO	Dialakoro Solar [DtP, AIRA, EY**]	Dialakoro in the region of Sikasso	ADB	18.7		P-ML-FF0-002
Energy	Guarantee Dialakoro Solar [DtP, AIRA, EY**]	Bamako	TSF		1.2	XXX
Finance/NSO	Line of Credit to <i>Banque Malienne de Solidarité</i> (BMS) [EY**]	Bamako	ADB	28		P-ML-HA0 010
Indicative Lending Programme for 2023						
Governance	Budget Support Programme	Bamako	ADF		10	
Energy	The 30 MW Solar Hybridization Project of the Mopti Insulated Thermal Power Plant (*) [DtP, AIRA, EY**]	Mopti (*)	TSF, ADB		15	P-ML-FF0-004
Transport	Bougouni-Manankoro-Côte d'Ivoire Borders Road Project or Transsaharian Road Project 2 (*) [AIRA, EY**]	Bourem (*), Kidal (*)	TSF		20	P-ML-DB0-016
Indicative Lending Programme for 2024						
Governance	Budget Support Programme	Bamako	ADF		10	
Agriculture	Project for integrated development, and resilience to climate change in the plains of Delta 2 (PDIR-PD2) (*) [AFAWA, TAAT, AAAP, ABM, ACSA, EY**]	Segou (*) and Mopti (*)	TSF		30	
Indicative Lending Programme for 2025						
Agriculture	Middle Bani Agro-Industrial Development Pole (PDI-BS2) (*) [AFAWA, TAAT, AAAP, ABM, ACSA, EY**]	Segou (*) and Mopti (*)	TSF		30	
TOTAL				UA 298.43 million		

Non-ADF/TSF/ADB Programme for 2022						
Agriculture	Scaling up integrated approach of resilience to climate change in agroforestry areas (*) [AAAP, ABM, EY**]	North of Segou and municipalities bordering Mauritanian borders (*)	GEF	5.1		P-ML-AAZ-006

(*) The project areas of these operations extend into conflict-affected regions.

































(**) **Bank's Flagships:** Desert to Power (DtP), Technologies for African Agricultural Transformation (TAAT), Affirmative Finance Action for Women in Africa (AFAWA), Africa Infrastructure Resilience Accelerator (AIRA), Africa Adaptation Acceleration Program (AAAP), Adaptation Benefits Mechanism (ABM), Africa Climate Smart Agriculture (ACSA), Enable Youth (EY).




































































A.2.2. Indicative Non-Lending Programme

























Sectors	Non-lending Activities	Form	Status
Multisector	Unconstitutional Change in Mali: Impacts and Risks for Bank Operations	Analytical Note	Approved on 5 November 2020
Multisector	Political and transition shocks in a context of fragility and health crisis in Mali: An empirical analysis of the economic impacts of the coup d'état	Policy Document	Ongoing
COVID-19	The private sector and health crisis: Impacts of COVID-19 on SMEs in Mali	Study	Ongoing
COVID-19	Analysis of the potential impact of the Coronavirus on the Malian economy	Study	Approved on 16 June 2020
Multisector	Mali Country Note for the African Economic Outlook 2021	Country Note	One-page note approved on 23 December 2020; Revised 3-page note submitted on 23 March 2021
Multisector	Mali Country Note for the African Economic Outlook 2020 Supplement	Country Note	Approved on 27 May 2020
Public/Private Partnership	Increasing private sector participation in large-scale government projects in Mali	Study	Ongoing
Public/Private Partnership	Preparation of Mali's financing guidelines for implementing AfDB policy on eligible expenditures	Study	Approved on 08 April 2020
Financing Parameters	Policy brief for the study on establishing Mali's financing guidelines for implementing AfDB policy on eligible expenditures	Policy Brief	Ongoing
Fragility	Study on the resilience strategies of the Malian State and communities in a post-conflict context	Study	Approved on 06 April 2020
Fragility	Policy brief for the study on resilience strategies of the Malian State and communities in a post-conflict context	Policy Brief	Ongoing
Multisector	Mali Country Diagnostic Note	Study	Approved on 09 March 2020
Multisector	Portfolio Performance Challenges in Mali	Study	Produced in 2020
Multisector	Management's Response to BDEV's Evaluation of AfDB's Strategies and Programmes in Mali between 2005-2019	Note	Approved on 22 September 2020
Labor market	Mise en place d'un système d'informations sur le marché du travail	Study	Ongoing
Gender	Technical Assistance to the Ministry for the Promotion of Women, Children and the Family and the Secretariat for Implementing the Gender Policy	Technical assistance	Not yet launched
Gender	Technical Support to Financial Institutions and Women Entrepreneurs in Collaboration with the AfDB Affirmative Finance Action for Women in Africa (AFAWA) Programme	Technical assistance	Not yet launched
Gender	Programme for the Improvement of the Business Environment and Financial Inclusion of Women and Women Entrepreneurs in collaboration with the Ministries of Finance, Trade and the Central Bank together with AFAWA	Technical assistance	Not yet launched
Gender	Elaboration of the Gender Profile for Mali	Study	Ongoing
Gouvernance	Study on the Fight against Illicit Financial Flows in the Extractive Sector: Strengthening Tax Revenue Mobilization and Governance in the Extractive Sector (Legislative and Institutional Framework and Stakeholder Capacity)	Study	Not yet launched
Governance	Study on the Skills of Local and Regional Authorities in Economic Development and Local Taxation	Study	Not yet launched
Governance	Legal Support for the Negotiation of Mining Contracts (review of stability clauses)	Technical assistance	Not yet launched
Civil Society	Contribution to Fragility Mitigation: Building the Resilience Capacity of Communities to Insecurity Threats	Capacity building	Not yet launched
Public Finance	Technical Assistance in Financial Modelling for the Extractive Sector (FIMES)	Technical assistance	Ongoing
Public Finance	Programme de renforcement de capacités sur le système intégré de gestion des finances publiques	Capacity building	Planned on 11-20 May 2021
Procurement	Technical Assistance to Public Procurement Reforms for the Public Procurement Regulatory Authority and Public Service Commissions	Technical assistance	Not yet launched
Procurement	Institutional Support and Capacity Building for the General Directorate of Public Procurement and Public Service Commissions	Capacity building	Not yet launched
Procurement	Training in Public Procurement	Capacity building	Completed on 04 December 2020
Public Finance	What accounts for the structural weakness of tax revenue in Mali: Capacity, projections or conflict?	Study	Expected in 2021
Multisector	Deploying digitization and trade towards resilience building in West Africa: Youth-led SMEs postsuring for the AfCFTA	Study	Ongoing
Multisector	Mali Country Profile for Country Risk Rating 2020	Country	Completed on 27








































		profile	March 2020
Multisector	Country Briefs	Country brief	Different versions completed réalisées
Fragility	Mali Country Profile for Country Resilience and Fragility Assessment (CRFA) 2020	Country profile	First draft submitted on 24 December 2020
Multisector	Mali Country Profile for the Country Policy and Institutional Assessment (CPIA) 2020	Country profile	Finalized on 16 February 2021
Fragility	Mali Country Profile for the Country Resilience and Fragility Assessment (CRFA) 2019 report	Country profile	Approved on 25 February 2020
Fragility	Comment accroître l'efficacité des opérations de la Banque en pays fragiles ? Le cas du Mali	Policy Document ; Policy Brief	En cours

A.2.3. Contribution of the Indicative Lending/Non-Lending Programme to the High 5s

Operations	Sectors	Light up and Power Africa	Feed Africa	Industrialise Africa	Integrate Africa	Improve the Quality of life for the People of Africa
Lending Operations						
Single priority area: Reduce economic fragility through improved agricultural value chains						
Budget Support Programme	Governance					
Governance Structure Support Project	Governance					
Second Programme to Build Resilience to Food and Nutrition Insecurity in the Sahel - Sub-components Youth Employability and Africa disaster risk finance	Agriculture					
Bamako Loop (Safo and Kambila) Multi-donor Solar Power Plant Project	Energy					
Bougouni-Manankoro-Côte d'Ivoire Borders Road Project	Transport					
42 MW Kénié Hydropower Project	Energy/NSO					
Kénié Hydro Partial Guarantee Project	Energy					
Dialakoro Solar	Energy/NSO					
Line of credit to <i>Banque Malienne de Solidarité</i> (BMS)	Finance/NSO					
Scaling up Integrated Approach to Climate Change Resilience in Agroforestry Areas	Agriculture/Climate change					
30 MW Solar Hybridization Project of the Mopti Insulated Thermal Power Plant	Energy					
Agricultural Transformation Project, Support for Youth Entrepreneurship in Agricultural Value Chains, Faguibine System	Agriculture					

Feasibility Study						
Project for integrated development, and resilience to climate change in the plains of Delta 2 (PDIR-PD2)	Agriculture					
Middle Bani Agro-Industrial Development Pole (PDI-BS2)	Agriculture					
Non-lending operations						
Unconstitutional Change in Mali: Impact and Risks on Bank Operations	Multisector					
Political Shock and Transition in a Context of Fragility and Health Crisis in Mali: An Empirical Analysis of the Economic Impacts of the Coup d'Etat	Multisector					
The Private Sector and the Health Crisis: Impacts of COVID-19 on SMEs in Mali	COVID-19 (Multisector)					
A Potential Impact Analysis of the Coronavirus on Mali's Economy	COVID-19 (Multisector)					
Mali Country Note for the African Economic Outlook 2021	Multisector					
Mali Country Note for the African Economic Outlook 2020 Supplement	Multisector					
Increasing the level of private sector participation in large-scale government projects in Mali	Multisector					
Drafting of Mali's Financing Metrics for Implementing the AfDB Policy on Eligible Expenditures	Multisector					
Policy Brief for the Study on the Development of Mali's Financing Parameters for the Implementation of the AfDB Policy on Eligible Expenditures	Multisector					
Study on Resilience Strategies of Mali and Communities in a Post-Conflict Context	Fragility					
Policy Brief for the Study on Resilience Strategies of Mali and Communities in a Post-Conflict Context	Fragility					
Mali Country Diagnostic Note	Multisector					
Portfolio Performance Challenges in Mali	Multisector					
Management Response to BDEV's Evaluation of AfDB Strategies and Programmes in Mali	Multisector					

between 2005-2019						
Mise en place d'un système d'informations sur le marché du travail	Labor Market					
Technical Assistance to the Ministry of Women, Child and Family Promotion and the Secretariat for Gender Policy Implementation	Gender					
Technical Support to Financial Institutions and Women Entrepreneurs in collaboration with the AfDB's Affirmative Finance Action for Women in Africa (AFAWA) Programme	Gender					
Programme for Improving the Business Environment and Financial Inclusion of Women and Women Entrepreneurs in collaboration with the Ministries of Finance, Trade and the Central Bank together with AFAWA	Gender					
Elaboration of the Gender Profile for Mali	Gender					
Study on the Fight against Illicit Financial Flows in the Extractive Sector: Strengthening Tax Revenue Mobilisation and Governance in the Extractive Sector (Legislative and Institutional Framework and Stakeholder Capacity)	Governance					
Study on the Skills of Local and Regional Authorities in Economic Development and Local Taxation	Governance					
Legal support for negotiating mining contracts (review of stability clauses)	Governance					
Contributing to fragility mitigation: building the resilience of communities to insecurity threats	Civil society					
Technical Assistance in Financial Modelling for the Extractive Sector (FIMES)	Public Finance					
Programme de renforcement de capacités sur le système intégré de gestion des finances publiques	Public Finance					
Technical Assistance to Public Procurement Reforms for the Public Procurement Regulatory Authority and Public Service Delegations	Procurement/ Contract award					

(ARMDS)						
Institutional Support and Capacity Building for the Directorate General for Public Procurement and Public Service Delegations (DGMP-CSP)	Procurement/ Contract award					
Formation en passation des marchés publics	Procurement/ Contract award					
What accounts for the structural weakness of tax revenues in Mali: Capacity, projections or conflict?	Public finance					
Deploying digitization and trade towards resilience building in West Africa: Youth-led SMEs Posturing for the AfCFTA	Multisector					
Mali Country Risk Rating and Country Profile 2020	Multisector					
Country Briefs	Multisector					
Mali Country Profile for Country Resilience and Fragility Assessment (CRFA) 2020	Fragility					
Mali Country Profile for Country Policy and Institutional Assessment (CPIA) 2020	Multisector					
Mali Country Profile for Country Resilience and Fragility Assessment (CRFA) Report 2019	Fragility					
Comment accroître l'efficacité des opérations de la Banque en pays fragiles ? Le cas du Mali	Fragility					

ANNEX A.3. MALI FRAGILITY NOTE

Introduction

In recent years, Mali has experienced violent conflict over a relatively long period of time. Since the early 1990s, the country has been oscillating between rebellions by the populations in the North and a fragile peace, and the consequences of this recurring instability have negatively impacted its development. The country's authorities, with the support of the various partners, have made substantial efforts in implementing the peace process. However, the challenges are enormous and have increased over time, particularly because the lack of solutions to the root causes of conflict has exposed the country - and by extension the subregion - to transnational crime and violent extremism, with disturbing effects on peace, security and development.

The 2012 crisis had lasting economic and humanitarian impacts, created a political crisis and generated major international commitments in Mali on account of its complex and multidimensional nature. As a reminder, Mali faced a serious existential crisis in 2012 and is still struggling to regain stability since this crisis. Indeed, Tuareg rebels and ragtag armed groups had then seized two thirds of the country's north, leading the former French colonial power as well as UN forces to intervene. More recently, the country recorded its fourth coup d'état on 18 August 2020 following a mutiny of soldiers that led to the resignation of President Ibrahim Boubacar Keita, who had already been plunged into a socio-political crisis for months. This Malian crisis has compounded an already multidimensional crisis at the regional level. The economic, social, political and human dimensions are fuelled by the ongoing structural dissatisfaction of marginalised and vulnerable populations. Indeed, Mali belongs to the G5 Sahel region

where it shares common fragilities, including increased tensions within the security apparatus, lack of means and equipment and difficulties in controlling their territory. Other structural challenges include corruption, impunity and bad governance, but also poverty and unemployment, high cost of living, regional disparities and lack of basic social services. Although Mali has made great strides in recent years to address some key fragility factors, much remains to be done and the consequences of the recent political crisis, combined with those of the health crisis, make this task even more difficult. The Bank will continue to play a major role in supporting reforms, strengthening institutions and financing investments in key sectors.

Country context

With a population of just under 20 million, Mali is a landlocked country in West Africa, covering an area of 1,241,138 km², of which almost 60% is in the sub-Saharan or desert regions. The Niger River runs through its interior and is the country's main trade and transport route. Sections of the river flood periodically, providing much-needed fertile agricultural soil along its banks and creating pasture for livestock.

Historically, Malians have faced many obstacles such as lack of education and economic opportunities, chronic malnutrition and food insecurity, an inadequate healthcare system, endemic corruption and weak institutions, and recurrent insecurity due to conflict.

Although relatively stable, Mali has in recent months experienced a socio-political crisis that led to a coup d'état, as well as a new wave of tensions in the north of the country, including episodes of inter-communal violence, armed banditry, attacks by jihadist groups and recurrent clashes between armed groups and Malian security forces. The country is currently led by a transitional government established on 15 September 2020 for a period of 18 months, after an ECOWAS-led mediation with the support of the international community.

The current situation in the north remains the main obstacle to peacebuilding in Mali. The government was accused in the past of using the divide and rule tactic of clientelism. Instead, a truly inclusive engagement process needs to be pursued. In addition to promoting a truly inclusive national dialogue, the government will also need to focus on economic development and the restoration of basic services in the north of the country. Both issues have been obstacles to national unity and the government's ability to restore prosperity and stability. They have also broken the social contract between the citizens of the North and the government that claims to represent them. The outcome has been a sense of alienation from the north that has prevented the government from regaining pre-eminence in this region.

In order to solve the problems of northern Mali, it is essential to address the clear economic disparity between the north and south of the country. The north of Mali has always been at an economic disadvantage compared to the south - although neither is particularly well-off, given that the country's gross national income per capita was USD 880 in 2019. This situation is also exacerbated by international donors, as the money flowing into the country is mainly destined for the south, where the security situation is less fluid than in the north. As a result, while the economy in the South is gradually recovering, economic growth in the North is much slower.

Overview of the country's resilience and fragility analysis (CRFA)

Mali's CRFA reveals that the country is generally quite fragile in almost all 7 dimensions, but does not have sufficient capacity to deal with it. However, at least four dimensions, namely security, economic inclusiveness, social cohesion, and regional externalities or spillover effects, require special attention, with a particular focus on certain sub-dimensions such as poverty, youth and gender marginalisation, identity polarisation and cross-border crime. On the other hand, the country shows relative resilience in terms of the capacity of law enforcement institutions, civil society organisation and emergency preparedness.

In the area of **Inclusive Policies**, there is great potential for building capacity for political representation, particularly in terms of participation in the political system. Women hold only 9% of seats in the national parliament, in addition to the relatively low turnout at the last presidential elections. As for **Security**, defence institutions are supported by a significant national budget allocation and reinforced by the presence of peacekeeping and security operations deployed at regional and international levels, such as the United Nations Multidimensional Integrated Stabilisation Mission in Mali (UNMISMA), Operation Barkhane, the G5 Sahel, etc. However, the pressures of criminal violence and armed conflict remain

high due to the continued activities of armed groups in the northern and central regions of Mali.

With regard to the **Justice** dimension, access to civil justice remains a challenge for Malian citizens, but the legal services offered by the State and its partners help to bridge this gap to some extent. The establishment of a Truth, Justice and Reconciliation Commission could help to build confidence in the judicial process and provide a platform for victims to seek redress in order to alleviate the pressure of exclusion and poor access to justice. The Commission has a broad mandate to examine violence and abuse dating back to 1960. The government and its international partners have also made efforts to implement justice sector reform. Although there is a certain degree of independence for the judiciary, there is room for improvement in efficiency. In terms of **Economic and Social Inclusiveness**, despite the fragile security climate, Mali has experienced macroeconomic stability, the result of prudent and effective economic policies. However, poor access to basic services such as sanitation, healthcare and education persists. Although Mali benefits from low income inequality, poverty remains relatively high. Mali's abundant natural resources provide an opportunity for widespread economic development to help bridge the marginalisation gap and address the underlying causes of poverty if managed properly.

The **Social Cohesion** dimension shows that Malian citizens enjoy freedom of association with a strong civil society. However, insecurity, gender inequalities, high youth unemployment and regional marginalisation, based on sectarian and group identities, continue to undermine social cohesion. This situation is also exacerbated by the lack of internal infrastructure, which hinders population movements. Addressing the root causes of exclusion by group could help to promote a resilient and cohesive social climate. In terms of **externalities and regional spillovers**, Mali faces enormous pressures, is economically undiversified, is highly dependent on export products (gold and cotton accounting for 86% of total exports) and is therefore exposed to fluctuations in global prices. Regional integration, partly through membership in various regional bodies (WAEMU, ECOWAS, AU, among others), offers an opportunity for economic growth. Cross-border insecurity emanating from neighbouring countries is somewhat limited. Transnational crime remains an urgent problem, but the recently launched National Action Plan to Combat Trafficking in Persons and Related Practices, in collaboration with international partners, provides an opportunity to address this vulnerability.

In terms of the dimension related to **climate and environmental impacts**, Mali faces significant pressure from natural hazards, including sandstorms, droughts, floods and forest fires. The scope of subsistence agriculture, however, provides some insulation against food insecurity. Efforts are underway for the protection and sustainable use of natural resources. Allocating adequate resources for disaster risk reduction and climate change adaptation could strengthen emergency preparedness in Mali.

Prospects for peacebuilding and inclusive development in Mali for the CSP 2021-2025 period

As violence continues to compound the crisis in Mali and beyond, additional efforts are needed to address the country's deficits in resilience, governance and development, which are also adversely affecting the entire sub-region, including the Sahel. Despite the signing of the Algiers peace agreement in 2015, following the start of the conflict in 2012, as well as the consensus between national political actors and the international community following the recent political crisis of 2020, instability and insecurity remain high and have spread to central Mali, where they have led to the closure of schools and health centres, further limiting access to basic social services and reinforcing the marginalisation and isolation of the region.

This fragile security situation leads to increased security expenditure and significant production losses. Indeed, security spending is absorbing an increasing share of overall public spending, making the preservation of essential spending on social services and development investment a major challenge for the government.

In some respects, the Malian economy has performed well over the last decade. However, closer examination reveals other trends that have contributed to growing disparities, low trust in government and public discontent. Mali's positive economic growth in overall terms is reflected in slow per capita growth rates and Mali continues to rank among the poorest countries in the world. The strong dependence of the economy on a few key sectors and the persistence of structural weaknesses have driven up unemployment. The gradual reduction in the national poverty headcount conceals an increase in the absolute number of poor people and the persistence of poverty in the northern regions of the country.

Ranked 184th out of 189 countries on the 2019 Human Development Index, the country faces enormous social challenges, marked by the gradual deterioration of livelihoods, itself exacerbated by the cumulative effects of frequent drought, armed violence and widespread insecurity. Agriculture accounts for about 70% of employment and contributes up to 38% of GDP, with variable annual productivity reflecting vulnerability to climatic hazards. However, agriculture remains mainly subsistence-based, affected by land degradation, lack of fertilisers, post-harvest losses due to poor storage and processing capacity and limited access to markets.

Young people represent about 65% of the population and are a source of great dynamism. However, the education system does not serve them at all. They are struggling to recover from the consequences of violent conflict and lack the basic skills and competencies needed to earn a living. As a result, they are mostly under-educated and under-employed. Moreover, they put Mali in the category of countries with one of the highest migration rates in Africa, with migration factors ranging from unemployment to underemployment and inability to provide for family needs, as well as a sense of hopelessness about a future life in Mali. Frustration among educated young Malians is widespread and is because most of them have unrealistic expectations of obtaining formal employment. This is even more unlikely for young people from less privileged ethnic groups. Failure to take them into account could compound instability and increase vulnerability to recruitment by extremist groups. Lack of access to education and opportunities is particularly serious for young women.

The fight against youth unemployment has become increasingly urgent in the face of a deteriorating security situation where criminal and radical groups have infiltrated many parts of Mali. Perceptions of injustice and inequality, as well as poor governance and corruption, are breeding grounds for radicalisation, especially among young people who see no prospects for the future. There is an urgent need to actively engage Malian youth in economic life. Mali's economic potential lies in agriculture. Viable economic alternatives, such as formal jobs and enterprises, are needed to prepare Mali for the explosion in the number of young people expected by 2030. There is no shortcut to this result. It requires a holistic, long-term and politically courageous approach on the part of the Malian government and the international community. There is need to promote micro-enterprises as an engine of development by capitalizing on the development of value chains in agriculture, investment in rural infrastructure and the formalisation and taxation of enterprises in order to adapt training to the professions of different groups of young Malians.

On gender equity, Malian women and girls have generally faced unique development challenges, which have not been systematically addressed. The situation in Mali offers opportunities to advance gender equality and support inclusive development, while posing new challenges in some areas such as gender-based violence. While cultural, political and economic constraints severely limit the potential for rapid change in the situation of Malian women and other marginalized groups, strategic investments can help to sustainably improve the capacity of women and girls to play an active role in the country's development. Promoting civic engagement between women and girls and governments and traditional leaders could sustainably contribute to giving voice to gender equality issues, while cultural constraints on women's activities in the public sphere require carefully designed strategies to facilitate this communication.

The private sector, which is still in its infancy in Mali, has the potential to play a key role in reducing key factors of fragility and thus strengthen the resilience of both institutions and the population. Given the challenges identified in Mali, the private sector can and should be part of a sophisticated engagement approach aimed at improving local conditions and helping to tip the scales towards stability and prosperity. To this end, initiatives can positively tap into the country's young and urbanised populations, as well as its key natural resource endowments. However, the precondition for building an enabling environment for private investment - still dominated by weak governance characterised by factors such as lack of access to justice, weak rule of law institutions and limited trust between citizens and their governments, failures to establish inclusive governance, corruption - is imperative.

Conclusion and recommendations

Significant challenges remain in Mali. In addition to its vulnerability to shocks, Mali continues to face problems of governance, various inequalities (spatial, income, gender), widespread corruption and the recent expansion of the illegal economy. Several steps have been taken over the years to bridge political, economic and social gaps. The Bank should help the government build on the progress made and launch new initiatives to promote broad and equitable development. With the support of partners, the

government has a great opportunity to address many of the structural and systemic issues that led to the emergence of the 2012-13 and 2020 crisis. This will require avoiding the business-as-usual culture and truly engaging with the country as a whole.

The choice of the pillars of intervention for the CSP 2021-2025 currently being prepared should:

- Ensure that vulnerable populations are made more resilient to climate and socio-economic instability and shocks through interventions with the potential to promote strong and inclusive growth through inclusive job creation, economic diversification and greater resilience;
- The private sector can contribute to the stability and improvement of economic and social conditions in the country and promote the responsible inclusion of local content. In this context, it will be important to create favourable conditions for the insertion of private capital in the rural sector in order to improve incomes and accelerate the modernisation of agriculture, as well as access to financial resources and the professionalisation of farmers' organisations;
- Strengthen decentralisation by ensuring the effective transfer of human and financial resources closer to communities in order to accelerate community development. This may require strengthening domestic revenue mobilisation, which contracted sharply in 2018, to create more fiscal space for investment and social and security spending.
- As stated above, agriculture accounts for about 70% of the labour force and 38% of GDP. On the other hand, young people represent 65% of the population. It is, therefore, important to capitalise on this combination to direct agricultural investments towards young people and women, for a modern, commercial type of agriculture that creates jobs and wealth in rural areas and is integrated into value chains.

ANNEX A.4. STRUCTURAL AND CYCLICAL FACTORS UNDERLYING THE MULTIDIMENSIONAL CRISIS IN MALI, 2020

Structural Factors. (i) governance weaknesses in the security and justice sectors as well as in the economy and territorial administration; (ii) life style changes, especially the settlement of traditionally nomadic communities and ensuing pressure on resources; (iii) generational gap issues relating to the questioning of social, cultural and economic practices and rules; (iv) weakening of traditional organisation (a climate of deep suspicion has replaced community assistance values); (v) high exposure to climatic hazards; (vi) intensification of competition for arable land linked to demographic pressure; and (vii) the disruption of production systems due to a combination of factors.

Cyclical causes. (i) breaching of certain social conventions such as the pastoral charter between actors (farmers and stockbreeders) for access to, and management of resources; (ii) the expansion of residential zones to animal crossing areas, and other production activities; (iii) sub-contracting of security to self-defense groups, generally with ethnic connotations; (iv) increasingly strong pressure on limited natural resources, especially in the Mopti region ; (v) the increasing accessibility of weapons due to the development of organised crime, even in rural areas; (vi) the absence, or ineffectiveness of traditional regulators (communities used to turn to customary chiefs and religious leaders or mediation by griots and people of caste, neighbourhood leaders and counselors); and (vii) exploitation by armed jihadist groups of divisions in rival communities allowing such groups to strengthen their local roots.

Source : AfDB (2020d) 'Studies on the resilience strategies of the Malian government and communities in a post-conflict context', 6 April, African Development Bank, Mali Country Office.

ANNEX A.5. MAINSTREAMING FRAGILITY IN THE BANK'S PROCUREMENT STRATEGY IN MALI

1. Procurement-related provisions:

- The procurement processes will be defined so as to adapt them to the specific context linked to the situation of fragility in which the project is implemented and to help to guarantee the project's quality at entry. These processes will be adopted in accordance with the provisions set out in the Operations Procurement Manual (OPM).
- Special attention will be paid to (i) adequate updating of the information in the Bank Procurement Assessment Report (BPAR); (ii) relevant market analysis for project affected sectors; (iii) comprehensive review of allotments; and (iv) advance procurements and

- retrospective financing which may have specific benefits in situations of fragility.
- A risk-based approach:

On the basis of the conclusions of the assessments, the procurement approach will consist of some or all of the following tools:

- The complete use of Mali's procurement systems (BPS) where possible for a very low risk and low value contracts or when socio-economic development objectives are taken into account in the national regulations (gender promotion, local craftsmen, employment of young people and disadvantaged groups, etc.) ;
- Bank methods and procedures for riskier and more complex projects; and
- Use of a third party's system, if necessary and appropriate.

2. Methods and procedures (MP) for the procurement of goods, works and consulting services:

These methods and procedures will be adopted, taking into account the following procedures:

- The Bank's procurement policy stipulates that the procurement of goods and works shall depend on competitive, fair and transparent processes by including greater flexibility to achieve the best value for money (VfM).
- The fit-for-purpose approach (FFP) provides an entry point for the rapid adjustment and adaptation of procurement methods and procedures depending on the country context, especially for projects and programmes in countries in fragile situations.

3. Applicable methods and procedures:

Procurement of goods and works

Open competitive bidding (OCB): OCB (national or international) with shorter submission deadlines will only be used if this method is consistent with the fit-for-purpose approach.

Limited competitive bidding (LCB) : shopping or requests for quotations may be the best fit-for-purpose method. They are appropriate for the procurement of goods available on the local market or simple structures of low value in accordance with the monetary thresholds determined at project appraisal.

Direct procurement/no competition (DP): In exceptional circumstances, where this process offers a clear advantage over other competitive methods⁴, the Bank may agree to the use of a DP process. The Borrower shall prepare a sufficiently detailed justification for the selection of this method instead of a competitive process and the choice of supplier or borrower. The terms and conditions for DP will be described in the project appraisal report the procurement plan and financing agreement.

Selection of consultants

National or international selection of consultants taking into account the following considerations:

- Provide some flexibility depending on the situation of fragility; (ii) guarantee optimal value for money (VfM) ; (iii) carry out the selection process on the basis of a competitive procedure between pre-selected firms; and (iv) carry out the evaluation based on the quality of the proposal and, depending on the case, the cost of services to be provided;
- Shortlists shall be established based on wide advertising of the request for expressions of interest; no restrictions on participation of consultants subject to eligibility considerations; a level playing field for all interested eligible consultants, unless, for specific reasons, the Bank has not agreed to the participation of a specific category of consultants;
- By considering shorter periods for the preparation of proposals;
- Single-source selection: this method may be used in the following situations (i) for services which are a continuation of previous services provided by the consultant; (ii) in emergency situations such as in response to a disaster, and for consulting services required during the period immediately following the state of emergency; (iii) for very small assignments; or (iv) when only one consultant is qualified or has exceptional experience for the mission.

⁴ Examples: (i) Renewal of a contract already awarded for goods or additional works of a similar nature in accordance with procedures that are acceptable to the Bank; (ii) DP from the original supplier where additional purchases concern standard material or spare parts compatible with equipment already in service; (iii) the required equipment is proprietary and obtainable only from one source; (iv) emergencies in response to disasters (of natural or human origin) and emergency situations declared by the Borrower or recognised by the Bank; and (v) under certain conditions justifying the use of the United Nations System.

Framework Agreements (FAs) for goods and works and consulting services

A Framework Agreement (FA) is a medium to long term agreement with suppliers, contractors and consultants, specifying the terms and conditions under which specific procurements (service orders, purchase orders) may be made throughout the agreement. They may be used for a wide range of similar contracts for repetitive services and for the procurement of staple goods and their use in situations of fragility may facilitate and accelerate project implementation.

Use of the specialised agencies of the United Nations (UN)

It is possible to use the Specialised Agencies of the United Nations in emergency situations for implementing part or all of a project or to (i) provide technical assistance or advisory services; (ii) goods and equipment in particular medical equipment; (iii) small-scale works in their specific area of expertise, under Bank-financed projects and programmes.

Procurement and project management officers in fragile states (FS)

The recruitment of a procurement officer or project management officer may be one of the best means of achieving value for money in situations of fragility, (i) if the EA does not have sufficient internal procurement or project management capacity, and/or (ii) there are a large number of low value contracts.

Force account

Force account normally describes construction and installation of works including non-consulting services which are provided with assistance from staff of the borrower or one of its departments provided the said department has sufficient management capacity and has an adequate technical and financial control system to account for expenditure to the Bank. Force account is generally used in the following cases: (i) the quantity of works to be executed cannot be defined in advance; (ii) works are small and scattered or in remote locations, for which qualified construction firms are unlikely to bid at reasonable prices; or (iii) only specialised branches of government can carry out certain types of works or urgent repairs require special attention to prevent future damage.

ANNEX A.6. HOW SHOULD PROJECTS IN INACCESSIBLE CONFLICT ZONES BE IMPLEMENTED?

To intervene in conflict zones, AfDB will deploy geolocation and remote monitoring tools for its projects located in crisis zones that are inaccessible due to insecurity. Mali being a country of intense fragility, particularly in conflict zones, it is crucial to intervene in these areas to more effectively reduce the country's fragility. Hence the CSP 2021-2025 aims to increase the Bank's interventions in conflict zones. By way of illustration, the World Bank has been intervening in crisis zones in Mali and the Central African Republic for the past 2 to 3 years. Therefore, the AfDB should draw on the World Bank's experience.

Geolocation Tools for Projects in Conflict Zones

Geolocation tools help to locate and obtain real-time satellite images of infrastructure and works in conflict zones. AfDB could acquiring and using tools such as IBM (Iterative Beneficiary Monitoring) and TPM (Third Party Monitoring), like the World Bank⁵.

First, **IBM** entails using telephones or tablets to collect monitoring data from beneficiaries. Second, **TPM** is: (i) an intelligent supervision approach whereby AfDB could engage an independent agent to verify that the borrower's project implementation is consistent with the terms of the financing agreement and that the project's environmental and social performance meets agreed standards; and (ii) a project implementation approach whereby the borrower engages third parties to strengthen monitoring and evaluation systems and obtain additional data on development progress. Wherever TPM is used for supervision, AfDB may maintain its own supervisory commitments but may transfer monitoring activities to an agent. A third party is a party external to the project that is neither a direct project beneficiary nor part of the project management structure. Generally, third parties are NGOs, universities, humanitarian organizations, UN agencies or private companies. Third parties are either

⁵ The World Bank is tending more towards the GEMS (Geo-Enabling Initiative for Monitoring and Supervision) tool, which is a very advanced platform with multiple options that it has developed and put at the disposal of its project units in Mali. **GEMS** exploits field-adapted technology for the collection and analysis of digital data to improve the transparency and accuracy of monitoring and evaluation and to increase accountability for Part III monitoring. GEMS provides a platform for remote monitoring, real-time backup monitoring and portfolio mapping for coordination between projects and partners.

experts/specialists with specific expertise relevant to the project or other stakeholders who monitor specific aspects of a project's performance.

If it opts to not acquire these tools (IBM and TPM), the AfDB could resort to private service providers for real-time satellite images of infrastructure under construction or completed.

For Remote Monitoring of Projects in Conflict Zones

For remote monitoring, the AfDB could sub-contract with local stakeholders located in inaccessible and vulnerable areas (local businesses, local non-governmental organizations (NGOs), local civil society organizations (CSOs), grassroots community-based organizations (CBOs)), recruited locally, to carry out verification, monitoring and data collection, and send monitoring reports with photos to AfDB.

Project Contract Implementation in Conflict Zones: For Major Works or Contracts

Like the World Bank, the AfDB could use UNOPS (United Nations Office for Project Services) for major works and large contracts such as the construction of schools, socio-community infrastructure and roads, equipment supply, etc. AfDB could also use UNOPS to build infrastructure. The UNOPS country office is in Bamako with branches in the interior of Mali, including the crisis zones. UNOPS is an operational arm of the United Nations supporting the implementation of a wide range of projects of various technical and financial partners, including UN agencies, international financial institutions, governments and various humanitarian agencies.

Implementation of Project Contracts in Conflict Zones: For Small-scale Works or Contracts

Like the World Bank, AfDB could resort to local SME/SMIs in conflict zones, for services that do not require a high level of expertise, especially those contracts that are best entrusted to a local service provider (e.g. the supply of small artisanal equipment, tools to set up people trained in small trades, or small-scale works contracts, etc.) to create jobs and local wealth. To sign contracts with local SME/SMIs in conflict zones, the AfDB could make use of focal points on the ground who would identify and collect the required documentation and forward it to the project unit in Bamako, which would then prepare the contracts and send them for signature. These local SME/SMIs in conflict zones are paid by bank transfer or cheque since commercial banks continue to work in the main district or regional towns. However, for speed and to make up for the absence of bank branches in municipalities that are difficult to access and to avoid the need for partners to travel to the administrative district or regional towns for payment, AfDB could embrace digital payments to the extent possible, especially by using mobile money or other electronic payment systems with the country's two largest mobile phone operators, Orange and Moov Africa (formerly Malitel). AfDB could draw inspiration from the World Bank by introducing flexibility in procurement, including the possibility of granting advances without bank guarantees to local SME/SMIs (for small contracts) that do not have the capacity to obtain guarantees from financial institutions because of the very high cost, which can significantly reduce their profit margins. These advances without bank guarantees can be granted based on physical screening to verify their existence and confirm their address.

ANNEX A.7. LESSONS LEARNED

A.7.1. Key findings of the CSP 2015-2019 Completion Report

The resources allocated to Mali have been fully committed. The lending programme of the initial CSP 2015-2019 identified 19 projects (6 under Pillar 1, 10 under Pillar 2 and 3 private sector projects) for a total UA 462.5 million (UA 82.0 million for Pillar 1, UA 245.0 million for Pillar 2 and UA 135.5 million for the private sector). At the CSP mid-term review, 10 projects (3 under Pillar 1, 5 under Pillar 2 and 2 in the private sector) for a total UA 245 million (UA 37 million for Pillar 1, UA 81 million for Pillar 2 and UA 127 million for the private sector) were cancelled, and 15 projects (4 under Pillar 1, 9 under Pillar 2 and 2 in the private sector) for a total UA 223.567 million (UA 19.3 million for Pillar 1, UA 138.197 million for Pillar 2 and UA 66.07 million for the private sector) were added. At the end of the CSP, 23 projects (7 under Pillar 1, 13 under Pillar 2 and 3 private sector projects) amounting to UA 442.119 million (UA 61.74 for Pillar 1, UA 290.932 for Pillar 2 and UA 89.447 for the private sector) had been approved, and only one project (Pillar 2) worth UA 1.5 million was pending (i.e. 95.83% of the projects had been approved); 13.96% of the resources were allocated to Pillar 1, 65.81% to Pillar 2 and 20.23% to the private sector. Fourteen (1)4 operations are ongoing.

Overall, most of the outcomes and outputs planned at the beginning of the CSP in 2015 were achieved by the end of the CSP in 2019. It envisaged 17 outcomes (8 under Pillar 1 and 9 under Pillar 2) and 20 outputs (6 under Pillar 1 and 14 under Pillar 2). Of the 17 envisaged outcomes, 10 were fully achieved (58.8%), 6 partially so (35.3%) and one (1) not achieved (5.9%). Of the 20 planned outputs, 12 were fully realized (60%), 7 partially (35%) and one (1) not (5%). It is expected that the partially achieved outcomes and outputs will be fully implemented when the projects are completed.

The Bank planned 3 studies in line with the CSP pillars. Of the 3 studies, only the one on road safety improvement in the Bamako district has been completed. The study on vocational training and informal employment and another on the private sector profile have not been completed.

The performance of the Bank's portfolio in Mali is deemed satisfactory, rated 2.3 on a scale of 1 to 4 (despite an 8% drop compared to September 2018 when it was 2.49), an active public sector portfolio disbursement rate of 34.89%, an average portfolio age of 2.5 years, an average implementation period of 16.49 months and a flagged project ratio of 43%. As of 30 June 2020, the Bank Group's portfolio in Mali comprised 24 operations (21 public and 3 private projects) (of which 20 are active) for a total UA 586.67 million.

AfDB's CSP 2015-2019 for Mali has been completed and key lessons have been drawn following its implementation. The main lesson at the strategic level is that the Bank addressed Mali's most pressing development issues and challenges. However, the completion of the CSP has coincided with a period wherein the country's development problems and challenges are much more acute overall. The outcomes of the Bank's 2019 Country Diagnostic Note and its 2018 CRFA tool reveal that the Mali is facing persistent challenges driven by multifaceted fragility issues (security, economic, and financial fragility). The deteriorating security crisis, weak economic diversification, the economy's serious exposure to climatic hazards, huge infrastructure deficits in quantity and quality, weak domestic resource mobilization capacity and mounting corruption are Mali's most critical challenges for transformative, resilient, private sector-led and inclusive growth, especially for marginalized groups such as youths and women.

Achievement of CSP 2015-2019 Outcomes and Outputs by Pillar and High 5

Pillars	High 5s	Indicators	Achieved	Partially Achieved	Not Achieved	Total
PILLAR 1 IMPROVE GOVERNANCE FOR INCLUSIVE GROWTH	Industrialize Africa	Outcomes	3	1		4
		Outputs	1	1		2
	Integrate Africa	Outcomes	1			1
		Outputs	1			1
	Improve the quality of life for the people of Africa	Outcomes	1	2		3
		Outputs	3			3
	Outcomes		5 (62.5%)	3 (37.5%)		8
	Outputs		5 (83.3%)	1 (16.7%)		6
PILLAR 2 INFRASTRUCTURE DEVELOPMENT TO SUPPORT ECONOMIC RECOVERY	Light-up and Power Africa	Outcomes		1		1
		Outputs		1		1
	Feed Africa	Outcomes	3			3
		Outputs	5	2		7
	Industrialize Africa	Outcomes			1	1
		Outputs			1	1
	Integrate Africa	Outcomes		1		1
		Outputs		1		1
	Improve the quality of life for the people of Africa	Outcomes	2	1		3
		Outputs	2	2		4
	Outcomes		5 (55.6%)	3 (33.3%)	1 (11.1%)	9
	Outputs		7 (50%)	6 (42.9%)	1 (7.1%)	14
Total outcomes			10 (58.8%)	6 (35.3%)	1 (5.9%)	17
Total outputs			12 (60%)	7 (35%)	1 (5%)	20

ANNEX A.8. KEY FINDINGS OF BDEV EVALUATION AND MANAGEMENT'S ACTIONS

SUMMARY OF MANAGEMENT'S ACTION	
RECOMMENDATION	MANAGEMENT'S RESPONSE
Recommendation 1 – <i>Increase private sector share in the portfolio, especially in real economic sectors with high growth potential such as agro-industry, transport, energy, etc. This also implies encouraging and supporting the accelerated appraisal of projects initiated by private companies.</i>	<p>AGREEMENT. With a fragile state lacking capacity and facing governance problems, non-state stakeholders provide a strategic opportunity for achieving the objectives of inclusive and sustainable economic growth. The following steps will be taken during the preparation of the new country strategy 2021-2025, and with the prospect of a reinforced intervention of the private sector and a greater involvement of the civil society:</p> <ul style="list-style-type: none"> ■ The indicative lending programme 2021-2025 will be expanded to strengthen the Bank's private sector support and civil society participation in development projects and programmes. The programme will include 4 large-scale non-sovereign projects to be financed by the Bank's private sector window. (COML, Q4 2021 and Q4 2022). ■ Management will continue to conduct the economic and sector study entitled: "How to increase private sector participation in large-scale government projects? "This study will present the instruments needed to attract private sector participation in the country's development projects. (COML, Q4 2021). <p>Implemented at 100%. Resources to the private sector increase from 8.56% of the portfolio to 29.72% of the pipeline.</p>
Recommendation 2 – <i>Increase the Bank's contribution to knowledge building in Mali by conducting more economic and sector work and building capacity in statistics collection to base sector selection and operation design on factual, relevant and credible data.</i>	<p>AGREEMENT. Management took due note of the recommendations, to be implemented under the new CSP 2021-2025. It stressed that the Bank has been actively involved in building the capacity of the National Statistical System (NSS) through the activities of the Statistics Department (ECST). These included support to the General Census of Economic Units (GCEU). The Bank will continue to provide this statistical support in RMCs and more specifically Mali through the following actions:</p> <ul style="list-style-type: none"> ■ Strengthening economic and sector studies in the CSP 2021-2025. At least one economic and sector study will be produced every year. (COML, Q1 2021, Q4 2021, Q4 2022, Q4 2023, Q4 2024 and Q4 2025). ■ The non-lending programme of the CSP 2021-2025 will also include: (i) at least 1 technical assistance programme per year (COML, Q1 2021); (ii) at least 1 country dialogue per year (COML, Q4 of each year between 2021 and 2025). <p>Implemented at 100%. Studies have increased sharply, from 1 in the CSP 2015-2019 to 20 in the CSP 2021-2025. Among these 20 studies, 5 were carried out in 2020, 7 are underway in 2021. Several capacity building and technical assistance are also planned.</p>
Recommendation 3 – <i>Within the Country Office, develop and implement a communication and civil society engagement plan; among other products, the Office could prepare a brochure on the outcomes of each operation (using the Outcome Mapping or Outcome Harvesting Method).</i>	<p>AGREEMENT. Management took due note of the recommendation that have been implemented under the new CSP 2021-2025. A dialogue workshop was organized in the Q4 of 2019 with civil society actors as well as a consultation with most of the private sector umbrella organizations in Mali during the CSP 2021-2025 preparation mission.</p> <ul style="list-style-type: none"> ■ Management will draw up an overall communication plan for the Office's activities in Mali and prepare various communication materials highlighting the Bank's impact on the ground in collaboration with the Bank's Communication Department (PCER). An expert communication consultant has been recruited for that purpose under PAGODA (COML, Q4 2021). ■ Management will prepare a corporate film and a brochure on Bank activities in Mali. A communication consultant has been recruited for this purpose (COML, Q1 2021). ■ Management will strengthen the dissemination of the Bank's knowledge products, particularly within the university community and among other development partners (COML, Q4 2022). <p>Implemented at 90%. A communication consultant was hired and worked on the visibility of operations until the end of December 2020. The corporate film was produced. The dissemination of some knowledge products has been made virtually due to the COVID-19 pandemic by targeting authorities, TFP and professors and students at Universities; other disseminations will be made.</p>

SUMMARY OF MANAGEMENT'S ACTION

RECOMMENDATION	MANAGEMENT'S RESPONSE
<p>Recommendation 4 – <i>Conduct a review of current practices in the design and implementation of PPIPs, possibly involving an independent facilitator, for their enhanced impact on the Bank's development outcomes in the country.</i></p>	<p>AGREEMENT. Management conducted a portfolio management review of all project phases, from design to completion. The review concluded that the new CSP 2021-2025 will contribute to portfolio performance improvement. Moreover:</p> <ul style="list-style-type: none"> ■ Management will engage in a dialogue with the country's authorities to obtain: (i) a waiver for Project Management Units (PMUs) to be granted for the autonomous responsibility of procurement processes when the system set up in the Ministry in charge of the technical supervision of the project is not functioning, (ii) contracts concluded are no longer subject to tax verification procedures prior to their registration and signature, and (iii) the renewal of the contracts of PMU experts is based on the evaluation of their performance, according to pre-determined criteria (COML, Q1 2021). ■ Management conducted in 2021 a Note on the management of operations, as well as a comparison with other Multilateral Development Banks and Mali's bilateral partners. The analytical study guidelines will be taken into account as part of the dialogue on the reforms to be proposed in the next budget support programme (COML, Q4 2020). <p>Implemented at 100%. A Note on the management of operations was produced for that review.</p>
<p>Recommendation 5–<i>Encourage project officers to take full advantage of the lessons learned from the Operations Academy to improve project quality at entry: systematic alignment of the outcomes of each operation with the outcomes of the pillar under which it falls; a coherent and feasible results measurement framework, including clear links between outputs and outcomes (evaluability); definition of mechanisms for ownership by beneficiaries and sustainability of achievements; financial evaluation; and critical aspects of project management (human resources, etc.). Project officers will organize the same types of training for national project implementation units in accordance with the modalities adapted to the country context and available resources. These measures will strengthen results-based management and increase operational effectiveness and efficiency.</i></p>	<p>AGREEMENT. Management took note of the recommendations, which it had already begun to implement. A training programme for the Project Management Units (PMUs) on Bank rules and procedures (in procurement, financial management and disbursement) is implemented annually and will continue virtually. The Bank regularly assists PMUs in procurement on a customized basis. Nine PMUs have benefited from such assistance through one or more working sessions. The assistance will continue during the confinement period. Moreover, the Bank will provide the Offices in transition countries with a blend of human resource skills adapted to their environment. Therefore, the Mali Country Office team must be assigned skills in compliance with the Bank's intervention strategy (fragility, transport, energy experts, etc.).</p> <ul style="list-style-type: none"> ■ The eleven (11) specialists (100%) in the Country Office would have completed their online Operations Academy courses by the end of 2020 (COML; Q1 2021). ■ Management will organise two capacity building sessions per year for PMU experts (in procurement, financial management, environmental monitoring, etc.) for 2021-2025 projects and programmes (COML, Q4 2021). ■ Management will engage in a dialogue with the country and ensure that for projects in the new CSP 2021-2025, local key experts are no longer appointed by the authorities but that they are appointed following an open competitive recruitment process subject to ex-ante review by the Bank. This provision has been used for projects approved in 2019 and will be taken into account in a quality checklist projects at entry in Mali, to be annexed to CSP 2021-2025 (COML, Q1 2021). <p>Implemented at 95%. All 11 Country Office experts have completed their operations academy courses. Among the 2 planned capacity building sessions, 1 was held in 2020 in public procurement for PMU experts. Country dialogue is engaged, and local key experts are nominated by competition. To improve the ownership and sustainability of Bank operations, two mechanisms will be used: (i) sub-contract with local stakeholders to ensure remote monitoring of projects; (ii) work with local SME/SMI for the execution of small-scale works that do not require high-level expertise in order to create local jobs and local wealth.</p>

ANNEX A.10. CONSULTATIONS WITH STAKEHOLDERS

Stakeholder consultations on the Country Strategy Paper (CSP 2021-2025) were held in October 2019 as part of the combined task of preparing the CSP 2015-2019 Completion Report, conducting a portfolio performance review in 2019 and preparing the new CSP 2021-2025. During the mission, the Bank held bilateral meetings with all parties (government, civil society, the private sector and other TFPs) as well as three workshops: a dialogue session with civil society stakeholders, a technical session to review the portfolio performance in 2019, and a policy session to report on the outcome of the mission, which was chaired by the Prime Minister, Minister of Economy and Finance and the Bank's Governor for Mali. Below are the highlights of those discussions.

Conclusions of Consultations with the Government:

- The analytical tools developed by the Bank, in this case the Country Diagnostic Note and the CRFA tool, helped to highlight the country's major challenges, which were also factors of fragility.
- The Malian authorities agree that the Bank's new strategy focuses on the fight against the fragility factors in line with the objectives of CREDD 2019-2023.
- The CSP 2021-2025 should set realistic and achievable objectives taking into account the country's current context of fragility and the enormous challenges it is facing;
- Future operations identified in the CSP 2021-2025 should facilitate the implementation of quick wins and visible activities for the people, particularly in areas affected by the multidimensional crisis;
- The Government wanted the Bank to adapt its rules and procedures to the country's fragile situation, with particular reference to procurement and financing parameters;
- Strengthening the staff of the Bank's Mali Country Office by recruiting more experts;
- CSP 2021-2025 should support labour-intensive activities (HIMO) and promote industrialization with emphasis on the development of Special Economic Zones (SEZs);
- The Government undertook to carry out reforms needed for the rapid implementation of projects, particularly those concerning procurement procedures, as well as through the establishment of a "Delivery Unit";
- The Government endorsed the proposal to introduce a performance contract for key PMU staff and which should also hold project managers financially and legally accountable for ineligible expenditure.

Conclusions of Consultations with Civil Society:

- Civil Society Organisations (CSOs) indicated that there was no framework in Mali for consultation between civil society and the Bank. Yet, civil society is an emerging force that is positioning itself as an essential actor in terms of monitoring and evaluation that can enable the Bank to measure the impact of its interventions on women and the youths (especially job creation). Above all, civil society can help to build narratives around cases of success and qualitative changes in people's lives;
- For greater ownership of Bank projects by the people, it is necessary to involve CSOs more so that they can assume these roles;
- However, the technical and organizational capacity of CSOs should be strengthened to enable them to fully play their role;
- CSOs also referred to the lack of communication and visibility around the Bank's various projects and programmes.

Conclusions of Consultations with the Private Sector:

- Activities to strengthen financial intermediation by providing commercial banks with adequate financial resources for the investment needs of SMEs/SMIs should continue;
- The Bank should continue to support reforms to improve the business environment and sector governance, including ongoing reforms for SMEs/SMIs;
- The private sector is facing a number of obstacles impeding its development, including access to finance (high costs, too short maturities for investment financing, etc.), transport and power infrastructure, as well as quality human resources;
- It is necessary to promote public-private partnerships (PPPs) to develop a competitive private sector;
- The country should specifically improve the business climate in the agricultural and agro-industrial sector to promote greater involvement of the private sector.

Conclusions of Consultations with Other TFPs:

- The multidimensional crisis and the resulting situation of fragility are the main concerns of all partners operating in Mali. They believe that the various strategies should address the issue as a matter of priority;
- The World Bank is developing its tool for analysing and assessing fragility in Sahelian countries, following the example of the AfDB's CRFA framework;
- The Bank should focus the bulk of its interventions on areas of comparative advantage, in this case major infrastructure works;
- The partners noted the need to pool resources by adopting other donors' rules and procedures in implementing projects that strengthen the resilience of states and communities, as the Bank did for the Konna Road Project in the centre of the country.

Source: Aide-memoire of the October 2019 joint mission.

ANNEX A.11. PORTFOLIO PERFORMANCE REVIEW

A.11.1. Portfolio as at 31 December 2020

Project Name	Approval Date	Closing Date	Loan/Grant Amount (UA)	Cumulative Disbursements	% Active Cumulative Disbursements (%)
AGRICULTURE			167 554 535	93 715 437	55.93
Irrigation Development Programme in the Bani Basin and in Selingue (PDI-BS)	27.05.2009	31.12.2019	44 000 000	43 512 114	98.89
Programme to Build Resilience to Food and Nutrition Insecurity in the Sahel (P2RS)	15.10.2014	30.06.2020	36 390 000	12 079 448	33.19
Project for Food Security Consolidation through Development of Irrigation Farming (PRESA-DCI)	27.05.2009	31.12.2021	36 000 000	18 946 315	52.63
Koulikoro Region Food and Nutrition Security Enhancement Project (PRESAN-KL)	17.09.2014	31.12.2021	33 645 965	18 882 805	56.12
Network Improvement in Mali for Climate Change Resilience (AROMET-2C Project)	22.12.2016	31.12.2019	782 705	45 210	5.78
Study on the Integrated Development and Climate Resilience Project in the Delta Plains 2 (PDIR-PD2)	11.09.2017	31.03.2020	1 564 865	185 662	11.86
PPF- Malian Agriculture Transformation And Youth Employment Project	18.08.2017	31.12.2020	989 000	63 883	6.46
Development Programme for the Special Agro-Industrial Processing Zone of Koulikoro and Semi-Urban Bamako Regions (PDZSTA-BK)	18/12/2019	31/12/2024	14 182 000	-	0.00
INFRASTRUCTURE			177 381 250	39 493 976	22.27
Project for Road Development and Transport Facilitation between Mali and Cote D'Ivoire (PR8)	26.11.2015	30.06.2021	82 474 014	39 493 976	47.89
Trans-Sahara Highway Project (TSH-Phase 2 –Bourem-Kidal Section) (RTS2)	11.12.2018	31.12.2024	94 907 236	-	0.00
WATER AND SANITATION			50 000 000	33 251 439	66.50
Bamako Drinking Water Supply Project	09.10.2013	31.12.2020	50 000 000	33 251 439	66.50
CLIMATE CHANGE			9 271 140	335 034	3.61
Programme for Integrated Development and Adaptation to Climate Change in the Niger Basin (PIDACC)	7.11.2018	15.07.2023	9 271 140	335 034	3.61
ENERGY			59 860 340	4 324 358	7.22
Renewable Energy Promotion Support Project	22.10.2014	31.12.2019	1 100 263	993 159	90.27
Project to Develop Mini Hydroelectric Power Plants	4.12.2017	31.12.2022	26 381 527	1 276 524	4.84
225-Kv Guinea-Mali Power Interconnection Project	13.12.2017	31.12.2021	32 378 550	2 054 676	6.35
SOCIAL DEVELOPMENT			15 000 000	159 197	1.06
Socio-Economic Reintegration Support Project for the Population of Northern Mali (PARSEP-NM)	30.11.2016	30.06.2021	10 000 000	159 197	1.59
Project for the Economic Empowerment of Women in the Shea Subsector (PAEFFK)	03.12.2018	31.07.2023	5 000 000	-	0.00
GOVERNANCE			67 740 000	50 124 382	74.00
Project to Support the Competitiveness of the Malian Economy	15.12.2017	31.12.2022	10 000 000	743 061	7.43
Project to Support Economic Governance and Gender Promotion	06.06.2019	30.06.2021	1 000 000	348 722	34.87
Regional Development Master Plan	28.02.2017	31.12.2019	1 000 000	592 599	59.26
African Trade Insurance Agency (ATIA): Country Membership Programme P-ML-HZ0-001	05/12/2019	31/12/2020	7 300 000	-	0.00
Growth Support Programme 2			12 440 000	12 440 000	100.00
COVID-19 RSP PBO 2020 - MALI	22/07/2020	31/07/2021	36 000 000	36 000 000	100.00
Overall Disbursement Rate of Active Public Portfolio			546 807 265	221 403 823	40.49
PRIVATE SECTOR			51 169 368	22 240 000	43.46
Modern Mills Project	17.09.2014	30.11.2021	22 240 000	22 240 000	100.00
Ségou Solar PV project	31.10.2016	01.06.2033	28 929 368	-	0.00
Overall Disbursement Rate of Active Private Sector Portfolio			51 169 368	22 240 000	43.46
PROJECT PORTFOLIO GRAND TOTAL			597 976 633	243 643 823	40.74

A.11.2. Key Portfolio Performance Indicators

Indicators	2019	2020
Active projects (#)	26	25
Public sector	23	23
Private sector	3	2
Commitments (million UAs)	600.25	597.97
Average project size (million UAs)	23.08	23.92
Ageing projects (#)	0	0
Average age (years)	2.4	2.81
Overall public sector disbursement rate (%)	39.58	40.49
Commitments at risk (%)	0.42	0
Projects at risk (%)	2	0
Average elapsed time between approval and first disbursement (months)	> 6	18.49
Overall rating	2.3	2.3
Implementation performance (IP) rating	2.4	2.4
Development objective (DO) rating	2	2
Proportion of flagged instruments (%)	46	57

A.11.3. Portfolio Performance Improvement Plan 2019/2020

<i>I. DIFFICULTIES RELATING TO NEGOTIATIONS AND SIGNING OF AGREEMENTS</i>			
PROBLEMS IDENTIFIED	REQUIRED ACTIONS	RESPONSIBILITY	TIMELINE
1.1 Delays in submission of negotiation documents to the Government	1.1 Submit project/programme documents to Government no later than one week before the date set for the negotiations	AfDB	Permanent
1.2 Slowness in preparing loan documents	1.2 Finalise financing agreements no later than 10 dys after the negotiations	AfDB	Permanent
1.3 Slippage on project start-up	1.3 Grant a minimum budget to finance the expenses of a coordinator to be recruited to manage the project at its preparation stage	Government	Permanent
<i>II. PROCUREMENT</i>			
PROBLEMS IDENTIFIED	REQUIRED ACTIONS	RESPONSIBILITY	TIMELINE
2.1 Slowness of procurement process steered by DFMs.	2.1 Empower donor-financed Project Management Units to handle all the procurement processes with DFM representative as committee member	Government	31 December 2019
2.2 Slowness in procurement processes following the introduction of mandatory verification of companies' tax status.	2.2 Simplify the tax audit process by reducing DGI response times.	Government	Permanent
2.3 Non-compliance with bid evaluation reports and procedures set out in BDs.	2.3 Continue to implement training programmes for PMU procurement specialists and DFM members involved in procurement	Government / Secretary-General	31 December 2019 and throughout 2020
	2.3.2 Train PMUs in report drafting at the different procurement stages	AfDB	30 September 2021
2.4 Poor quality of reports submitted to AfDB for approval	2.4 In PMUs, establish a quality review structure for all documents to be submitted for signature by the Coordinator	Government /Coordinator	Immediate
2.5 Systematic failure to evaluate performance contracts	2.5 Regularly evaluate annual performance contracts for PMU coordinators and key staff.	Government	31 December 2019
2.6 Length of time taken to process documents submitted to AfDB	2.6.1 At the AfDB Country Office in Mali, set up a system to record and monitor the statutory time lines for processing Bank documents.	AfDB	Immediate
	2.6.2 Continue to strengthen the staffing of the Bamako Office	BAD	Immediate

	2.6.3	Apply the provisions of the financing agreements which provide for thresholds for post reviews of procurement and other contracts.	AfDB/ Government	Permanent
	2.6.4	Give preference to national procurement procedures for project procurements under the Bank's Procurement Policy of October 2015.	AfDB	Permanent
	2.6.5	The project officer must become more closely involved and verify the quality of documents prior to their submission for consideration by SNFII.	AfDB	Permanent
2.7 Low project disbursement rates	2.7.1	Systematically conduct project reviews at mid-term	AfDB	From 2021
	2.7.2	Organise operations clinics which will provide opportunities to listen to PMU experts on the difficulties experienced and provide practical solutions and appropriate working methods.	AfDB	From 2021
III. FIDUCIARY ISSUES				
PROBLEMS IDENTIFIED	REQUIRED ACTIONS		RESPONSIBILITY	TIMELINE
3.1 Ineligible expenditure made from Bank resources or counterpart funds	Verify, prior to commitment, that all envisaged expenditure is set out in the project Appraisal Report and in the AWPB. If in doubt, contact the Task Manager.		Coordinator/AFO	Permanent
3.2 Delays in submitting audit reports resulting in the suspension of disbursements.	Initiate the process to recruit the auditor no later than 1 February of the fiscal year concerned.		Coordinator/AFO/TM	Permanent
3.3 Use of national counterpart account to obtain overdrafts and other facilities from credit establishments.	3.3.1	Issue an order or decision officially prohibiting any type of overdraft and/or borrowings from any counterpart fund account.	Government	30 November 2019
	3.3.2	Sanction any violations of account management principles.	Government	30 November 2019.
IV. CYCLICAL PROBLEMS				
PROBLEMS IDENTIFIED	REQUIRED ACTIONS		RESPONSIBILITY	TIMELINE
4.1 Difficulties in effectively mobilising national counterpart funds to finance projects	4.1	Comply with project financing plans contained in Financing Agreements by prioritising the effective mobilisation of counterpart resources.	Government Bank	Permanent

	4.2. Revise the financing parameters to be able to ensure 100% indemnification of project affected people from financing instrument resources.		
4.2 Delays in compensating people affected by works – suspension - cancellation	4.2.1 Simplify compensation procedures 4.2.2 Enter a budget line for identification and assessment charges 4.2.3 Initiate the compensation phase from the project preparation stage	Government	Permanent
4.3 Prevailing insecurity in some project areas of intervention	4.3 Further strengthen security measures for ongoing projects in high risk areas.	Government	Permanent

A.11.4. Summary Review Note of Bank Operations Management in Mali

COUNTRY: MALI

Date : 30 September 2020

Assessing the operations portfolio performance is one of the relevant indicators for determining whether the Bank's development actions will likely satisfy beneficiaries. As of 30 June 2020, the Bank's operations portfolio in Mali paints a pale picture with 60% of the financing instruments performing poorly ('flagged') while 14% of the instruments were on the alert for poor performance. The operations portfolio in Mali is indeed facing multifaceted difficulties resulting in a general sluggishness in implementation, as well as low disbursement rates.

We undertook a review of the implementation process in Mali. Our approach has been to better understand the weak performance of the country portfolio from a variety of perspectives, identifying systemic issues beyond the areas covered by standard Country Portfolio Performance Reviews (CPPRs). For each of the steps in the operations management process, we have highlighted the situation of non-performance, the underlying causes and proposals for remedial action.

The steps that have been examined relate to:

- project design, raising in particular problems of project maturity and the multiplicity of small contracts in the Procurement Plan (PP);
- the signature of financing agreements, noting the need to prepare the agreements before approval of the operation by the Bank's Board in order to avoid delays in signature due to frequent changes of government;
- the implementation of loan instruments and fulfilment of the conditions precedent to first disbursement, posing the problem of a "monitoring gap" pending establishment of the Project Management Unit (PMU);
- the preparation of procurement documents and financial statements, with the lack of qualified Malian staff and the obstacles related to the Public Procurement Code ;
- the handling of PMU bodies at the level of the Bank, which lacks reactivity and traceability of response times;
- the signature of contracts which suffers from delays relating to the availability of signatories and the delays of verification of the fiscal regularity of the beneficiaries;
- the provision of counterpart resources, noting the need for the project financing instruments to cover PAP compensation;
- project supervision, which underlines the urgent need to make systematic mid-term reviews of projects with a view to adjusting implementation;
- monitoring of supervision and audit recommendations which highlight the need for local monitoring by the Country Office to relay with the Project Officers;
- the governance and performance measurement of PMUs which highlight the need to recruit PMU staff through competition with competitive salaries and compensation partly linked to results.

This exercise provided an opportunity to learn from current practice and identify ways to improve portfolio performance. These lessons were presented in two main tools: the first to guide the appraisal of future Bank operations in Mali (a checklist) and the second to guide portfolio management actions.

Design verification checklist

	Checkpoints	Responsibility
01	Envisage having PMUs (new project) assisted by a procurement expert and financial management expert. A local expert could back them up in each of the areas as assistant thereby benefiting from the transfer of skills. The financial management expert will also act as the coordinator's deputy/assistant and, in a secondary role, organise project management meetings. The terms of reference of the support expert will take into account the support requested and provided by the expert for the benefit of other PMUs in compliance with a PMU resource pooling approach.	Appraisal mission leader
02	In projects, make provision for the compensation of project affected people (PAP) using the Bank's project instruments. Mali's counterpart contributions could be confined to the payment of some officers made available to the PMU, and the provision of PMU premises.	Appraisal mission leader
03	Make provision for the recruitment of a specialised structure (NGO, for example) for the payment of compensation to ensure that the work is professionally done and completed within	Appraisal mission leader

	the time limits.	
04	Systematically provide for the payment of PMU staff emoluments using financing instrument resources	Appraisal mission leader
05	Aim to recruit all PMU staff on a competitive basis including civil servants (who must obtain orders of placement/secondment) and remunerate them with attractive salaries. The appointment of PMU members without competition should be prohibited in order to build PMU capacities.	Appraisal mission leader
06	Provide simple and realistic performance contracts linking PMU staff and central government, whose management will be delegated to the project coordinator in the case of PMU members and the chair of the Steering Committee or to the SEGAL of the oversight ministry in the case of the Coordinator's own performance contract.	Appraisal mission leader
07	Provide for all PMU staff, works contracts partly based on time spent –without exceeding the estimated project implementation period – with a salary based on 70% to 75% of the total remuneration and partly as a performance-based (particularly in terms of deliverables) lumpsum (20 to 30%).	Appraisal mission leader
08	Make provision for, using the financing instruments, the training of PMU experts in procurement, financial management, monitoring and evaluation and the management of development projects in specialised institutions.	Appraisal mission leader
09	Try to avoid operations containing many small contracts which multiply the difficulties of future Bank projects in Mali should give preference to large contracts and reduce the number of contracts by project. The objective of encouraging national small enterprises should be stated in the BDs, inviting enterprises to include national contractors in their groups or in sub-contracting.	Appraisal mission leader; SNFI1
10	Make provision from financing instrument resources for the conduct of feasibility studies for future Bank operations.	Appraisal mission leader
11	Entrust the process for the recruitment of key staff during project preparation to the PMU of an existing project. The recruitment of experts to support the PMU will be made using Advance Procurement Action (AAA) during the project preparation phase. The TM will provide the TORs, REOI and carry out training in drafting the CV evaluation report from the project preparation phase.	Appraisal mission leader
12	The evaluation committee workshop fees will be covered by the project in order to motivate the participants.	Appraisal mission leader
13	Ensure that a waiver is granted for an authority to be identified to sign contracts awarded that are financed by donors.	Appraisal mission leader
14	The use of Advance Procurement Action (APA) must become the norm.	Appraisal mission leader and SNFI.1
15	Verify the existence of PDs (or any other document that could help to finalise a BD) or even the BD.	The CPO and Appraisal mission leader

Portfolio Management Action Plan

	Portfolio Management Actions	Responsibility
01	Participate in bilateral meetings with the PMUs and the Directorate-General of Public Debt which acts as the delegated oversight body for PMUs with the Malian Government	CPO
02	Review the system for recording and monitoring all PMU requests in order to be able to control the time taken by the Bank to respond to PMUs.	CPO
03	In order to cast an 'outside eye', conduct in 2021 an analytical study of the challenges relating to Mali's portfolio performance.	CPO
04	Systematically schedule project reviews at mid-term.	CPO
05	Ensure that the negotiation minutes are signed and that the draft financing agreement as well as the disbursement letter are initialled prior to Board presentation.	CPO
06	Organise, periodic meetings under the CPO's leadership with each project and, in particular, with the least efficient projects.	CPO
07	Prepare a brief monthly PMU report under the CPO's leadership on the implementation of the recommendations stemming from (i) supervision missions, (ii) account audit reports (iii) environmental audit reports and (iv) bimonthly DGDP meetings.	CPO
08	Organise (after the end of total lockdown) Operations Clinics which will provide an opportunity to listen to PMU experts talking about difficulties experienced and provide practical solutions and appropriate working methods. The panels for these clinics will comprise project officers, SNFI1, SNFI2, FIFC3 experts as well as the focal points of the project oversight ministries.	CPO
09	Review projects with no mid-term review and ensure that these review missions are scheduled and effectively carried out.	CPO
10	Continue to provide fiduciary training and assistance to PMUs, particularly in the areas of procurement, financial management and disbursements.	COML and SNFI1, SNFI2, FIFC3 experts
11	Build the capacities of ongoing projects by recruiting from procurement support experts procurement support experts. In the case of projects with few contracts, resource pooling	Project Officers

	could be envisaged with support from an international consultant from another project in the portfolio, if necessary, by an amendment without any financial impact.	
12	To the extent possible, negotiate compensation for project affected people (PAP) using the Bank's project portfolio instruments.	Project officers
13	Introduce in the BDs a requirement for a tax clearance certificate on order to avoid the tax audit procedure after the award of contract. The DDP and BD will mention the tax clearance certificate among the forms to be submitted. Failure to do so will be a cause of rejection.	Project officers
14	The project officer must expand the project supervision mission team with staff from the environment department.	Project officers

A.11.5. Bank's response to portfolio challenges.

In a general approach, the Bank intends to:

- Continue the virtual training of PMU experts in procurement, financial management and disbursements;
- Organise after the end of total lockdown Operations Clinics which will provide an opportunity to listen to PMU experts talking about difficulties experienced and provide practical solutions and appropriate working methods. (The panels for these clinics will comprise project officers, SNFI1, SNFI2, FIFC3 experts as well as the focal points of the project oversight ministries);
- Improve monitoring of the recording and processing system for all government requests for no-objection;
- Disseminate to PMUs from 2021, the draft outlines of reports at the different procurement stages with the assistance of an individual consultant;
- Build the capacities of ongoing projects by recruiting procurement support experts from project resources. In the case of projects with few contracts, resource pooling could be envisaged with support from an international consultant from another project in the portfolio– by means of a contract;
- To the extent possible, negotiate compensation for project affected people (PAP) using Bank instruments;
- In 2021, conduct an analytical study on portfolio performance challenges (dialogue underpinning the 2021 budget support operation will take into account the reforms recommended in the study's conclusions);
- From 2021, systematically carry out mid-term reviews (this will, in fact, provide an opportunity to highlight all the inconsistencies and shortcomings observed relating to the project's implementation. This would provide an opportunity to make any necessary adjustments in order to improve project performance).

ANNEX A.12. SELECTION CRITERIA THAT GUIDED THE STRATEGIC CHOICES OF THE CSP 2021-2025

- **Alignment with the Bank's institutional strategic framework:** The Bank's 2013-2022 Ten-Year Strategy is focused on inclusive and green growth, agriculture, food security and gender. The CSP's main focus areas are aligned with the Hi-5s: (i) **Focus Area 1:** Improve governance to build the resilience of central government and communities (Improve the quality of life for the people of Africa) ; (ii) **Focus Area 2 :** Develop value chains to reduce the vulnerability of the communities and the economy (Feed Africa, industrialise Africa) ; (iii) **Focus Area 3 :** Develop infrastructure (transport, energy, water and sanitation) to reduce the fragility of communities, improve the business environment and promote balanced regional development (Integrate Africa, Light up and Power Africa) ; (iv) **Areas of Special Interest:** Gender; Private Sector Development; Climate change (Improve the quality of life for the people of Africa).
- **Alignment with Mali's strategic priorities:** the Bank's CSP 2021-2025 for Mali is aligned with the strategic thrusts of Mali's 2019-2023 CREDD, in particular: (i) Strategic Thrust 1: consolidation of democracy and improvement of governance (**Focus Area 1:** Improve governance to build the resilience of central government and the communities) ; (ii) Strategic Thrust 2: restoration of peace security and emphasis on living together (**Priority Focus Areas:** Build the resilience capacities of central government, communities and the economy) ; (iii) Strategic thrust 3: inclusive growth and structural transformation of the economy (**Focus Area 2:** Develop value chains to reduce the vulnerability of communities and the economy) ; (iv) Strategic thrust 4: environmental protection and building resilience to climate change (**Special Interest Area:** Climate change); (v) Strategic Thrust 5: Development of human capital (**Focus Area 3 :** Develop infrastructure (transport, energy, water and sanitation) to reduce the fragility of communities, improve the business environment and promote balanced regional development)
- **Harmonisation with the Bank's scientific investigation tools, in particular, the 2019 Country Diagnostic Note and 2018 CRFA:** These tools highlighted the structural challenges facing Mali, and thus suggest that closer attention be paid to the fragility of central government, the communities and the economy, justifying the objective/theme of the new CSP 2021-2025 which is: *address the challenges of economic fragility in Mali.*
- **Harmonisation with the recommendations of CODE and the BDEV evaluation of AfDB strategies and Programmes in Mali between 2005 and 2019.**
- **Harmonisation with the recommendations of the Government and other TFPs during the CSP dialogue mission:** The Malian authorities and TFPs operating in Mali strongly recommended, during the CSP consultation mission, to focus the new strategy on issues of fragility and resilience, also justifying the theme of the new 2021-2025 CSP which will be to *address the challenges of economic of fragility in Mali.*
- Capitalisation on lessons learned from the implementation of the Bank's previous 2015-2019 CSP.
- Targeting of conflict areas where fragility is acute, SMEs/SMIs, large-scale projects and activities with rapid, visible results and vulnerable groups.

ANNEX A.13. CHECKLIST TO VERIFY THE COMMITMENTS IN TERMS OF INTERVENTION STRATEGY INDICATED IN THE CSP FOR FUTURE OPERATIONS FOR THE PERIOD OF THE CSP 2021-2025

	Check points	Responsibility
01	Organise training sessions or conduct studies aimed at providing entrepreneurs with a clearer understanding of barriers to entry, how to overcome them, benefits expected from government as an incentive for attracting more entrepreneurs.	Project Task Managers
02	Engage in activities which address issues related to fragility, gender, climate change, youth and women in order to establish integrated projects to cover cross-cutting areas.	Project Task Managers

ANNEX A.14. COUNTRY FIDUCIARY RISK ANALYSIS (CFRA)

October 2019

Summary of the Country Fiduciary Risk Assessment (CFRA) – Public Finance Management (PFM)

Introduction

The CFRA is used to determine whether the Bank can rely fully or partly on national public finance management systems in Mali for the implementation of Bank-financed operations, and indicate when and where the weaknesses are identified, and possibilities for capacity building in accordance with the the Bank's policies to implement the objectives of the Paris Declaration on Aid Effectiveness, the Accra Agenda for Action and the Busan partnership for effective development cooperation. This assessment covers the main public finance management (PFM) components of the Malian Government, i.e. budget planning and execution, cash flow management, accounting and reportings, internal auditing, procurement, external control and governance.

This assessment for the CSP for Mali over the 2021-2025 period was carried out using national systems assessment methodology introduced by the Bank in 2014 as well as an assessment of the bases of legal and regulatory texts in force in the country and existing diagnostics available in Mali's public finance management system such as (i) the most recent assessment of Mali's public finance management system (PEFA 2016, finalised in 2018) ; (ii) Mali's Public Finance Management Reform Plan (PREM 2017 – 2021); (iii) the Strategic Framework for Economic Recovery and Sustainable Development (CREDD), and; (iv) the 2015 Action Plan for improving the Business Environment. It is also based on the conclusions of meetings with the main stakeholders involved in PFM in Mali, including the Ministry of Finance and the Accounts Division of the Supreme Court, following the October 2019 mission, thereby contributing to (i) an adequate understanding of the fiduciary risks in using the country's public finance management system; (ii) identification of the measures that the Bank and/or country should consider to increase the use of the public finance management system, through measures to mitigate possible risks identified; and (iii) integration of a cohesive fiduciary strategy in the CSP based on previous assessments.

1. Executive summary

Progress continues to be made in public finance management in Mali, especially as a result of the implementation of certain WAEMU Directives and the strengthening of legal texts on external control bodies: Office of the Auditor-General (OAG) and the Accounts Division of the Supreme Court (SCCS). Some internal control weaknesses remain, especially concerning non-wage expenditure. Furthermore, the frequent discrepancies between the existing legal texts and their effective application are caused by slow adaptation to change management. **The continuation of ongoing reforms focused on the following four PREM pillars:** (i) modernisation of tax administrations and policies; (ii) implementation of the new budget programming, execution and monitoring framework, (iii) cutover to an internal and external control system aligned on good practices, and (iv) the establishment of a contractualised, transparent local financial governance system, **maintains the national public finance management system on the right course. The overall fiduciary risk remains substantial,** despite the progress made, indicated above.

These assessments show that **aspects relating to budget preparation, the richness and quality of information accompanying the draft budget, the instruments used and specific procedures established are considered satisfactory.** Progress has also been made relating to the circulation of, and/or access to existing information. However, regarding **budget execution monitoring, existing rules and practices are inadequate to** ensure optimal resource management and cover financial risks that could arise from the mismatch between readily available resources and committed expenditure. **The public finance management system could also be improved significantly through efforts to build the technical and operational capacities of internal and external control services and institutions.** Finally, the dissemination of budget information to civil society partners and the general public, or at least information on the availability of data and means of accessing it, has improved significantly and rapidly.

In terms of fiscal discipline, the **Malien government's budget remains credible and budget transparency has improved. Mali's cutover to 'programme budget' mode was completed early in**

the 2018 fiscal year, and the WAEMU community texts have been transposed into national law. All the Ministries now have their own websites which makes information easily accessible to a maximum number of people. The public can, therefore, access more information relating, in particular, to budgets voted, the monitoring of budget execution and the citizen's budget on the Ministry of Finance site.⁶

Since the programme budget and the Public Investment Programme (PIP) cover a three-year period, they provide a clearly defined framework for strategic resource allocation, thereby ensuring that only programmes/projects that have secured financing are budgeted. **The budget preparation process has been improved as a result of stricter compliance with the budget schedule,** and the deadlines set for administrations to submit their budget proposals are sufficient (over six weeks). With regard to the predictability of the availability of funds for expenditure committee, **the degree of predictability and monitoring of cash flows have improved as a result of a monthly cash flow plan** annexed to the Budget law as Schedule H. **The cash flow plan is reviewed monthly at ACCT and updated quarterly.** Fiscal regulation is carried out at the budget revenue and expenditure monitoring meeting chaired by the Minister of Finance. **Ministries have reliable information on the effective availability of resources allocated to them:** quarterly for operating expenses and annually for capital expenditure. With regard to debt and guarantee monitoring and management, **an external debt sustainability analysis is annexed to each Budget Law** in Schedule L. The mechanism for contracting loans and granting guarantees is clearly defined in Schedule T of the Budget Law.

Finally, there are regional disparities in access to public services provided by central government that could be linked to the degree of remoteness of some regions compared to others, which poses a threat to social cohesion. Furthermore, **with respect to the internal control and auditing systems, control bodies such as the National Directorate of Financial Control, the Inspectorate of Finance, the General Control of Public Services, etc... are operational but not always effective and control duplication persists.** External control is carried out by two bodies: **the Office of the Auditor General (BVG), which carries out mainly targeted audits and the Accounts Division (SC) of the Supreme Court (CS),** which focuses mainly on auditing central government administrative and management accounts. The SCCS audit reports and corresponding certificates of compliance on the implementation of the Budget Laws are forwarded to parliament, but with considerable slippage on the statutory time limits, especially because of the time required by the Ministry of Finance to answer requests submitted to it. However, once the responses have been received from the Ministry of Finance, SCCS presents its audit reports to parliament. **The SCCS legal framework complies with the "ISC Independence" standard defined by INTOSAI, but it has insufficient human and material resources to effectively perform its assignments.** Furthermore, SCCS does not have the status of Supreme Control Institution (ISC) in Mali, which has been assigned to the General Control of Public Services (CGSP). **SCCS reports on budget law implementation are not published until the Budget Review Bill has been voted on by parliament, which does not make recommendations on these reports.** The technical and financial partners, including IMF mentioned in their reports several cases of non-compliance with the normal public expenditure procedure (unauthorised expenditure, expenditure that is unjustified or justified by irregular documents, undue payments, fictitious expenses, irregular or partial justifications of the use of payments made to the authority, fictitious purchases or undue expenditure made by the authority, unsuitability of controls carried out prior to payment of payroll expenditure, etc). Despite these shortcomings, **it should be noted that the recording of accounting operations is reliable and exhaustive up to the payment stage and lead times for the production of of budget reports during the year are generally complied with.** Bank reconciliation of treasury accounts is carried out daily on the basis of accounts opened by the government at the central bank, as well as in commercial banks, and the administration prepares monthly consolidated reconciliation statements, but delays of several months are sometimes observed.

⁶ <https://www.finances.gouv.ml>

Summary risk assessment table – PFM

Risk assessment of Corruption Perceptions Index – CPI 2018		Score: 32/100; 120 th /180 ranked countries			
Element	Indicator	Capacity building average	Initial risk assessment	Mitigation measures	Residual risk assessment (after mitigation)
1. Budget	The capacity of the budget subsystem is sufficient for budget planning (preparation)	2	Moderate	Strategic area of change in PREM entitled: ‘implementation of new budget programming, execution and monitoring framework.’	Low
	The capacity of the budget subsystem is sufficient for budgetary control	1.41	Substantial	Strategic area of change in PREM entitled: ‘implementation of new budget programming, execution and monitoring framework.’	Moderate
2. Cash flow	The capacity of the cash flow subsystem is sufficient for the management of resource flows and disbursements of aid funds.	1.13	Substantial	Strategic area of change in PREM entitled: implementation of new budget programming, execution and monitoring framework.	Moderate
	The single treasury account is an appropriate and reliable means of administering aid funds.	1	Substantial	Adopt STA as only means of using central government resources.	Moderate
3. Accounting and financial reporting	The capacity of the accounting subsystem is sufficient to record all transactions and serve as a basis for timely and comprehensive financial reporting	1	Substantial	Explain the differences between national and international standards.	Moderate
	Financial management information systems are sufficiently flexible to meet specific reporting requirements and are governed by procedures to ensure compliance with prescribed deadlines and the quality of information produced	0.5	High	Enter data on all TFP-financed projects in SIGD.	Moderate
	The financial accounting subsystem has an integrated fixed assets module for the appropriate recording and control of assets acquired.	0.4	High	Strategic area of change in PREM entitled: implementation of new budget programming, execution and monitoring framework.	Moderate
	The accounting subsystem maintains up-to-date records on the country’s loans	1	Substantial	Take into account the domestic debt of public establishments and social security organisations in the medium-term public debt management strategy.	Moderate
	The accounting systems are protected against deliberate manipulation of data and/or accidental loss or corruption of data	0.8	Substantial	Strategic area of change in PREM entitled: implementation of new budget programming, execution and monitoring framework.	Moderate
4. Internal audit	The capacity of the internal audit subsystem is sufficient.	0.44	High	Strategic area of change in PREM entitled: shift towards an internal and external control system aligned on good practices.	Moderate

Element	Indicator	Capacity building average	Initial risk assessment	Mitigation measures	Residual risk assessment (after mitigation)
	Mechanisms for competitive bidding. optimal use of resources and control of procurement are appropriate.	1	Substantial	Strategic area of change in PREM entitled: implementation of new budget programming, execution and monitoring framework.	Moderate
	The capacity of the internal audit function is sufficient	1	Substantial	Strategic area of change in PREM entitled: shift towards an internal and external control system aligned on good practices.	Moderate
5 External audit	The SAI has the degree of "indépendance" required to enable it to effectively carry out its missions.	0	High	Strategic area of change in PREM entitled: shift towards an internal and external control system aligned on good practices.	Moderate
	The SAI has the required capacity to fulfill its audit mission	0.67	High	Strategic area of change in PREM entitled: shift towards an internal and external control system aligned on good practices.	Moderate
OVERALL RISK ASSESSMENT		0.88	Substantial		Moderate
Risk assessment					
Less than 0.75		High risk			
Between 0.76 and 1.50		Substantial risk			
Between 1.51 and 2.50		Moderate risk			
Between 2.51 and 3.00		Low risk			

2. Detailed fiduciary risk assessment – PFM

The fiduciary risk assessment of the public financial management system is based on the risk assessment of each component of this system as follows.

2.1. Budget

The budget documentation submitted to parliament is of high quality but did not cover some important areas to facilitate understanding of the budget, such as assessments of the budgetary implications of the new measures, budget risks and information on the amount of finance outstanding. However, since January 2018, Mali has switched over to the programme budget, which should address this shortcoming. **Transfers to decentralised local communities are based on objective criteria established by the National Investment Agency for Municipalities (ANICT).** Information on budget transfers to off-budget units (mainly EPAs which provide basic public services and retirement funds) are detailed in the budget documents and are thus communicated to recipients long before they have adopted their budgets. **The accounting results of budget transfers are included in the management accounts of the direct treasury accountants** (Paymaster-General of the Treasury and Regional Treasuries) who receive supporting documents for the payment of such expenditure. **However, not all EPAs submit their management accounts within the time limits.** Well-established, and generally of high quality, **strategic sectoral budget programming using medium-term expenditure frameworks (MTEF) is firmly established in Mali.** Three-year macroeconomic and macro-fiscal outlooks inform and provide a framework for budget preparation. They are accompanied by variants which are, however, established without using econometric simulation models which are used to analyse the influence of the macroeconomic environment on multi-year budget programming and assess the budgetary impacts of fiscal policy. **These multi-year strategic analyses are not systematically supported by MTEF and compared with the estimated multi-year budget.** In operational terms, they translate into three-year ministerial expenditure ceilings which are only binding for year N+1. The three-year investment programme is attached in annex to the draft Budget Laws and investment projects are subject to monitoring, which is not exhaustive. **Budget scrutiny by parliament is governed by a procedure allowing it to carry out an analysis of public policies and detailed items of expenditure and revenue.** The National Assembly is allowed over two months to review the draft Budget Law and the budget has always been voted on before the start of the following financial year. As a result of the foregoing, the fiduciary risk of this component was considered moderate.

2.2. Cash flow

Funds are centralised by a single central account for budget-funded bodies at BCEAO, but the roll-out of the Single Treasury Account (STA) is not yet effective and many bank accounts of the central administration are still held in commercial banks. **The centralisation of information on revenue collection has benefited from the integrated network of public collectors and accountants and efficient accounting software.** Accounting reconciliations of collections by the designated public accountant are carried out at least quarterly but do not cover all revenue. Cash flows of the central budget administration are centralised daily in accounts at BCEA and current expenditure is paid from a single central account. **However, not all accounts are fungible, in particular, the account into which project external funding is paid, which has significant balances, making it difficult to consolidate outstanding balances.** An annual cash flow plan is prepared and revised quarterly but cash projections are still vague because of tools that are not fully effective (in particular, the interfacing of existing information systems). Cash flow is effectively monitored and internal control of wage expenditure is properly provided. **On the other hand, there are weaknesses in revenue collection despite its strategic importance and scope for further improvement, and a significant stock of recently inherited arrears.** The rights and obligations of taxpayers are clear and can be easily accessed and arrears are well managed. **However, the use of anti-fraud measures and irregularities are not yet sufficiently structured and systematic, primarily as a result of weak risk assessment.** The fiduciary risk on this 'cash' component was considered substantial.

2.3. Accounting and Reporting

The accounting system depends on a dense, structured network of public accountants and efficient software applications and reports prepared during the year ensure effective budget monitoring. The account reconciliations carried out by designated public accountants are daily and systematic. They are carried out annually by general centralising accountants, in particular, the ACCT. The

suspense and imprest accounts have high balances because of previous unsettled operations, while new operations are settled regularly. Budget execution is monitored quarterly at all expenditure and revenue stages and at a detailed level of disaggregation, but the reports, while complete and detailed, are produced late and do not comply with international standards. **The Budget Review Laws contain little information on assets, use obsolete standards and are produced with considerable delay. The State's reach excludes public establishments which do not receive government subsidies pursuant to Law no. 02-050 of 22 July 2002, but over 80% of national public establishments in Mali do not receive State subsidies.** Expenditure not included in the central government's financial statements mainly concerns expenditure made by public establishments and social security organisations from their own resources. Public establishments of an administrative nature (EPA) are governed by Law no. 90-110/AN-RM of 18 October 1990 on the basic principles of their establishment, organisation and operation, which stipulates that EPAs must be managed in accordance with public accounting principles as well as by Law no. 96-015 on the general status of public establishments of a scientific, technological or cultural nature. **Expenditure from EPA own resources is centralised month-to-month by the DNTCP Division responsible for monitoring all bodies with, or without legal personality, but is not incorporated in the budget reports.** However, personnel, electricity and telephone expenditure, as well as research and subsidies paid directly by Treasury accountants and capital expenditure are entered in the general government budget and incorporated in budget reports. The fiduciary risk rating for the 'accounting and reporting' component is substantial.

2.4. Internal auditing

Internal auditing has been introduced in most central institutions, but does not yet meet international professional standards. Indeed, it chiefly concerns auditing oriented towards controlling regularity and financial controls rather than a systemic approach and compliance with rules and regulations. **The implementation of internal controls within the sector ministries falls outside the Inspectorate of Finance's scope of inspection.** Internal control is based on the sound general principles of the separation of the duties and responsibilities of authorising officer and accountant as well as on the latter's personal and financial liability subject to judicial review by SCCS. **It is strengthened by efficient IT systems (PRED5 and AICE) and interfaces.** The function of authorising officer is not exercised by sector ministries but by DFM (Directorate of Finance and Equipment) under the authority of the Minister of Finance. The DNCF is weakened by its heavy workload, involving systematic control of services provided and handover arrangements. **Coverage of ex post control is very weak (less than 10% of the budget), the internal audit function is nascent, and no overall master plan has been developed.** It is just starting to develop in ministerial and interministerial inspectorates, with the gradual dissemination of risk-based auditing methods, but the activities of these inspectorates, which cover a limited portion of the central administration remain focused on the detection of disciplinary irregularities. **Risk assessment is poorly integrated in the control environment (especially at DGI) and in the control body, which is chiefly focused on ex ante and ex-post, act-by-act (or transactional) control. Risk mapping is not usually carried out. Internal asset control is rarely carried out and no annual balance sheet is prepared. The interministerial inspectorates (CGSP and IGF) are active but only cover a limited part of central administration internal control, remaining focused on controlling disciplinary irregularities mainly of a budgetary and accounting nature.** CGSP audit and internal control reports are submitted to the Office of the Prime Minister and the Presidency, while the IF reports are forwarded to the Minister of Finance. These reports are not, therefore, presented to the audited bodies, in accordance with the PEFA. The rating for the 'internal control' fiduciary risk component is substantial.

2.5. External Control

Mali does not yet have a Court of Auditors but an Accounts Division at the Supreme Court (SC-CS). The legal and institutional framework of the Supreme Audit Institution is not yet compliant with the texts of the initial WAEMU Treaty of 10 January 1994, of the amended WAEMU Treaty of 29 January 2003 and Directive No.01/2009/CM/UEMOA on the transparency code applicable to public finance management. The rules governing the Supreme Court and the procedure followed before the Court are established by Law No. 2016-046 of 23 September 2016. The SC-CS acts as Supreme Audit Institution pursuant to Constitutional Law No. 61-56/AN-RM of 15 May 1961, the Constitution of 25 February 1992, Law 96-071 of 16 December 1996, Law 93-113 of 20 November 1990 and Law 10-023 of 17 June 2010. However, in reality, it does not enjoy the status of Supreme Audit Institution (SAI) in Mali. This status was conferred upon the General Control of Public Services Services (CGSP). SC-CS's

traditional role mainly consists in controlling the accounts of public accountants, and issuing the final discharge as well as issuing the general declaration of conformity to the financial administration to allow the National Assembly to consider the draft Budget Review Laws. The SCCS has also been entrusted with specific new duties by stand-alone texts. Pursuant to Law No. 95-034 of 12 April 1995 repealed by Law 2012-007 of 7 February 2012 on Local Authorities in the Republic of Mali, SCC also audits the execution of the municipal budgets of the territorial communities at the request of the Board of the deliberative body and, in the event of its rejection, the Mayor's administrative account. Similarly, pursuant to Law No. 0005-045 047 of 7 July-18 August 2005, on the Charter of Political Parties, the SCCS audits the accounts of political parties. External auditing is carried out by SC-CS and parliamentary control by the National Assembly. It should, however, be noted that this system does not allow an improvement of the entire PFM system. Indeed, as mentioned above, the Audit Division has not been established as a Court of Auditors, which gives it less power and autonomy. **It produces, with delays, very brief and overall reports on draft Budget Review Laws - DBRL submitted to it by the Government, whose recommendations are rarely followed.** Its judicial and control activities are limited. The National Assembly receives the draft Budget Review Law at the same time as the SC-CS SCCS but does not review it until the budget law implementation report has been submitted to it by the Audit Division. **The National assembly is not legally bound to review audit reports other than the Annual Budget Law Execution Report. The review of audit reports by parliament usually requires over 12 months.** In light of the foregoing, the fiduciary risk rating for this 'external control' component is high.

3. Governance and corruption

Mali's public financial management system has improved following the latest diagnostic studies. However, there are still many challenges. Indeed, the country shows modest performances in terms of governance and the fight against corruption. In 2018, the country was ranked 120th out of 180, according to the NGO TRANSPARENCY INTERNATIONAL'S Corruption Perceptions Index (CPI), with a total score of 32 points out of 100. The fight against corruption has not produced the expected results in recent years, despite an existing institutional and legal system. According to the 2018 edition of the Ibrahim Index of African Governance, Mali is above the average for the whole of Africa (49.9), with a score of 50.1 and ranking of 28th out of 54 countries assessed.

The legal and regulatory framework of Mali's national procurement system is governed by Decree No. 2015-0604/P-RM of 25 September 2015 on the Code of Public Procurement and Public Service Concessions (and its subsequent instruments). The Bank carried out several assessments of Mali's public procurement procedures (2010, 2013 and 2016) concerning the assessment of the Public Procurement Code (PPC), national standard bidding documents (NSBD) and the fiduciary risks associated with internal control mechanisms. This evaluation showed that these procedures can be used in some sectors for AfDB-financed contracts in Mali, and that NSBDs, broadly similar to those of the Bank, can also be used, since the said standard documents result from the transposition of WAEMU regional standard procurement documents into Malian law. The legal and regulatory framework of Mali's national procurement system is governed by Decree No. 2015-0604/P-RM of 25 September 2015 on the Code of Public Contracts and Public Service Concessions (and its subsequent instruments). The Bank carried out several assessments of Mali's public procurement procedures (2010, 2013 and 2016) that concerned the assessment of the Public Procurement Code (PPC), national standard bidding documents (NSBD) and the fiduciary risks associated with internal control mechanisms. This evaluation showed that these procedures can be used in some sectors for AfDB-financed contracts in Mali, and that NSBDs, broadly similar to those of the Bank, can also be used, since the said standard documents stem from the transposition of WAEMU regional standard procurement documents into Malian law.

This situation creates an inherent level of risk considered "substantial" in the context of the use of national systems. However, there is a public finance management reform plan (PREM), sponsored by the Government and all the technical and financial partners. If the PREM, being implemented and focused on the following four main strategic areas of change: (i) modernisation of tax administrations and policies; (ii) implementation of the new budget programming, implementation and monitoring framework; (iii) shift towards an internal and external control system aligned on internal standards and good practices; and (iv) the establishment of a contractualised and transparent local financial governance system, is implemented in accordance with the estimated schedule, it could mitigate the long-term fiduciary risk.

3.1. Public Finance Management Developments

With regard to public finance management, implementation of the Government Action Plan to Improve and Modernise Public Finance Management (PAGAM/GFP) has contributed to the acceleration of the decentralisation process, the strengthening of internal and external control of public finances and migration towards a medium –term budgeting and expenditure framework through the establishment of a programme budget, the pilot phase of which has been effective since January 2018. The country has also opted to improve resource mobilisation by bolstering its fiscal environment relating to tax collection, state-owned land and land tenure management, and management of the extractive sector.

The Plan to Reform Public Finance Management in Mali (PREM) validated for the 2017-2021 period provides continuity to the reforms embarked upon, with a view to: (i) improving revenue mobilisation by optimising the tax base and improving fiscal controls; (ii) improving expenditure by completing the establishment of the programme-budget accompanied by ongoing administrative reforms; (iii) strengthening internal and external and citizen's control for which one of the major reforms is the establishment, by constitutional amendment, of a Court of Auditors; and (iv) the governance, deconcentration and decentralisation component, entailing the effective transfer of resources. In 2019, it was noted that 21% of the national budget was transferred to local communities, 21 transfer decrees were adopted and 11 performance contracts signed between the government and the regions. A PEFA self-assessment is being conducted to identify progress, challenges and desirable prospects.

Regarding the specific issue of tax revenue mobilisation, deficits of 32% for taxes and 33% for customs duties were recorded in 2018. These were caused by the downturn in turnover of taxpayers, especially the large mining and telephone companies. This significant loss, coupled with exemptions, estimated at about CFAF 280 billion, represented considerable loss of revenue for central government. An audit was commissioned by the Government to provide greater clarity on the causes of these deficits, and an action plan has been envisaged to address the situation. The following ongoing areas of intervention will also help to address the situation:

- i) *Broadening of the tax base* by introducing taxation in a number of sectors (agriculture, informal and new economies (digital trading) and implementation of the land reform.
- ii) *The introduction of paperless procedures for the collection* of taxes and duties through remote procedures (on-line and mobile payments) and
- iii) *Strengthening of fiscal controls* by establishing new collection units, facilitating access to third-party data and stepping up audits in specific sectors (mining and telecommunications).

Effective enforcement of the law on the exemptions system and its implementing decree as well as implementation of new legal frameworks for customs, mining and taxes (the new tax code is being finalised) will also help to address the situation.

Regarding the internal and external control of public finances, a public finance control reform is being implemented following the risk maps prepared for 28 ministerial departments (mapping for the last four ministries is being finalised). In light of the financial implications of establishing internal audit services in the different ministerial departments, the ongoing reform has opted to conduct audits by sector. The auditing of public finances will contribute to the pooling of internal control skills and harmonisation of procedures and processes. Financial control instruments are also being reviewed to introduce selective control and specify the Supreme Court's role in combating financial and fiscal offences.

With regard to external control, there are several control bodies, including the General Control of Public Services, the Office of the Auditor-General (BVG), the National Civil Society Council (for citizen control) and the Audit Division of the Supreme Court (SCCS) which is the only judicial body among them. The ongoing reforms will clarify the status of audit judges (draft law submitted) and establish, by constitutional amendment, a Court of Auditors which will be officially designated supreme audit institution. These different bodies require capacity building on aspects relating to public finance auditing aspects (SCCS), control of public policy performance (BVG) and parliamentary control of government actions at the level of the National Assembly.

Regarding the issue of combating corruption and illicit financial flows, Mali has, since October 2018, carried out a national assessment of the risks of money laundering and the financing of terrorism, being finalised with assistance from the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA). One of the main difficulties facing the country is the key role played by the informal economy and the low banking penetration rate which encourages the circulation of cash.

Investments of CFA 40 billion in the real estate sector have been identified in Dakar from illicit resources exported from Mali. The extractive sector, in particular, the large mining companies carrying out international transfers, is prone to corrupt practices and illicit financial flows. Mali has adopted the Uniform Law and Community Directive on money laundering and the financing of terrorism. A law on transfer pricing was enacted in 2017. Several actors have condemned delays in meting out sanctions. The 27 May 2014 *Law on the Prevention and Repression of Illicit Enrichment* represents a commitment by Mali to combat corruption. This law stipulates the modalities for the declaration of assets by a number of public officials and investigation of their assets. The Government has established a *Central Office for Combating Illicit Enrichment (OCLEI)* mandated to prevent and combat corruption. The members of the office were installed in 2017.

4. Conclusion of the fiduciary risk assessment – PFM

Following recent assessments of its public finance management system, Mali has had encouraging results. However, the overall fiduciary risk remains substantial. The Bank, in its strategy, should continue to provide institutional support, targeted primarily on external and internal control and coupled with other types of intervention by the Institution. Such institutional support should allow for a substantial strengthening of the different components of the public finance management system, thereby allowing the Bank, before the expiry of the period covered by the strategy under preparation, after evaluation, to test the public expenditure chain as a whole through a pilot investment project.

5. Risk mitigation measures and the Bank's fiduciary strategy – PFM

5.1. Risk mitigation measures

In light of the above assessment, certain mitigation measures should be envisaged. These are:

- 1- Pursue implementation of all the PREM strategic areas of change, in particular: (i) modernisation of tax administrations and policies; (ii) implementation of the new budget programming, implementation and monitoring framework; (iii) shift towards an internal and external control system aligned on internal standards and good practices; and (iv) the establishment of a contractualised and transparent local financial governance system;
- 2- Adopt the STA as the sole means of using central government funds;
- 3- Explain the discrepancies between the applied national public accounting standards and international standards; and
- 4- Enter data on all TFP-financed projects in SIGD.

5.2. The Bank's Fiduciary Strategy

From the foregoing, it is envisaged to implement the following fiduciary strategy in Mali:

Level of use of the national public finance management system: In accordance with the provisions of the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action, the decision by the Bank to use the components of the National Public Finance Management System was examined on the basis of the assessment of the said system (see Fiduciary risks and mitigation measures), guidelines, practices, risk appetite and tolerances by the Bank and other factors such as perception of the level of governance and corruption. The review revealed a substantial fiduciary risk.

While taking into account the country's security situation and recognising its shortcomings, and that an approach based exclusively on Bank procedures and parallel systems would not guarantee aid effectiveness and strengthening of the national system, **the Bank will favour an approach adapted to the type of operation envisaged, focused on support for public financial reforms.** This may be revised during the period, if necessary.

Use of the national system for Mali during the period covered by the ongoing CSP will take into account:

- ✓ **The involvement of the Audit Division of the Supreme Court of Mali (SCCS) or the Court of Auditors** (when the SCCS will be elevated to a Court of Auditors), **in auditing Bank-financed projects**, either through its own services or through private auditing firms that it will recruit, in accordance with the terms of reference agreed upon with the Bank, which will ensure the use of the national system for the external audit component of the financial management system;
- ✓ **Involvement of the internal control bodies, in this case, the General Control of Public Services (CGSP), and the Inspectorate of Finance (IdF), in the implementation of Bank-financed projects, by assuming the role of internal auditor.** Their involvement will ensure the use of the national system for the external audit component of the financial management system;

- ✓ **Involvement of the National Directorate of Treasury and Public Accounting (DNTCP), in project disbursements with a pilot investment project** before the expiry of this CSP, thereby ensuring the use of a key link in the public expenditure chain;
- ✓ **Involvement of the Directorate-General of Public Debt (DGDP), the Tax and Financial Services Computerization Support Unit (CAISFF), for the development and/or procurement of an integrated accounting and financial management application**, to be used for all Bank-financed projects and programmes in Mali. This application will, in time, be maintained internally.
- ✓ Concerning the new instruments or **programme-based/budget supports, each operation will be assessed in order to define the implementing procedures**, taking into account the sector's specificities.

6. Country procurement assessment

Performance of procurement system (CFRA)

Fiduciary risk relating to procurement	Moderate
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6.1. *Methodology used to assess the level of procurement risk*

The methodology used to assess the fiduciary risk is the one recommended by the Bank for the methodology for assessing national procurement systems. It stems from the methodology (MAPS) designed by OECD-DAC which was modified and adapted by the Bank to its operational context. The Bank's methodology (Customized MAPS) is based on the qualitative assessment of 20 selected sub-indicators (out of the 55 under the original tool) considered as critical (essential) from the Bank's standpoint. These 20 sub-indicators are broken down into four (4) Pillars of the MAPS methodology. The assessment was carried out on the basis of information and data collected during interviews with the main national system actors. The main findings and conclusions of this assessment **are based on data available in October 2019** and are presented below, around the four MAPS (4) pillars. These elements have contributed to the determination by pillar of the level of fiduciary risk for procurements and assessment of the country's overall risk.

7. Detailed analysis of risk factors relating to the malian public procurement system

7.1. *Pillar I : Legal and Regulatory Framework*

Public procurement in Mali is governed by Law No. 08-022 of 23 July 2008, establishing the Directorate-General of Public Procurement and Public Service Concessions (DGMP-DSP) including Amendment Law No. 2011-029 of 24 June 2011, Law No. 08-023 of 23 July 2008, relating to the regulatory authority for public procurement and public service concessions (ARMDS) including Amendment Law No. 2011-030 of 24 June 2011 and Decree No.2015-0604/P-RM of 25 September 2015 on the Code of Public Procurement and Public Service Concessions (PPC) and its Amendment Decree No. 2016-0920/P-RM of 6 December 2016, as well as various implementing decrees⁷. The PPC covers categories of works, supplies, intellectual services and regular services for all procurements made by the central government, local authorities, public establishments, agencies and organisations benefiting from State subsidies or guarantees, state-owned companies, companies with publicly-owned majority shareholdings and associations created by one or more of these legal bodies governed by public law; legal bodies governed by private law acting on behalf of the State, a local authority, a legal body governed by public law, a State-owned company, a company with publicly-owned majority shareholding or an association created by one or more of these legal bodies governed by public law (Articles 4 and 9 of PPC). The PPC does not apply to contracts concerning defence and national security contracts demanding secrecy and for which the safeguarding of essential State interests is incompatible with

⁷ These are decrees relating to the following aspects: organisation and operating conditions of DGMP-DSP (08-481 and its Amendment Decree 2011-442/P-RM); organisation and operating conditions of ARMDS (08-482/P-RM and its amendment decree 2011-443/P-RM); regime for works supplies and services contracts excluded from the scope of Decree No. 08-485/P-RM of 11 August 2008, amended, on procedures for the award, execution and settlement of public contracts and public service concessions (2014-0764/P-RM); organisation and operating conditions of public procurement units (2016-0155/PM-RM); Code of Ethics and Deontology in Public Procurement and Public Service Concessions (2016-0888/P-RM); the rate of the regulation fee for public procurement and public service concessions, the proceeds of the sale of bidding documents paid to the regulatory authority for public procurement and public service concessions and registration fees for non-judicial remedies (09-687/P-RM); adoption of measures to orient public procurement towards small and medium-sized enterprises and national production (2018/0473/PM-RM); and regulation of delegated public contracting (2019-0300-P-RM of 17 April 2019)

advertising measures (*Article 8 of PPC*). Such procurements are regulated by Decree No. 2014-0764/P-RM of 9 October 2014. In the latter's case, the procedure is national or international limited competitive bidding or direct contracting without advertising following the prior authorisation of the Prime Minister (*Article 4 of Decree No. 2014-0764*). For the PPC, advertising is a major element of transparency provided for in its general principles. Indeed, every year, public procurement plans are published following their approval by DGMP-DSP in order to make known the contracts for works, supplies and services expected to be awarded (*Article 33 of PPC*) and the contracting authorities are obliged to publish within a time limit, set by Order of the minister responsible for finance, a general procurement notice for information (*Article 62 of PPC*). The code stipulates that any procurement opportunity (with the exception of requests for quotations) must be published, under penalty of disqualification. Such publication must be made in the public procurement gazette available free of charge and a national or international newspaper (*Article 63 of PPC*).

The PPC makes open competitive bidding the rule (*Article 48 of PPC*). The exceptional procurement methods, namely: two-stage bid process, limited competitive bidding, contracts awarded *appel d'offres restreint*, contracts awarded in response to an unsolicited bid and direct agreements are subject to the prior approval of DGMP-DSP (*Articles 52, 54, 57 and 58 of PPC*). The conditions under which direct agreements may be authorised are clearly defined and acceptable. The PPC also defines the concept of urgency (*Article 2 of PPC*). In Mali, the splitting of orders is strictly prohibited by PPC under penalty of sanctions set out in the PPC (*Article 126*). Participation in bidding by all candidates is based on their technical and financial capacities as well as their experience (*Article 24 of PPC*) and that of organisations under public law is satisfactorily governed (see Article 3 of PPC and Order No. 2015/3721 determining the implementing conditions of the PPC). All entrepreneurs, suppliers or service providers may apply for a contract and will receive equal treatment (*Article 3 of PPC*) whose principles are included in high quality standard bidding documents (relating to works, supplies, equipment, services, intellectual services and pre-qualification) drawing on community documents and adopted in April 2017. On the other hand, the existing General Conditions of Contract (GCC) have not yet been adopted by decree as required pursuant to the provisions of Article 44 of the PPC. The PPC stipulates that the security and confidentiality of bids must be maintained prior to bid opening and until after the award of contract (*Articles 60 and 73 of PPC and 11.1 of Order No.2015-3721/MEF-SG of 22 October 2015*). The bid opening mechanism is not fully acceptable. Indeed, the PPC states that bids shall be opened on the closing date and time set in the bidding documents without specifying that it must be done on the same day as the closing date for bid submission. Moreover, bid opening is followed by bid evaluation which identifies those that are not admissible, thereby conferring *de facto* on the bid opening committee, the responsibility for part of the bid evaluation (*Article 71 of PPC*). Moreover, according to the PPC it is not mandatory to make public the opening of consultants' technical proposals and/or requests for proposals. The PPC requires the contracting authority to keep confidential information submitted by bidders (technical or trade secrets, confidential aspects of bids, etc.) [*Article 60 of PPC*]. Finally, bidders and potential bidders who consider themselves to be victims of prejudice in a procurement process are entitled to lodge an informal appeal with the contracting authority (CA), then, if necessary, an appeal with suspensory effect against the actions and decisions of the contracting authority (*Articles 120 (new) and Article 121 of amending decree No.2016-0920/P-RM and Article 123 of PPC*). In this regard, the PPC specifies the list of issues that could be the subject of litigation (*Article 16 of Decision No.10-002/ARMDS-CR of 3 March 2010 governing the operating conditions of the Dispute Resolution Committee*). This list is satisfactory and complies with international practices and standards. It also provides an acceptable base to allow bidders to submit complaints and expect a response from ARMDS within 7 working days of the referral of the matter to it (*Article 121 of PPC*). The PPC makes provision for the publication on the public procurement and ARMDS portals as well as in the ARMDS journal of the decisions taken by ARMDS following the complaints process within 5 days of their signature.

In light of the foregoing, the legal and regulatory framework has some shortcomings with the following risks:

Risks identified under Pillar I: (i) risk that bid opening is not completed on the closing date for bid submissions; (ii) bid opening is followed by bid evaluation which identifies those that are not admissible, thereby conferring *de facto* on the bid opening committee, the responsibility for part of the bid evaluation; and (iii) the non-public opening of consultants' technical proposals.

The overall risk rating for Pillar I: In light of the discrepancies identified above, the risk rating for Pillar I is '**moderate**'.

Mitigation measures: (i) amend the PPC provisions to specify that bid opening must be carried out on the closing date for bid submissions (ii) modify the PPC in order to (a) suspend bid examination and the ruling on their admissibility planned during the bid opening process; and (ii) make public the opening of consultants' proposals.

7.2. *Pillar II : Institutional Framework and Management Capacities*

The institutional framework for public procurement is operational with an appropriate distribution of the different control and regulatory functions. The PPC makes provision for the establishment of a public procurement regulatory body called the Regulatory Authority for Public Procurement and Public Service Concessions (ARMDS). ARMDS is placed under the oversight of the Prime Minister and has a legal personality as well as administrative and financial autonomy. ARMDS comprises three bodies, the Regulatory Council, the Dispute Settlement Committee and the Executive Secretariat. ARMDS has various missions⁸ as provided in its mandate. A review of these missions confirms that none of them directly implicates ARMDS in procurement management and operations, which, in principle, protects the regulator against any conflict of interest.

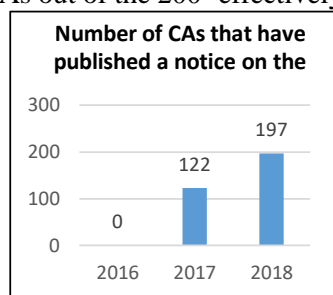
Risk identified under Pillar II: None

The overall risk rating for Pillar II: In light of the foregoing, the risk rating for Pillar II is “Low”.

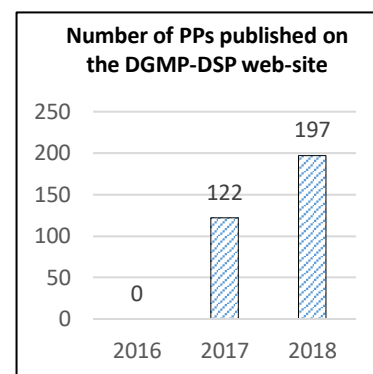
Mitigation Measures: None.

7.3. *Pillar III : Procurement Activities and Market Practices*

There are 200 contracting authorities in Mali subject to public procurement and delegation of public service concession regulations as identified by the Directorate-General of Public Procurement and Public Service Concessions (DGMP-DSP). In practice, there is strict compliance with the requirements to publish procurement plans (PP) and procurement notices (GPNs). This level of compliance is improving and, in 2018, 197 CAs out of the 200⁹ effectively published their PP and PN on the public



procurement web-site as required pursuant to Articles 33 and 63 of the PPC. However it has been observed that CAs now tend to make greater use of the public services daily newspaper (l'ESSOR) as a medium for publishing GPNs than the public procurement gazette and website. This preference for using the ESSOR newspaper to advertise GPNs while complying with the regulations does, however, have some disadvantages insofar as notices published in this daily newspaper may not be seen by some potential bidders based abroad. In practice the standard bidding documents approved in 2017 are used by the actors.



The procurement methods used are those set out in the PP and contracts are usually awarded following open competition. Indeed, according to DGMP-DSP statistics compiled on the basis of contracts received by it, **competitive procedures** (open competitive bidding, requests for expressions of interest, limited competitive bidding etc...) in 2018, represented **93% in terms of value and 97% of the total number**, which represents a slight drop compared to the respective 2017 percentages of 96% and 98%. These figures must, however, be put in perspective for DGMP-DSP statistics do not include contracts awarded

⁸ (i) monitoring and evaluation of the system and proposals to improve the system; (ii) training, sensitisation, technical support and information for economic operators and public procurement institutions; (iii) drafting of implementing texts for public procurement regulations, standard competition files and procedural guides; (iv) the safeguarding and preservation of public procurement archives; (v) the collection of statistics on the award, execution and control of public procurement contracts; (vi) the promotion of a transparent environment offering efficient remedies that will foster competition; (vii) the promotion and establishment of ethical and deontological mechanisms in order to prohibit corruption; (viii) periodic assessments of public procurement human, logistical and financial capacities; (ix) establishment and regular publication of the list of physical and moral persons and public entities under sanction; (x) annual conduct of ex post control by performing independent technical audits of public procurement; (xi) the investigation of irregularities and breaches of public procurement regulations; (xii) effective application of public procurement regulations by all actors; (xiii) the pronouncement of financial penalties and/or exclusions provided for pursuant to the provisions of the public procurement code; (xiv) debarment of physical and moral persons or public entities that have breached public procurement regulations or used fraudulent practices; (xv) the receipt and taking of decisions regarding the appeals of bidders, candidates or holders of public contracts; (xvi) investigation of breaches of public procurement regulations; (xvii) acting as the liaison body of the WAEMU Regional Public Procurement Observatory in the context of multilateral public procurement supervision; (xviii) participation with regional and international meetings on public procurement; (xix) forwarding to the President of the Republic of an annual report on the effectiveness, reliability, execution and control of public procurement accompanied by suggestions and proposals for improvement.

⁹ August 2019 statistics provided by DGMP-DSP – no data for 2016

following requests for quotations which should also be considered as competitive processes. As an indication, for the 2015 fiscal year, contracts awarded following requests for quotations represented 40% of the total value of contracts awarded.¹⁰

Proportion of direct contracting to competitive bidding as procurement methods					
Year	Procurement Method	Amount (CFAF)	Rate	Number	Rate
2016	Open competitive bidding	626 698 597 816	90.03%	1492	91.7%
	Limited competitive bidding	32 524 471 198	4.67%	50	3.07%
	Direct contracting	36 872 196 656	5.3%	85	5.22%
2017	Open competitive bidding	681 367 112 676	91.91%	4566	93.51%
	Limited competitive bidding	28 648 954 869	3.86%	224	4.59%
	Direct contracting	31 354 735 850	4.23%	93	1.9%
2018	Open competitive bidding	405 112 134 433	75.69%	4384	95.26%
	Limited competitive bidding	91 507 762 108	17.1%	90	1.96%
	Direct contracting	38 625 218 324	7.22%	128	2.78%
Source DGMP-DSP					

Bid submission, receipt and opening procedures are the same as those described in the standard bidding documents and bidders are authorised to be present at the public opening of bids. Although the PPC does not specify that the public opening of bids will take place on the closing date for bid submission and that requests for proposals for intellectual services do not provide for the public opening of technical proposals (see Pillar 1), in practice, bid opening is

carried out on the closing date for submission and proposals are opened publicly and are the subject of an opening report. Bids for goods and services are generally evaluated on the basis of criteria and methods defined in the BDs and awards are usually made to qualified bidders who have submitted the lowest evaluated compliant bids. Similarly, the technical proposals are evaluated in accordance with the terms of reference, on the basis of weighted evaluation criteria and sub-criteria, as indicated in the bid data sheet. Following approval of the award of contract proposal, the contracting authority publishes the recommendations for award of contracts and notifies every unsuccessful bidder in writing of the reasons for rejection of its bid, the value of the contract awarded and the name of the successful bidder as well as the recommendation for award of contracts following a written request. The contracts awarded are published on the DGMP-DSP and ARMDs websites but the list is not exhaustive insofar as a number of contracts, in particular, those awarded following requests for quotations, are outside the control of DGMP-DSP. Furthermore, the CAs do not publish the general procurement notices and make final awards of all the contracts that reach the contracting thresholds. Similarly, unsuccessful bidders following bid evaluation are not always informed of the bidding results¹¹. The model contracts used are those contained in the standard bidding documents. They do not contain any performance related clauses taking into account durability considerations. It was not possible to assess the length of procurement cycles in order to judge the systems efficiency. However, the public procurement audit for the 2015 fiscal year indicates that 48% of contracts were awarded outside the bid validity period.

In light of the foregoing, procurement activities and practices entail the following risks which require appropriate measures.

Risks identified under Pillar III: (i) Preference for the use of a national newspaper for the publication of invitations to bid and general procurement notices rather than the public procurement website incurring the risk of limiting the audience to only national bidders; (ii) lack of data on contracts awarded following requests for quotations; (iii) failure to publish final award of contract notices on the public procurement website; (iv) failure to provide information to unsuccessful bidders following bid evaluation; and (v) omission in contracts of performance related clauses taking into account sustainability considerations.

Overall risk rating for Pillar III: In light of the above-mentioned discrepancies, the risk rating for Pillar III is ‘Substantial’.

Mitigation measures: (i) establish a mechanism which makes the failure to provide evidence of the publication of GPNs, ITB and final award of contract notices on the public procurement web-site an obstacle; (ii) establish a mechanism at DGMP-DSP allowing it to generate statistics on contracts awarded following requests for quotations; (iii) in national law, make provision for sustainability considerations in public procurement contracts.

¹⁰ PEFA 2016 report

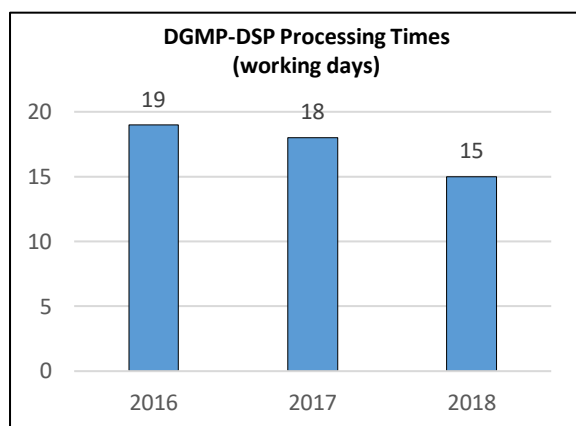
¹¹ PEFA 2016 report and 2015 public procurement audit

7.4. *Pillar IV: Integrity and transparency of public procurement system*

The PPC and its implementing texts contain the following public procurement control measures:

Prior internal public procurement control.

Internal control of the procurement process is carried out above a threshold defined in the PPC by DGMP-DSP and below that threshold by the Public Procurement Units (PPU) attached to DGMP-DSP and placed under the contracting authorities or groups of contracting authorities (*Articles 113 of PPC and 2 of Decree No. 2016-0155/PM-RM*). The head of the PPU is a public procurement control officer appointed by the Minister responsible for Finance (*Article 5 of Decree No. 2016-0155/PM-RM*). However the DGMP-DSP prior review is not carried out on contracts financed by external resources, when the donor's review is required under the financing agreement. Similarly, the regulations do not provide for DGMP-DSP control of contracts outside PPC's scope and bearing the seal



of 'defense secrets' or 'essential interests of the State'. Existing prior control is regulated by maximum processing times (*Articles 7 of Decree No. 2016-0155/PM-RM and 16 to 19 of Order No. 2015-3721/MEF-SG*). Although the average processing times exceed the regulatory time lines (10 jours), there has been a downward trend over the past three years. DGMP has been deconcentrated by the establishment of eight (8) General Directorates covering the country's nine (9) regions and seventeen (17) PPUs in the attached sector ministries and public establishments. It is, however, noted that, due to staff shortages, the composition of these PPU is not yet compliant with the regulations.

Internal public procurement post control

Post control is carried out by existing internal control bodies in CAs under conditions set by each CA (*Article 113 of PPC*). Such control, which should be carried out on procurement processes for amounts below the DGMP-DSP review threshold, is not usual practice among CAs and no statistics are available. This category of contracts awarded following requests for quotations does, however, represent a significant proportion of contracts awarded (40% of the total value of contracts awarded in 2015) and many irregularities have been observed with regard to the process for awarding contracts following requests for quotations¹².

Public procurement external control

External control of the system is carried out through independent audits. The performance of specific public procurement audits is one of the responsibilities of ARMDs (*Article 2 of Law No. 08-023/ of 23 July 2008*). These annual audits are commissioned by ARMDs as part of its duties (*Article 118 of PPC*). The current situation is that public procurement audits are not regularly carried out by ARMDs. **So far, there is a three (3) year delay in the preparation and publication of procurement audit reports**, even though the 2016 audit is being finalised and contracting procedures are being carried out for the 2017 audit. Finally, in addition to the ARMP public procurement audit, the Office of the Auditor-General, the independent administrative authority responsible general auditing, regularly carries out public management control covering procurement-related aspects. Finally, the compliance control function for public procurement and execution, which is one of the responsibilities of the Audit Division of the Supreme Court is not yet exercised for a number of reasons including a lack of human resources.

Public procurement litigation

Decisions following appeals in the context of procurement processes are made on the basis of information submitted by the parties (*Articles 120 and 121 of PPC*). The complaints management system is clearly described by the PPC. It provides for an informal appeal to the contracting or delegating authority (*Article 120 of the PPC*) which must be lodged within five (5) working days of the publication of the award of contract decision or of the public service concession, the invitation to bid or communication of the bidding document. The CA decisions on informal appeals may be appealed before

¹² ARMDs 2017 report

ARMDS through its dispute settlement committee pursuant to Article 121 of the PPC. The CRD's draft decisions are submitted to the Regulatory Council (a joint tripartite body comprising the private sector, civil society and the administration) for approval. ARMDS decisions are immediately binding unless there is an appeal to a judicial body without suspensive effect (Article 138 point 8 of the 2017 Law). This mechanism is known in the private sector which submits complaints that are handled impartially by the CRD on behalf of ARMDS. The latter is not involved in the procurement process or in decisions concerning the award of contracts. The deadlines for submitting complaints (Article 121 of the PPC) are reasonable and complied with. Furthermore, on the basis of ARMDS, the time limit of a maximum of 7 working days from referral to reach a decision is generally adhered to. Indeed, All decisions have been delivered within the time limit over the past three years. The objectives of the CRD decisions are to address the alleged breach, prevent other damage to interests concerned, to suspend or have suspended the contested decision or the award procedure (*Article 121 of PPC*). CRD decisions are published on public procurement and ARMDS websites and in the ARMDS gazette within 5 days of their signature (*Article 36 of Decision No.10-002/ARMDS-CR of 3 March 2010*). Once validated by the Regulatory Council, CRD decisions are binding on the parties which have 3 working days from the date of publication to submit an appeal before the Administrative Division of the Supreme Court.

Prohibited practices in public procurement

Fraud, corruption, conflicts of interest and other practices contrary to procurement ethics and deontology are defined in the existing regulations (*Articles 30 and 126 to 129 of the PPC and Articles 28, 40, 41, 47, and 51 of Decree No. 2016-0888/P-RM of 23 November 2016 on the Code of Ethics and Deontology in public procurement and public service concessions*), in accordance with the international agreements signed by Mali, in particular WAEMU Directive No. 04/2012 of 28 September 2012. However, Decree No. 2016-0888/P-RM does not clearly define fraud as a prohibited practice. On the other hand, it clearly defines conflict of interest in public procurement (Article 2). On that basis bidders and representatives/or agents of the contracting authorities may be sanctioned for violation of public procurement regulations, particularly in the event of fraud, corruption and collusive practices without prejudice to penal and disciplinary sanctions (Articles 126 to 129 of the PPC). The effectiveness of sanctions meted out to officials or representatives of the contracting authorities is inconclusive in practice. Similarly, the sanctioning of bidders by ARMDS is not common practice since to-date the ARMDS website has not recorded any bidder under sanction, whereas the use of false pretences in responses to invitations to bid was raised in the 2017 ARMDS report.

Although existing regulations do not require the inclusion of prohibited practices in bidding documents and do not provide specific instructions on their inclusion, the bidding documents and related contracts contain provisions on sanctions meted out to bidders who breach rules of ethics and participate in prohibited practices as defined in the Code of Ethics and Deontology in force in Mali. To that end, the bidding documents include an undertaking by the bidder that will constitute an integral part of its bid (for example: Clause 3 of the ITC and Clause 3 of the GCC in the works BD of April 2017; Clause 3 of the ITC and Clause 3 of the GCC in the supplies BD of April 2017; Clause 3 of the ITC and Clause 1.11 of the general conditions of contract in the request for proposals for contracts for intellectual services of April 2017).

In light of the foregoing, the risks identified are as follows:

Risks identified under Pillar IV: (i) the non effectiveness of post reviews of contracts for amounts below the PPC threshold¹³ by internal control bodies established within CAs; (ii) delay of several years in annual procurement audits; (iii); failure to define 'fraud' in the existing regulations and (iv) failure to sanction government officers and bidders involved in prohibited procurement practices.

The overall risk rating for Pillar IV: In light of the discrepancies identified above, the risk rating for Pillar IV is "Substantial".

Mitigation Measures: (i) bolster the staff of internal control bodies within CAs and introduce procurement control-oriented training to operationalise them; (ii) reduce the time needed to process complaints; (iii) revise the 2016 Code of Ethics and Deontology in order to include a definition of fraud; (iv) sanction government officials and bidders involved in prohibited procurement practices and report it on the ANRMP site in terms of statistics and typology of faults committed.

¹³ CFAF 100 000 000 for works contracts, CFAF 80 000 000 for supplies and current services and CFAF 70 000 000 for intellectual services contracts

Summary of the fiduciary risk ratings for the procurement component in Mali

Component	Risk	
Pillar I	Moderate	Substantial
Pillar II	Low	
Pillar III	Substantial	
Pillar IV	Substantial	

8. Bank's fiduciary strategy in Mali over the 2021-2025 CSP period -Procurement

The Bank's fiduciary strategy regarding procurement in Mali over the 2021-2025 period will be as follows: (i) use of the country system for certain procurements of goods and works for investment projects for which the procurement fiduciary risk is considered reasonable; (ii) technical support and supervision by the country in assessing its national procurement system using MAPS II methodology and the use of future budget support operations to support implementation of the reform action plan stemming from that exercise; (iii) ongoing dialogue to address problems of concern regarding the procurement system such as collection of the fees due in respect of public service concessions; (iv) the proposal of a low fiduciary risk mechanism for approaches to recurrent costs relating to the security component in the works contracts planned for projects in the country's portfolio to be implemented in areas faced with a high security risk; (v) building project capacities by continuing to organise fiduciary clinics; (vi) building the capacities of key structures of the public procurement institutional framework through Technical Assistance and trust funds to be mobilised for institutional support.

Summary of fiduciary risk in Mali – October 2019

AREA	COMPONENT	RISK	
Public finance management	Budget	Moderate	Substantial
	Cash flow	Substantial	
	Accounting and reporting	Substantial	
	Internal auditing	Substantial	
	External auditing	High	
	Governance	Substantial	
Procurement	Pillar I	Moderate	Substantial
	Pillar II	Low	
	Pillar III	Substantial	
	Pillar IV	Substantial	

ANNEX A.15. AfDB FINANCING PARAMETERS FOR MALI

In accordance with AfDB policy on expenditure eligible for Bank Group financing, the new financing parameters for Mali, highlighted in a study conducted by AfDB in 2020, cover: investment cost sharing, the financing of local costs, the financing of recurrent costs, payment of taxes and duties, the remuneration of PMU staff and training of staff of the administration involved in implementing a stand-alone project, bank charges with respect to special accounts, estimated expenditure on infrastructure projects and the acquisition of land, especially with regard to the payment of the compensation commission and costs related to the actual compensation. They are analysed in light of the strong ownership, fiscal headroom and financial commitment of the government in its development programmes.

This study's recommendations are as follows: (i) **Investment cost sharing (counterpart funds)** : up to 100% coverage of investment costs; (ii) **Local costs**: coverage of local cost financing up to 100% ; (iii) **Recurrent costs: 100%** coverage of recurrent costs; (iv) **Payment of taxes and duties**: adoption of the principle of payments, inclusive of all taxes; (v) **Bank charges with respect to special accounts**: coverage of bank charges linked to special accounts opened up to 100%; (vi) **Staff remuneration**: coverage of staff remuneration up to 100% ; (vii) **Estimated expenditure on infrastructure projects**: financing, up to 100% of estimated expenditure on income generating socio-economic infrastructure projects that have been completed and handed over to the borrower; (viii) **Acquisition of land (financing of related compensation costs)**: any financing of land acquisition from Bank resources should be approached with great caution; limited coverage not exceeding 10% of the project cost; however, 100% coverage of fees of the commission established to determine the value of compensation.

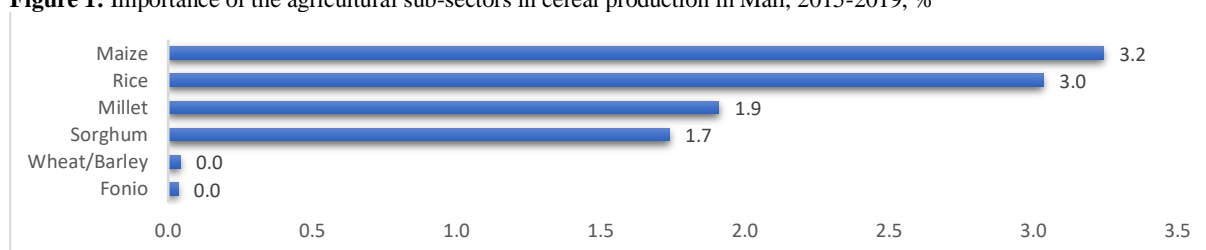
ANNEX A.16. MALI'S AGRICULTURAL SECTOR

The agricultural sector is the main source of revenue in all of Mali's regions with the exception of Bamako.

Agricultural Sub-Sector:

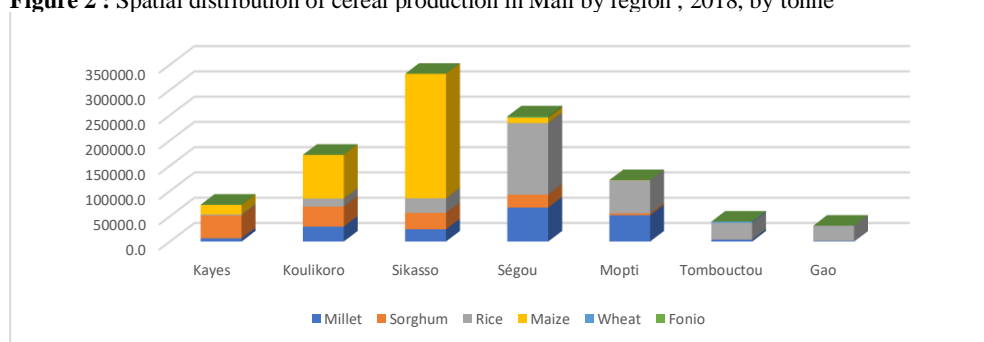
Food production is the main source of agricultural sub-sector supply (84% of plant production in 2018). The two main agricultural sub-sectors are maize (32.4% of cereal production between 2015 and 2019, mainly produced in Sikasso with 67.9% of maize production and Koulikoro with 23.9% in 2018) and rice (30.3% between 2015 and 2019, mainly produced in Segou with 44.7% of rice production and Mopti with 20.6% in 2018) (Figures 1 and 2). Cereal production more than meets national demand (Table 1). The country is also self-sufficient in dry cereals (exceeding 3.9 million tonnes). However, 72% of cereal production is earmarked for self-consumption.

Figure 1: Importance of the agricultural sub-sectors in cereal production in Mali, 2015-2019, %



Source : Planning and Statistics Unit (CPS) for the Rural Development Sector (RDS) 'Farm Business Survey (FBS) 2018-2019', (provisional phase), 2019 Interim Report.

Figure 2 : Spatial distribution of cereal production in Mali by region , 2018, by tonne



Source : Planning and Statistics Unit (CPS) for the Rural Development Sector (RDS) 'Output of main agricultural crops in Mali', Malian Agriculture in Figures 2018 (Final Report), May 2019.

Table 1 : Estimated cereal production for the 2018/2019 crop year in Mali in thousand tonnes

Items	Rice	Wheat and Barley	Dry Cereals	Total
Population as at 30/04/2019				19 973 000
1 Availability	2235.05	24.77	6625.52	8885.35
Gross Production (estimates)	3184.73	29.15	7239.11	10452.98
Available Production	1977.71	24.77	6153.24	8155.73
Stocks as at 01/11/2017	257.34	0.00	472.28	729.62
Smallholder stocks	252.47	0.00	454.01	706.48
Other stocks	4.87	0.00	18.27	23.14
2 Requirements	1608.09	202.35	2734.87	4545.32
Consumption standard (kg/pers./year)	74.41	10.01	129.57	214.00
Human consumption	1486.25	199.99	2587.98	4274.22
Estimated end stocks as at 31/10/2018	121.84	2.35	146.90	271.09
Smallholder stocks	68.25	0.73	129.57	198.55
Other stocks	53.60	1.62	17.33	72.54
3 Gross surplus (+) deficit (-)	626.96	-177.57	3890.65	4340.03
4 Import-export balance	267.28	295.71	6.03	569.02
Estimated commercial imports	261.79	293.74	1.83	557.36
Estimated aid	5.72	2.84	5.47	14.03
Estimated exports	0.23	0.87	1.27	2.37
5 Net surplus (+) deficit (-)	894.24	118.13	3896.68	4909.05
6 Apparent availability (kg/pers/yr)	125.29	16.05	332.03	473.36

Source : Planning and Statistics Unit (CPS) for the Rural Development Sector (RDS) 'Farm Business Survey (FBS) 2018-2019', (provisional phase), 2019 Interim Report.

Cotton, the main pillar of Mali's economy: In addition to its contribution to GDP (15%) and exports (12.95%), cotton contributes to job creation (1784 permanent jobs and 2112 seasonal jobs) and generates wealth (over CFAF 335 billion in 2018). During the 2018/2019 crop year, 656,529 tonnes of seed cotton were produced (for a target of 750,000 tonnes, i.e. an implementation rate of 87.5%) covering an area of 698,158 ha (for a target of 736,000 ha, i.e. an implementation rate of 94.9%), and a yield of 940.4 kg/ha (for a target of 1019 kg/ha, i.e. an implementation rate of 92.3%) (Table 2). However, cotton production was down by 9.9% on the 2017/2018 crop year when it reached 728,606 tonnes).

Table 2: Cotton production, areas and yields for the 2018/2019 crop year in Mali

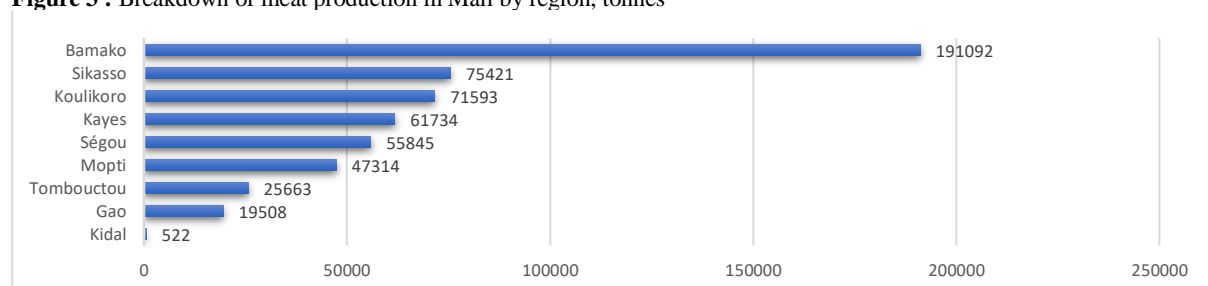
	Targets	Actual	Rates (%)
Production (tonnes)	750,000	656,529	87.5
Areas (ha)	736,000	698,158	94.9
Yield (kg/ha)	1019	940.4	92.3

Source : Planning and Statistics Unit (CPS) for the Rural Development Sector (RDS) 'Output of main agricultural crops in Mali', Malian Agriculture in Figures 2018 (Final Report), May 2019.

Livestock sub-sector:

Mali's estimated livestock population comprised 10,941,400 cattle, 15,900,500 sheep, 22,141,650 goats, 549,270 horses, 999,200 donkeys, 1,028,700 camels and 83,200 pigs in 2018. The added value created by the livestock sub-sector rose from CFAF 940.3 billion in 2013 to CFAF 1336.2 billion in 2018, i.e. a 42.1% increase. In 2018, poultry production also increased (almost 4 million broiler chickens) as well as egg (over 500 million) and milk (2 million tonnes) production. Animal by-products (hides and skins) provide an important source of income for stockbreeders (over 5 million tonnes in 2018). Production of meat, most of which (60%) is not inspected by the veterinary and hygiene services rose from 177,543 tonnes in 2017 to about 200,000 tonnes in 2018. Meat is mainly produced in Bamako (34.83% of total production, Figure 3). The large numbers of Malian cattle largely meet local demand and also partly meet demand from neighbouring countries. The analytical report of food requirements shows that the respective average food self-sufficiency rates for animal and meat products were 98% and 100% over the 2010-2015 period, above that of the agricultural sub-sector estimated at 92%.

Figure 3 : Breakdown of meat production in Mali by region, tonnes

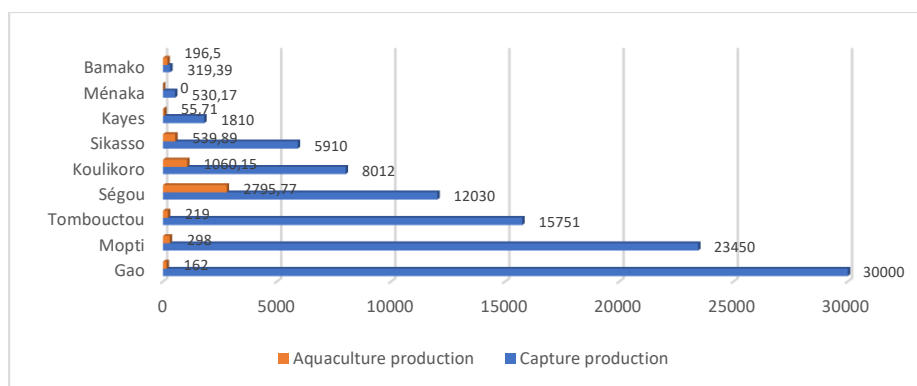


Planning and Statistics Unit (CPS) for the Rural Development Sector (RDS) 'Farm Business Survey (FBS) 2018-2019', (provisional phase), 2019 Interim Report; National Directorate of Animal Production and Industries (DNPIA) 2019 Annual Report'.

Fisheries Sub-Sector:

Fisheries production rose by 2.61% between 2013 and 2018, from CFAF 176 billion to CFAF 221.9 billion while its contribution to agricultural sector value-added fell slightly from 7.6% to 6.1%. In 2018, estimated fish production was 103,140 tonnes comprising 38% of fresh fish, 11.4% smoked fish, 4% dried fish and 2% burned fish. The country had two main fish production basins in 2018: Gao (29.24% of total production) and Mopti (23.03%) (Figure 4). The fisheries sub-sector is dominated by capture fisheries which represented about 95% of production in 2018 (PSU/RDS, 2019a). Fisheries production also depends on weather conditions even though the country has untapped potential in this area estimated at over 200,000 tonnes per year. In terms of demand for fisheries products, fish production output in 2018 shows that demand (199,730 tonnes per year) is almost twice that of production, part of which (9%) is earmarked for export (Table 3).

Figure 4 : Spatial Distribution of fish production in Mali by region, 2018, tonne



Source: National Directorate of Fisheries (DNP) (2019)

Table 3 : Fish production figures for Mali, 2018

Total production	103,139.58
Exports (tonnes)	9,051.60
Available quantity (kg)	94,087,980
Consumption standard (kg/pers/year)	10
Population projection in 2019 (inhabitants)	19,973,000
Total demand (tonne)	199,730
Availability (kg/person/yr)	4.71

Source : National Directorate of Fisheries (DNP).

Constraints: Mali's agricultural sector is faced with general constraints: (i) high vulnerability to weather conditions and environmental problems; (ii) weak institutional capacities of the sector's actors; (iii) low level of development of agricultural value chains; (iv) lack of, and poor condition of rural infrastructure; (v) limited access to markets for inputs and agricultural products; and (vi) financing problems. Moreover, the 2017 agricultural census reports 79,260 farms in Mali, with limited surface areas (an average of 2 hectares), making it more difficult to shift from subsistence to corporate agriculture.

Potential: Despite these challenges, Mali has huge assets for developing the agricultural sector and containing the phenomenon of food insecurity. These assets include: (i) abundant water resources (significant potential for the irrigation of up to 2.2 million hectares, estimated groundwater resources of 2720 billion m³); (ii) abundant agricultural land resources (43.7 million hectares of agricultural land, only 7% of which is farmed which means that 93% of agricultural land is not yet farmed); (iii) abundant human resources (the rural workforce represents 78% of Mali's total population). Details of Mali's enormous untapped agricultural potential and assets are as follows:

- **Wide agroecological diversity** reflecting that of the agricultural production systems ranging from cotton-based systems in the south to the oases system in the far north, through dry cereal-based systems and pastoral systems (semi-sedentary or transhumant).
- **Considerable agricultural land potential:** Only 3.2 million hectares (i.e. 7%) of the 43.7 million usable hectares are farmed, less than 300,000 hectares of which benefit from other sources of irrigation than rainwater. Developed irrigable land potential is estimated at 2.2 million hectares.
- **Significant water resources:** All the watersheds of the water courses have estimated irrigable potential of 2.2 million hectares. The Inner Niger Delta covers over 30,000 km² and is one of the great assets of the country, even of West Africa. Groundwater resources are estimated at 2,720 billion m³ with an annual replenishment rate of 66 billion m³.
- **Considerable aquaculture potential that could be developed** with 5,500 sites covering 895,000 hectares inventoried including 620,500 hectares of wetlands, ponds and plains. This potential has been little tapped. Fish production potential is over 200,000 tonnes per year.
- **Significant forestry potential:** Forests cover about 100 million hectares only 21 million of which are productive (i.e.17% of the national territory) Estimated annual regeneration potential is 7 million tonnes.
- **Abundant and diversified animal resources:** with estimated grazing areas of over 30 million hectares, Mali's livestock population is one of the biggest in the sub-region. It is mainly composed of 9 million head of cattle, over 25 million sheep and goats and over one million

dromedaries. Traditional poultry breeding with a population of almost 35 million is an outstanding source of protein and income in rural areas. Stockbreeding on modern farms is confined to Bamako District and the region of Koulikoro. In terms of genetic diversity, Mali has many native cattle, sheep, goat and camel breeds that are well adapted to the environment.

- **Significant development potential of the agri-business sub-sector:** Agricultural products undergo little processing before they are marketed. Indeed, the manufacturing industry represents less than 5% of Mali's GDP despite the considerable efforts made by the authorities to improve the business environment and promote investment. The authorities wish, therefore, to focus on the structural transformation of the Malian economy as the engine of its development. The new 2019-2023 Strategic Development Framework based on a new long-term development vision called 'Mali 2040 National Prospective Study 2040' considers 'inclusive growth and structural transformation of the economy' to be its priority strategic thrust'.
- **A young, predominantly agricultural population:** By 2020 Mali will have a population of about 21.300 million. Despite the real problems that could arise as a result of this population growth, it represents an advantage for the development of a mainly urban domestic market.
- **The emergence of professional agricultural organisations:** In the rural sector there are over 15,000 agricultural organisations and a very low proportion of structured organisations with national and regional reach.
- **Significant progress on the legal, regulatory and institutional fronts** to improve agricultural sector management, in particular, the adoption of the Agricultural Orientation Law and its implementing texts.

ANNEX A.17. DESERT TO POWER INITIATIVE AND POWER GENERATION IN MALI

Desert to Power Initiative in Mali.

Launched by the Bank in 2017, the Desert to Power Initiative aims to transform the Sahel region by developing and installing ten (10) GW of solar photovoltaic (PV) power generation capacity by 2030 through a combination of public and private, on- and off-grid projects. The initiative was approved at the highest level by Heads of State of the G5 Sahel countries in September 2019 in Ouagadougou, Burkina Faso. The Sahel countries covered by the initiative are endowed with some of the best solar potential in the world (solar irradiation exceeds 5.5 kWh/m² in the 11 countries - Sudan, Chad, Niger, Mali, Mauritania, Eritrea, Djibouti, Senegal, Nigeria, Ethiopia, and Burkina Faso), but the deployment of solar projects in these countries remains relatively low.

The Desert to Power Initiative also aims to provide access to electricity to 250 million people, 160 million of whom will benefit from on-grid connections (solar generation and grid expansion) and 90 million from off-grid solutions through decentralized solar systems (solar home kits or mini-grids). Lastly, the initiative seeks to design an integrated approach in line with the Bank's High 5s: (i) build government capacity; (ii) reduce the energy deficit while developing decarbonized energy systems; and (iii) develop local and regional markets in the energy sector.

The Desert to Power Initiative is moving gradually and has reached key implementation milestones: (i) the laying of institutional foundations (the establishment of a Steering Committee, a Taskforce and the appointment of national focal points); (ii) the validation of National Roadmaps in October 2020 including that of Mali and the drafting of the Regional Roadmap; (iii) the mobilization of USD 14.75 million out of the USD 20 million pledge made at the G5 Sahel Summit in September 2019; and (iv) the mobilization of partners following the holding of the Africa Energy Market Place (AEMP) platform that brought together more than 30 financial and technical partners. The Mali roundtable had nearly 68 participants and concluded with pledges from several partners to support the implementation of Mali's roadmap.

Concerning Mali, the achievements so far include:

- (i) The identification of priority projects and reforms in the Roadmap (16 projects and requests to build capacity) with focus on generation, transmission and distribution networks, and governance. These projects were also discussed during the Mali roundtable at the Africa Energy Market Place (AEMP).
- (ii) Regarding resource mobilization, Mali is the recipient of USD 945,000 under the Transition

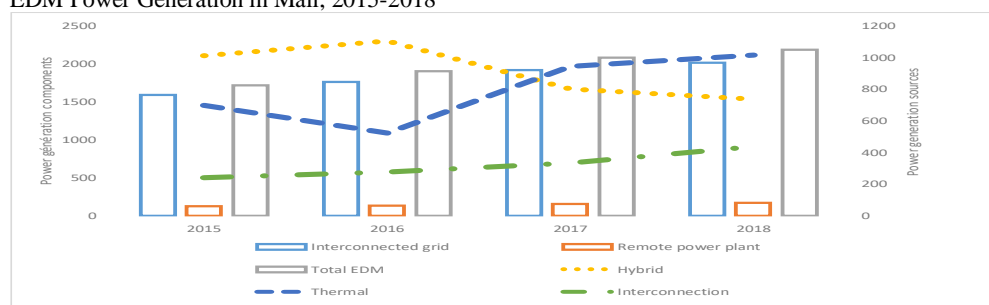
Support Facility (TSF) and approximately USD 1 million from the G5 Sahel Technical Assistance Program financed by SEFA (USD 5 million overall envelope for all G5 Sahel countries) as well as EUR 0.95 million from SREP. SEFA's technical assistance program aims to pave the way for the development of solar projects through variable renewable energy (VRE) grid integration studies, and to support the deployment of a regional hybridization program to reduce the use of high-emission fossil fuel production (especially diesel) in G5 Sahel countries including Mali. The following activities are ongoing, funded with the financial resources already mobilized:

- Renewable energy integration study financed with the TSF
 - Technical, environmental and social study on the hybridization of the Nioro power plant financed by SEFA and SREP
 - Co-financing of investments on two power plants in Kambila and Safo with AFD (AFD is responsible for the feasibility studies)
- (iii) Mali is also among the five G5 Sahel countries that will benefit from the G5 Sahel Desert to Power Financing Facility of more than USD 1 billion, including USD 330 million in concessional financing from the Green Climate Fund. The Taskforce received a letter of no objection from Mali, illustrating the country's passion and support for the proposed program.

Power generation in Mali.

Electric power generation by Energie du Mali (EDM), which has a monopoly on electric power transmission and distribution in towns is mainly driven by the interconnected grid (IG) (92% of production between 2015 and 2018 and is chiefly supplied by the Manantali power plant and the interconnection with Côte d'Ivoire). Power generation has been dominated by thermal rather than hybrid sources since 2017.

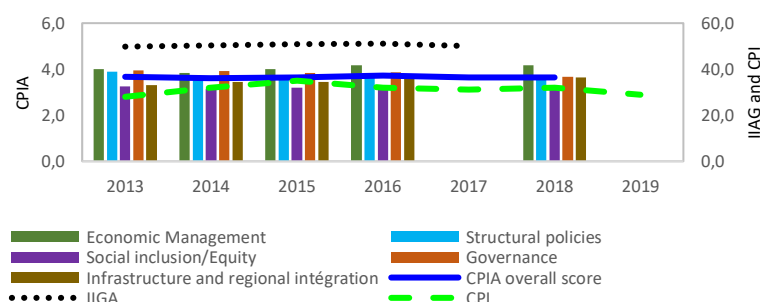
EDM Power Generation in Mali, 2015-2018



Source : National Directorate of Energy and Water (DNEE)

ANNEX A.18. EPISODES OF LARGE-SCALE CORRUPTION IN MALI

Governance and Transparency Indicators, 2013-2019



Source: AfDB Statistics Department (ECST); Mo Ibrahim Index; Transparency International.

Note. There was no CPIA in 2017.

At the request of the Mali Donor Alliance, in 2018, the Canadian government analysed the findings of all the investigations by the Court of Auditors over the 2005-2017 period. Made public at the request of the Malian authorities, the report identifies significant misappropriation of public funds. The Canadian study indicates that an amount of 1.3 billion euros (about CFAF 700 billion) was spent irregularly by the Malian Authorities over the 2005-2017 period, representing 4.4% of total government

expenditure over that period. The new prosecutor responsible for the economic and financial pole, who held a press briefing on Thursday, 22 August 2019 has undertaken to carry out an objective and transparent fight against corruption through the systematic conduct of investigations into all cases of corruption brought to his attention.

On Tuesday, 3 September 2019, the leader of the opposition held a press briefing to condemn financial misappropriations at the highest level of the State. In particular, he confirmed that he had contacted the National Assembly to conduct investigations into the procurement of certain military equipment. In the same vein, the anti-corruption organisations (Platform against Corruption and Unemployment in Mali (PCC) and the Malian Association for the Fight against Corruption and Financial Delinquency (AMLCDF)) have demonstrated against the embezzlement of funds intended for the Army and brought proceedings before the courts regarding the faulty military planes procured by the Authorities.

The prosecutor for the economic hub held a press briefing on Saturday, 14 September 2019 to inform public opinion of the arrest of several people including the Vice-President of the presidential party presumed to have been implicated in an embezzlement case. The amount embezzlement was CFAF 9.462 billion from rebates from the Confederation of Cotton Producers' Cooperative Associations (CSCPC). On Tuesday 17 September, he also launched an appeal for witnesses to speed up the investigation into the grounded aircraft. The National Assembly decided on Saturday, 5 October 2019, to establish a special parliamentary commission to investigate the case of the procurement of faulty aircraft and other military equipment.

The 2019 report of the Office of the Auditor-General (BVG) was submitted on Friday 30 October 2020 to the President of the Transition. It highlights serious financial irregularities, shortcomings in governance good practices as well as the low implementation rate of the recommendations of the previous reports. The report stresses the need to increase central government supervision in the mining sector, especially regarding the failure to distribute dividends and the non-payment of taxes owed to central government. To that end it recommends that it is necessary to revisit conventions establishing mining companies with a view to more effectively protecting the central government's interests.

Source : Different versions of the weekly notes prepared by the AfDB Country Office for Mali and BVG 2019 Annual Report.

ANNEX A.19. GENDER, LABOUR MARKET, EMPLOYMENT AND VOCATIONAL TRAINING IN MALI: STRUCTURAL OBSTACLES CONTRIBUTING TO DISPARITIES

With a score of 0.329, the Bank's Gender Equality Index ranked Mali 45th out of 51 African countries in 2019. The obstacles raised below are linked, and are due to socio-cultural constraints, and gender stereotypes which are the basis of gender inequalities appear to be firmly rooted in people's mindsets. Malian women are at the centre of any development process, but are impeded by a whole series of obstacles:

- **Obstacles relating to working conditions: the majority of women are confined to the primary sector where working conditions are generally unfavourable.** Even now, in October 2020, Malian women devote too much of their time to unproductive activities, such as fetching water or gathering wood. They are more active in food and market garden crops primarily intended for family subsistence, whereas men are more involved in cash crops. Their burdens are often increased by activities such as wood gathering and drawing water from wells.
- **Obstacles linked to civil service recruitment: according to the Gender 2020 report (published in September 2019) by the Ministry of Economy and Finance, in the structured sector (for example, the civil service), with the exception of a few cases, women also occupy the lowest paid posts such as administrative or secretarial jobs.** The results of surveys show that women's salaries (in the structured and non-structured sectors) are generally half those of men. 68.73% of all civil servants were men and 31.27% women. This gap is very wide in category A where men represented 81.96% and women 18.04% in 2017.
- **Obstacles relating to access to basic social services (BSS) include issues of women's and children's access to basic social services (social protection, health and education) and**

access to their fundamental rights, particularly in areas considered to be highly fragile where there is an increase in violence against, and exploitation of women and children (GBV), as well as high risks of maternal and neonatal mortality.

- **Obstacles in the agricultural sector, which dominates the Malian economy,** women are active throughout the agricultural chain but do not have the necessary resources to increase their production and productivity (lack of access control and ownership of land, means of production, etc.). They are usually engaged in small stockbreeding and all fish processing activities (drying and smoking), the manufacturing of fish stock and marketing.
- **Obstacles relating to civil service recruitment: the private sector, the main provider of jobs in Mali is more inclined to recruit men than women because of certain stereotypes such as their low productivity linked to maternity leave and others:** in 2018, this sector recruited almost twice as many men than women, i.e. 24,561 men for 6,185 women. This result explains the higher unemployment rate for women (10.4%) compared to men (8%). On the other hand, gender parity has been relatively well maintained in recruitment to positions where access is governed by competitive tests. In 2018, the public sector recruited 7,750 men for 6,024 women, i.e. a gender parity index of 0.78. The Malian report on the African Gender and Development Index (AGDI) shows that, while men receive almost the same salary as women, only men receive family allowances in addition. The amount of the family allowance is CFAF 1500 per child, per month. It is received by the husband who is the family head. However, the wife may receive the allowance, through a power of attorney from her husband.
- **Many labour market obstacles: Women represent over 75% of the agricultural labour force and produce most of the food products. However, labour market segmentation in Mali means that they often carry out poorly paid activities in the formal and/or informal sector.** And even though they work half as much again as men, the gender pay gap remains very wide. Banks often deny them credit due to cultural prejudices or legal obstacles preventing the MSME/MSMI, cooperatives and Economic Interest Groups (in all sectors) from growing and women from obtaining labour-market oriented vocational training. Relegated to domestic chores, in the end, their workload especially in rural areas has increased, preventing them from becoming economically independent.
- **Legal obstacles:** This situation is due to constraints such as relatively limited access by women to the factors of production, especially to land, technology and credit. Women have less access to land because of unfavourable land tenure regimes in Mali where only 5% of land owners are women.
- **Obstacles in terms of access to incomes and salaries: the Malian report on the African Gender and Development Index (AGDI)** gives a parity index of 0.927 for a woman's net monthly salary of CFAF 152,838 compared to CFAF 164,791 for men. The corresponding numbers are 11,299 women compared to 51 097 men, i.e. a total of 62,396 employees. This finding confirms the non-discriminatory nature of salaries in the civil service where access is generally governed by entrance tests. However, socio-professional benefits, in particular social benefits may be potential sources of gender inequality in the Malian public administration. For example, these statistics on salaries do not take into account social security contributions paid, the average annual amount of which is CFAF 5 910 (CFAF 4 386 for women, compared to CFAF 6 104 for men). According to Findex data, only 10% of women in Mali have a bank account. Most women are compelled to develop their business using few if any bank credit facilities. Most businesses remain small-scale and informal because of the lack of attractive and suitable financial products and services, which could enable women to make up the shortfall in capital and allow their enterprise to grow from the micro-enterprise to the small and medium-sized enterprise stage.

Malian women continue to come up against the many obstacles described above which prevent them from fully unlocking their potential whether by playing a key role in the country's public life in company boards of directors or developing their activities. All these constraints are restricting the potential of the Malian economy.

ANNEX A.20. AfDB PRESS RELEASE ON CIVIL SOCIETY IN MALI'S CSP 2021-2025

Mali : The African Development Bank consults civil society on the Country Strategy Paper

22 October 2019

The Mali Country Office of the African Development Bank (AfDB), with support from its Civil Society and Community Engagement Division (AHGC2), organised its first civil society consultation on Thursday 17 October 2019. Organised as part of the preparation of the Country Strategy Paper (CSP) for Mali for the 2021-2025 period, the meeting was held at the headquarters of the Malian National Civil Society Council (CNCS).

About fifty participants took part in this meeting. These were mainly representatives of civil society umbrella organisations including the National Civil Society Council, the West African Civil Society Forum (WACSOF) or the National Network for Democratic and Patriotic Awakening (RENEDEP), journalists and representatives of the Community of Malian bloggers, as well as AfDB experts. 'This first meeting already marks a great step forward', declared Mr. Boureima Allaye Touré, CNCS President.

At AfDB the CSP is the conceptual framework for the programming, implementation, monitoring and evaluation of the country's development assistance. The involvement of civil society in the CSP will contribute to inclusive dialogue on the one hand, and an effective understanding of the context, challenges and opportunities on the other.

At the opening, Mrs. Djoussou-Lorng, Country Manager for Mali, explained that 'this exercise will herald the start of real cooperation between the Bank and Mali's civil society. It will also improve the visibility, transparency, accountability and ownership of the Bank's actions by you, citizens of Mali.'

The meeting agenda comprised a summary of AfDB projects in Mali, presentation of the outcomes of the previous CSP for Mali and prospects, presentation of the constraints and challenges of the country's current portfolio and, finally, an explanation of the Bank's approach for engagement with civil society. During the discussions, the representatives of Malian civil society underscored the challenges linked to the mainstreaming of civil society in the Bank's programmes and projects and the lack of visibility of the impact of these projects and results achieved. The country's low level of industrialisation was also stressed.

'Increasingly, our approach puts the citizen at the centre of our operations and calls for the active involvement of civil society in the preparation of our projects up to the monitoring and evaluation of outcomes. We are also improving our communication in order to inform you of the field work carried out by the Bank and to ensure constructive feedback from you that will allow us to fine-tune our programmes' promised François Traoré, Senior Civil Society Officer in the Bank's Civil Society and Community Engagement Division.

This approach will create cooperation between the Bank and civil society actors to achieve Mali's inclusive and sustainable development. It is also aligned with the African Development Bank's new vision for community engagement that will foster a conducive framework for achieving progress regarding development and security issues in the G5 Sahel countries.

ANNEX A.21. MAPPING OF PARTNERS IN MALI

A.21.1. Intervention of Development Partners in Mali in 2017

Partner	Total amount of portfolio in Mali (billion CFAF)
Multilateral partners	
AfDB	363.048
ABEDA	40.795
World Bank	971.800
EIB	28.818
IsDB	275.478
EIDB	6.100
WADB	27.445
FAO	45.152
IFAD	60.974
IMF	38.700
UNFPA	11.815
SDF	29.779
WHO	24.527
UN Women	4.949
OPEC	36.893
WFP	279.070
UNDP	66.786
UNESCO	4.323
UNHCR	3.525
European Union	1032.333
UNMAS	0.248
WAEMU	45.112
Bilateral Partners	
Germany	329.143
Belgium	83.038
Canada	201.207
China	338.950
South Korea	12.440
Denmark	188.272
Spain	36.663
United States	773.663
France	351.848
Italy	18.055
Japan	49.862
Kuwait	31.024
Luxemburg	79.706
Monaco	4.643
Norway	12.190
Netherlands	120.015
Sweden	126.607
Switzerland	91.295

Source : Medium-Term External Resource Framework (MTERF, 2019-2021).

A.21.2. Sectors of Intervention of Development Partners in Mali in 2017

Partner	Agri	Trade	ICT	PFM	Educ.	Water	YWC	Pop	Urb.	Gov.	Security	Energy	RTI	STI	LNR	PS	CC	Dec.	Knowl.	Cul	Health	Cash
AfDB	X			X	X	X	X	X		X		X	X		X	X	X					
Germany	X		X		X	X	X	X		X	X	X	X	X	X	X	X	X	X	X		X
Belgium	X				X	X	X	X		X					X			X	X		X	
Canada	X			X	X		X			X						X		X			X	
Denmark						X		X		X	X					X		X				
European Union	X			X	X	X	X	X		X	X	X	X				X	X	X			X
Spain	X	X				X	X	X		X	X					X	X	X			X	
France	X			X	X	X	X	X	X	X	X	X				X		X		X		
FAO	X				X		X	X							X		X					
UN Women	X				X		X	X			X					X	X				X	
UNICEF	X				X	X		X													X	
WHO																					X	
UNFPA							X	X													X	
WFP	X							X														
WAEMU	X					X						X			X				X			
UNDP										X							X					
UNHCR								X			X											
UNMAS											X											
UNESCO					X	X	X	X			X			X						X		
Sweden	X					X	X	X		X	X	X			X		X	X	X			
Switzerland	X				X		X	X	X	X								X		X		
Monaco	X				X		X	X								X	X				X	X
Netherlands				X	X	X	X	X		X	X					X		X		X	X	
Japan	X				X	X	X	X			X		X								X	
United States	X				X		X	X		X	X			X							X	
Kuwait	X												X									
SDF	X				X							X										
World Bank	X			X	X	X	X	X		X	X	X			X		X	X			X	X
EIB						X																
IMF				X																		
WADB	X											X	X						X			
EIDB	X											X										
OPEC	X			X									X									
Italy	X					X	X	X														
IsDB	X				X	X	X	X	X			X	X			X			X			
ABEDA	X											X	X			X			X			
IFAD	X				X		X															
South Korea	X		X							X												
Luxemburg	X				X	X		X		X	X						X	X		X	X	
China	X		X	X								X	X									
Norway	X																X					

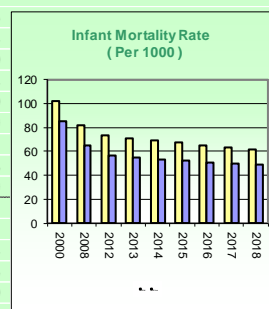
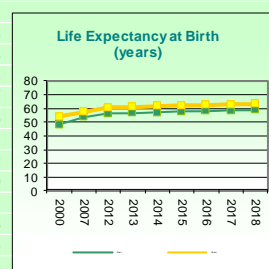
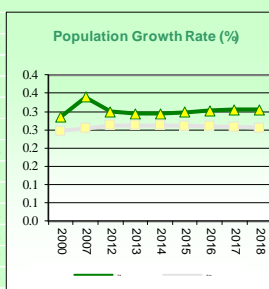
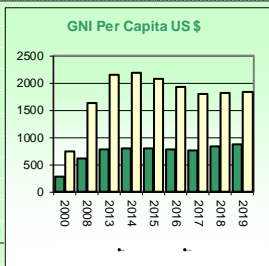
Medium-Term External Resource Framework (MTERF, 2019-2021). Note: Sectors. Agric: Agriculture and food security; Tra: Trade; ICT: Information and communication technology; PFM: Public financial management; Educ: Education and training; Water: Water and sanitation; YWC: Youth, women and childhood; Pop: Population; TPH: Town planning and housing; Gov: Governance, justice, rule of law and reforms; Secu: Security and peacebuilding; Ener: Energy; RTI: Road and transport infrastructure; STI: Science, technology and innovation; LNR: Land and natural resources; PS: Private sector; CC: Climate change; Dec: Decentralisation; Know: Knowledge; Cul: Culture; Hea: Health; Cash: Cash transfer.

ANNEX A.22. COMPARATIVE SOCIO-ECONOMIC INDICATORS

Mali

COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Mali	West Africa	Africa	Developing Countries
Basic Indicators					
Area ('000 Km²)	2019	1 220	5 115	30 067	94 797
Total Population (millions)	2019	19.7	386.9	1 306.3	6 384.0
Urban Population (% of Total)	2019	43.2	47.0	43.3	50.3
Population Density (per Km²)	2019	16.1	76.9	44.5	69.2
GNI per Capita (US \$)	2019	880	1 677	1 843	5 102
Labor Force Participation *- Total (%)	2019	70.8	58.7	63.2	60.7
Labor Force Participation ** - Female (%)	2019	61.2	53.0	54.6	45.8
Sex Ratio (per 100 female)	2019	100.3	101.3	99.8	107.1
Human Develop. Index (Rank among 189 countries)	2018	184	...	...	...
Popul. Living Below \$ 1.90 a Day (% of Population)	2007-18	49.7	41.2	35.6	11.9
Demographic Indicators					
Population Growth Rate - Total (%)	2019	3.0	2.7	2.7	1.2
Population Growth Rate - Urban (%)	2019	4.9	4.1	3.6	2.3
Population < 15 years (%)	2019	47.3	43.4	40.6	27.6
Population 15-24 years (%)	2019	19.7	19.6	19.3	16.4
Population >= 65 years (%)	2019	2.5	2.8	3.5	7.2
Dependency Ratio (%)	2019	99.2	85.8	78.7	54.6
Female Population 15-49 years (% of total population)	2019	22.3	23.3	24.2	25.2
Life Expectancy at Birth - Total (years)	2019	59.3	58.0	63.5	70.8
Life Expectancy at Birth - Female (years)	2019	60.1	59.1	65.3	73.0
Crude Birth Rate (per 1,000)	2019	41.0	36.8	33.0	20.2
Crude Death Rate (per 1,000)	2019	9.4	10.0	8.0	7.3
Infant Mortality Rate (per 1,000)	2018	62.0	64.1	48.7	31.3
Child Mortality Rate (per 1,000)	2018	97.8	99.6	70.2	42.0
Total Fertility Rate (per woman)	2019	5.8	5.1	4.4	2.6
Maternal Mortality Rate (per 100,000)	2017	562.0	704.7	432.3	230.0
Women Using Contraception (%)	2019	16.3	21.9	39.1	61.7
Health & Nutrition Indicators					
Physicians (per 100,000 people)	2010-18	12.9	25.1	33.4	121.8
Nurses and midwives (per 100,000 people)	2010-18	35.9	98.7	107.8	240.8
Births attended by Trained Health Personnel (%)	2010-18	67.3	53.6	62.9	79.4
Peop. Using at least basic drinking water services (% of Pop.)	2017	78.3	69.8	66.3	87.7
Peop. Using at least basic sanitation services (% of Population)	2017	39.3	32.5	40.3	68.5
Percent of Adults (aged 15-49) Living with HIV/AIDS	2018	1.4	1.5	3.4	...
Incidence of Tuberculosis (per 100,000)	2018	53.0	171.5	202.3	154.0
Child Immunization Against Tuberculosis (%)	2018	83.0	70.4	81.4	84.9
Child Immunization Against Measles (%)	2018	70.0	71.0	76.1	85.2
Underweight Children (% of children under 5 years)	2010-17	25.0	19.8	17.5	14.5
Prevalence of stunting	2010-17	30.4	36.3	34.0	23.6
Prevalence of undernourishment (% of pop.)	2017	6.3	13.9	18.5	12.3
Current health expenditure (% of GDP)	2017	3.8	4.0	5.6	5.4
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School - Total	2010-19	75.6	89.5	100.1	103.6
Primary School - Female	2010-19	71.6	87.2	98.1	102.4
Secondary School - Total	2010-19	41.0	44.4	52.4	71.9
Secondary School - Female	2010-19	37.0	41.6	50.3	71.4
Primary School Female Teaching Staff (% of Total)	2010-18	31.7	40.2	48.6	62.9
Adult literacy Rate - Total (%)	2010-18	35.5	56.0	66.9	84.0
Adult literacy Rate - Male (%)	2010-18	69.8	53.6	70.8	88.2
Adult literacy Rate - Female (%)	2010-18	25.7	46.8	60.0	79.8
Gouvernement expenditure on Education (% of GDP)	2010-18	3.8	4.3	4.7	4.0
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2016	5.3	17.0	8.0	11.4
Agricultural Land (as % of land area)	2016	33.8	48.9	38.2	38.3
Forest (As % of Land Area)	2016	3.8	9.2	13.2	31.9
Per Capita CO2 Emissions (metric tons)	2014	0.1	0.4	1.2	3.5



Sources : AfDB Statistics Department Databases; World Bank: World Development Indicators;

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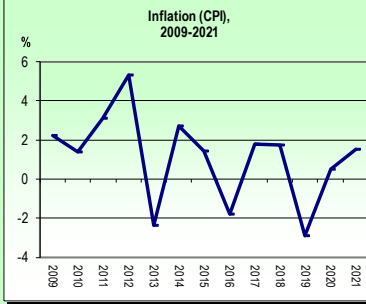
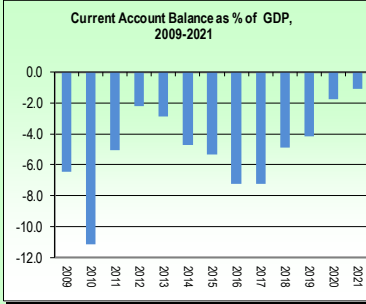
UNAIDS; UNSD; WHO, UNICEF, UNDP; Country Reports.

Note : n.a. : Not Applicable ; ... : Data Not Available. * Labor force participation rate, total (% of total population ages 15+)

** Labor force participation rate, female (% of female population ages 15+)

ANNEX A.23. SELECTED MACROECONOMIC INDICATORS

Mali Selected Macroeconomic Indicators

Indicators	Unit	2010	2016	2017	2018	2019	2020 (e)	2021 (p)
National Accounts								
GNI at Current Prices	Million US \$	10 384	14 013	14 255	16 025	17 299	...	...
GNI per Capita	US\$	690	780	770	840	880	...	...
GDP at Current Prices	Million US \$	10 679	14 022	15 360	17 079	17 280	16 545	18 601
GDP at 2010 Constant prices	Million US \$	10 679	13 489	14 169	14 902	15 656	15 350	15 965
Real GDP Growth Rate	%	5.4	5.9	5.0	5.2	5.1	-2.0	4.0
Real per Capita GDP Growth Rate	%	2.1	2.8	1.9	2.1	2.0	-4.8	1.0
Gross Domestic Investment	% GDP	24.0	24.0	21.6	20.5	21.6	18.8	19.5
Public Investment	% GDP	17.4	9.1	9.4	6.9	8.7	8.1	8.0
Private Investment	% GDP	6.6	14.8	12.2	13.5	12.9	10.7	11.4
Gross National Savings	% GDP	13.3	11.4	12.6	13.3	14.5	15.9	...
Prices and Money								
Inflation (CPI)	%	1.4	-1.8	1.8	1.7	-2.9	0.5	1.5
Exchange Rate (Annual Average)	local currency/US\$	494.4	592.8	580.9	555.2	585.9	573.8	533.4
Monetary Growth (M2)	%	4.7	13.0	0.9	16.3	9.1	4.5	...
Money and Quasi Money as % of GDP	%	30.4	36.4	34.3	37.5	38.3	42.7	...
Government Finance								
Total Revenue and Grants	% GDP	17.5	18.3	20.1	15.5	21.4	20.4	20.5
Total Expenditure and Net Lending	% GDP	20.2	22.3	22.9	20.3	23.2	26.5	25.0
Overall Deficit (-) / Surplus (+)	% GDP	-2.7	-3.9	-2.9	-4.8	-1.8	-6.1	-4.5
External Sector								
Exports Volume Growth (Goods)	%	-2.1	-4.2	11.1	-0.6	-5.5	-14.2	17.0
Imports Volume Growth (Goods)	%	16.3	13.3	-14.2	-12.1	9.3	-5.1	13.5
Terms of Trade Growth	%	8.2	15.4	-25.4	-0.3	16.8	38.5	-2.9
Current Account Balance	Million US \$	-1 190	-1 016	-1 109	-837	-722	-289	-202
Current Account Balance	% GDP	-11.1	-7.2	-7.2	-4.9	-4.2	-1.7	-1.1
External Reserves	months of imports	4.0	0.6	0.1	0.1	...	...	...
Debt and Financial Flows								
Debt Service	% exports	3.7	4.6	4.6	3.7	5.2	6.5	6.0
External Debt	% GDP	21.4	23.8	26.2	24.0	26.2	28.6	26.6
Net Total Financial Flows	Million US \$	1 122	1 324	1 612	1 512	...	...	...
Net Official Development Assistance	Million US \$	1 091	1 205	1 360	1 500	1 863
Net Foreign Direct Investment	Million US \$	406	356	563	467	494
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Source : AfDB Statistics Department: African; IMF: World Economic Outlook, October 2020 and International Financial Statistics, December 2020;

AfDB Statistics Department: Development Data Portal Database, December 2020. United Nations: OECD, Reporting System Division.

Notes: ... Data Not Available

(e) Estimations

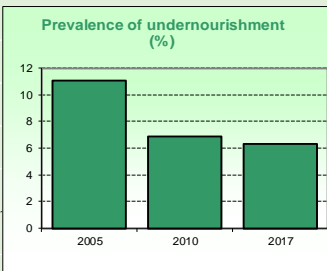
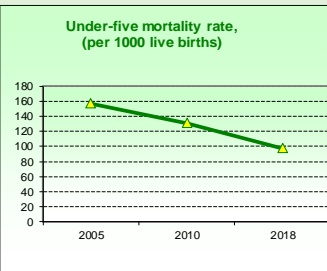
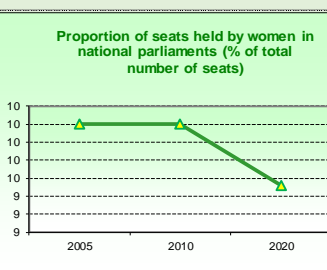
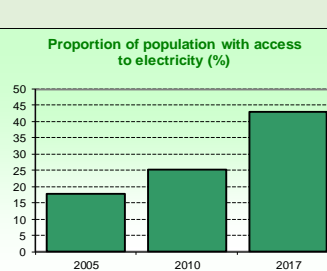
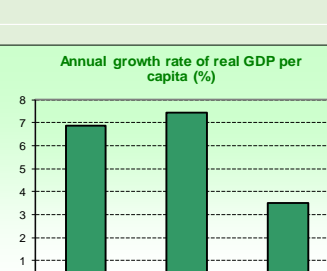
(p) Projections

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ANNEX A.24. PROGRESS TOWARDS SDGS

Mali

PROGRESS TOWARD ACHIEVING THE SUSTAINABLE DEVELOPMENT GOALS

Goal 1: End poverty in all its forms everywhere	2000 ¹	2010 ²	2020 ³	
Proportion of population living below the international poverty line of US\$ 1.90 (PPP) per day	59.0	50.0	...	
Proportion of population living below the national poverty line (%)	50.9	41.1	...	
Employed population below the international poverty line of US\$1.90 per day, aged 15-24 (%)	60.8	52.6	...	
Employed population below the international poverty line of US\$1.90 per day, aged 25 and over (%)	57.1	47.9	...	
Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture				
Prevalence of undernourishment (%)	12.2	6.9	6.3	
Proportion of children moderately or severely stunted (%)	42.5	27.8	26.9	
Agriculture orientation index for government expenditures	0.4	0.3	0.4	
Total official flows for agriculture (Millions of Constant 2018 US\$)	95	224	210	
Goal 3: Ensure healthy lives and promote well-being for all at all ages				
Maternal mortality ratio	715	660	562	
Proportion of births attended by skilled health personnel (%)	40.6	49.0	67.3	
Under-five mortality rate (deaths per 1,000 live births)	163.2	131.5	97.8	
Malaria incidence (per 1,000 population)	406.2	383.6	386.8	
Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all				
Proportion of children and young people at the end of primary achieving a minimum proficiency level in: Reading (%)	...	...	...
Proportion of children and young people at the end of primary achieving a minimum proficiency level in: Maths (%)	...	...	...
Gender parity index of trained teachers, primary (ratio)	...	1.2	1.1	
Total official flows for scholarships (Millions of Constant 2018 US\$)	...	3	5	
Goal 5: Achieve gender equality and empower all women and girls				
Proportion of seats held by women in national parliaments (% of total number of seats)	10.2	10.2	9.5	
Proportion of women who make their own informed decisions regarding contraceptive use (% of women aged 15-49 years)	...	81.9	76.7	
Proportion of women who make their own informed decisions regarding reproductive health care (% of women aged 15-49 years)	...	22.3	22.0	
Goal 6: Ensure availability and sustainable management of water and sanitation for all				
Level of water stress: freshwater withdrawal as a proportion of available freshwater resources (%)	7.9	8.0	8.0	
Water body extent (permanent) (% of total land area)	...	0.12	0.13	
Total official development assistance for water supply and sanitation (Millions of Constant 2018 US\$)	37.9	124.7	150.6	
Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all				
Proportion of population with access to electricity (%)	16.4	25.3	43.1	
Proportion of population with primary reliance on clean fuels and technology (%)	5.0	5.0	5.0	
Renewable energy share in the total final energy consumption (%)	85.8	67.1	58.6	
Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all				
Annual growth rate of real GDP per capita (%)	-9.1	7.4	3.5	
Unemployment rate, (aged 15-24) (%)	...	10.7	16.9	
Unemployment rate, (aged 25 & over) (%)	...	7.0	3.7	
Proportion of youth not in education, employment or training (%)	...	...	34	

Sources : ADB Statistics Department Database;

United Nations Statistical Division, Online Database on Sustainable Development Goals (<https://unstats.un.org/sdgs/>).

Note : n.a. : Not Applicable ; ... : Data Not Available,

¹ Latest year available in the period 2000-2005; ² Latest year available in the period 2006-2010; ³ Latest year available in the period 2011-2020

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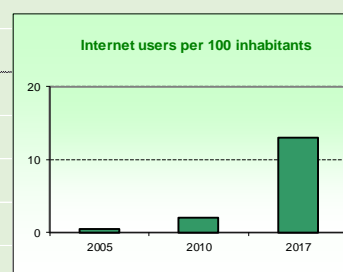
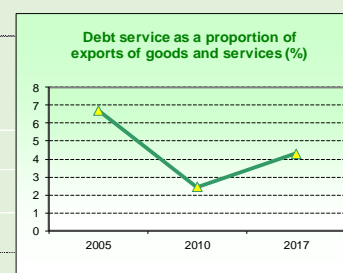
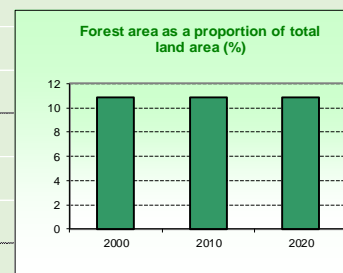
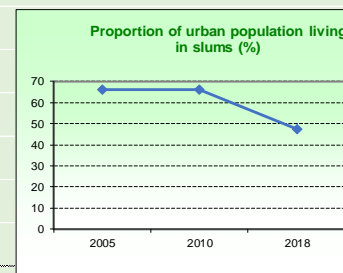
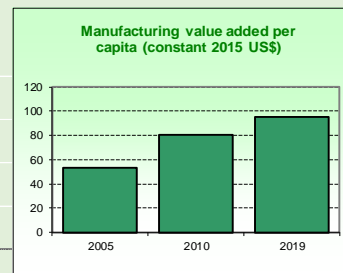
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ANNEX A.24. (CONT'D) PROGRESS TOWARDS SDGS

Mali

PROGRESS TOWARD ACHIEVING THE SUSTAINABLE DEVELOPMENT GOALS (Contn'd)

Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	2000¹	2010²	2020³	
Manufacturing value added per capita (constant 2015 US\$)	51	80	96	
Manufacturing employment as a proportion of total employment (%)	...	...	4.2	
Carbon dioxide emissions from fuel combustion (millions of tonnes)	...	...	...
Total official flows for infrastructure (Millions of Constant 2018 US\$)	74	134	147	
Goal 10: Reduce inequality within and among countries				
Labour share of GDP (%)	50.9	50.3	50.9	
Total assistance for development (Millions of current US\$)	551	1 122	1 520	
Remittance costs as a proportion of the amount remitted (%)	...	...	5.1	
Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable				
Proportion of urban population living in slums (%)	75.4	65.9	47.2	
Number of deaths due to disaster (number)	...	132.0	21.0	
Direct economic loss attributed to disasters relative to GDP (%)	...	0.0228	0.0241	
Goal 12: Ensure sustainable consumption and production patterns				
Domestic material consumption per capita, coal (tonnes)	...	...	...
Domestic material consumption per capita, natural gas (tonnes)	...	...	...
Electronic waste generated, per capita (Kg)	0.2	0.4	0.8	
Goal 13: Take urgent action to combat climate change and its impacts				
Number of deaths and missing persons attributed to disasters per 100,000 population	...	0.9	0.11	
Proportion of local governments that adopt and implement local disaster risk reduction strategies in line with national disaster risk reduction strategies (%)	...	...	...
Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development				
Coverage of protected areas in relation to marine areas (Exclusive Economic Zones) (%)	...	...	...
Average proportion of Marine Key Biodiversity Areas (KBAs) covered by protected areas (%)	...	...	...
Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss				
Forest area as a proportion of total land area (%)	10.9	10.9	10.9	
Forest area annual net change rate (%)	...	0.0	0.0	
Red List Index	0.98	0.98	0.98	
Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels				
Unsentenced detainees as a proportion of overall prison population (%)	...	...	...
Proportion of children under 5 years of age whose births have been registered with a civil authority (% of children under 5 years of age)	...	...	86.7	
Goal 17: Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development				
Proportion of domestic budget funded by domestic taxes (% of GDP)	62.1	64.7	63.1	
Volume of remittances (in United States dollars) as a proportion of total GDP (%)	2.9	4.4	6.0	
Debt service as a proportion of exports of goods and services (%)	8	2.4	4.3	
Internet users per 100 inhabitants	0.4	2.0	13.0	



Sources : ADB Statistics Department Database;

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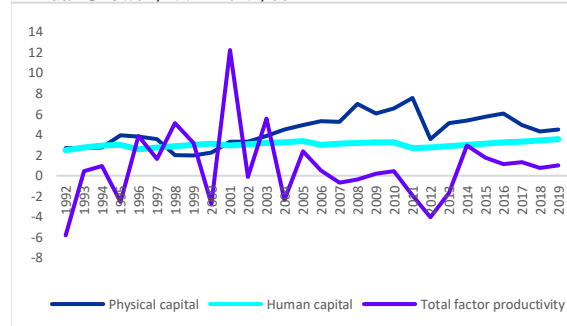
United Nations Statistical Division, Online Database on Sustainable Development Goals (<https://unstats.un.org/sdgs/>).

Note : n.a. : Not Applicable ; ... : Data Not Available.

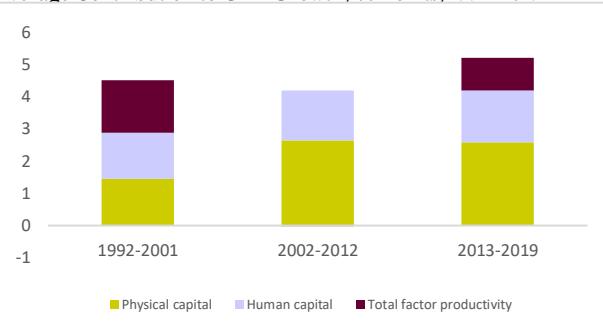
¹ Latest year available in the period 2000-2005; ² Latest year available in the period 2006-2010; ³ Latest year available in the period 2011-2020

ANNEX A.25. PRODUCTIVITY, EMPLOYMENT DISTRIBUTION BY SECTOR, ECONOMIC COMPLEXITY, ICOR AND GROWTH BREAKDOWN BY SUBSECTOR IN MALI

Annual Growth, 1992-2019, %

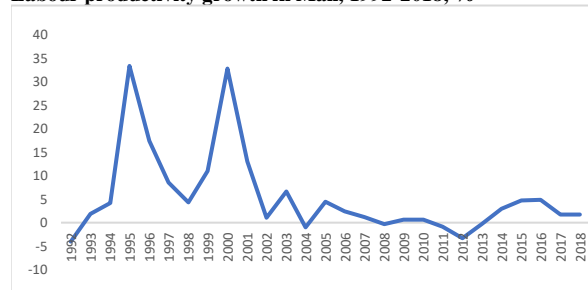


Average Contribution to GDP Growth, % Points, 1992-2019

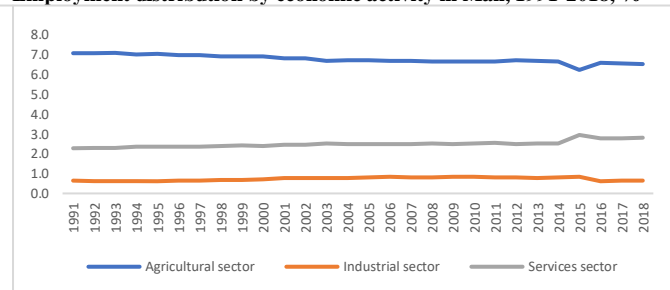


Source : The author's calculations using data from: the World Bank, World Development Indicators and the International Labour Organisation (Online edition)

Labour productivity growth in Mali, 1992-2018, %



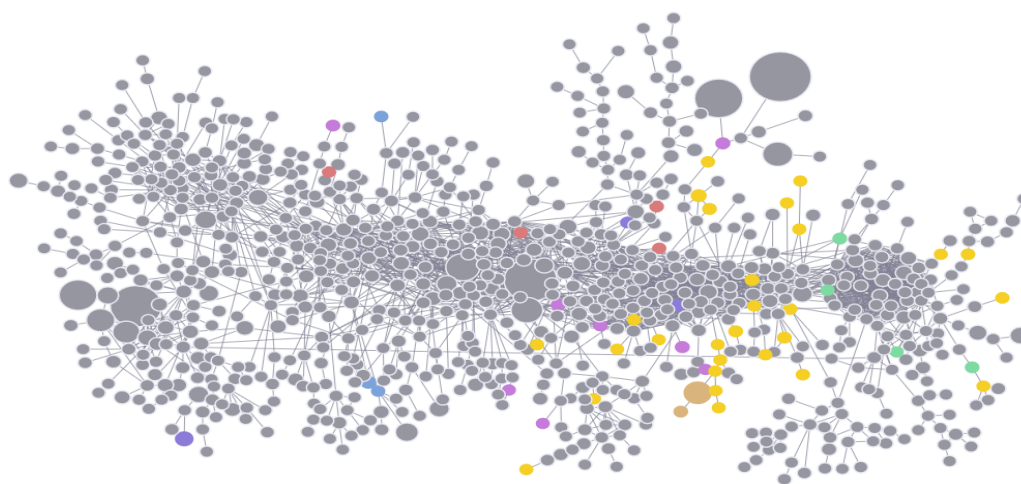
Employment distribution by economic activity in Mali, 1991-2018, %



Source: AfDB, Statistics Department (ECST)

Level of Economic Complexity, 2017

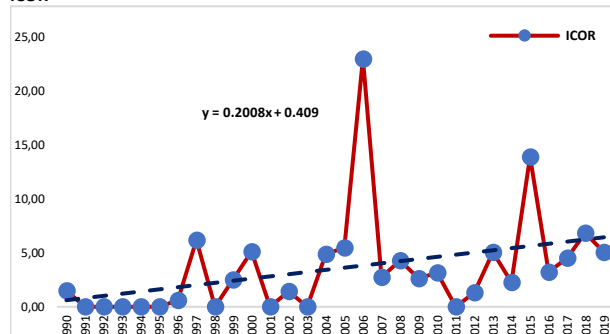
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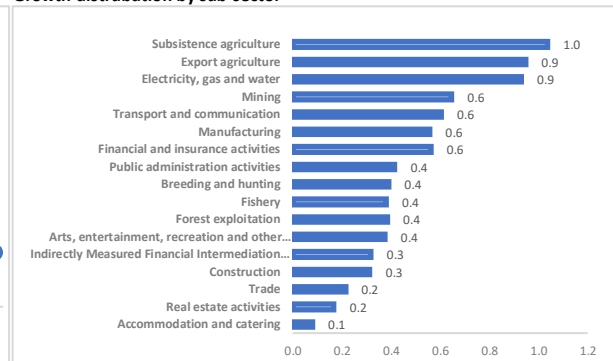
Source: Center for International Development at Harvard University (2019)

Note: The knots represent products, while the colours indicate specific products. The lack of colour in a knot implies that this country does not manufacture this product. Therefore, all the grey knots are products not manufactured in Mali. The simplest products have colours and are to the right, and the most complex products are to the left. The shift from right to left denotes a greater level of economic complexity.

ICOR



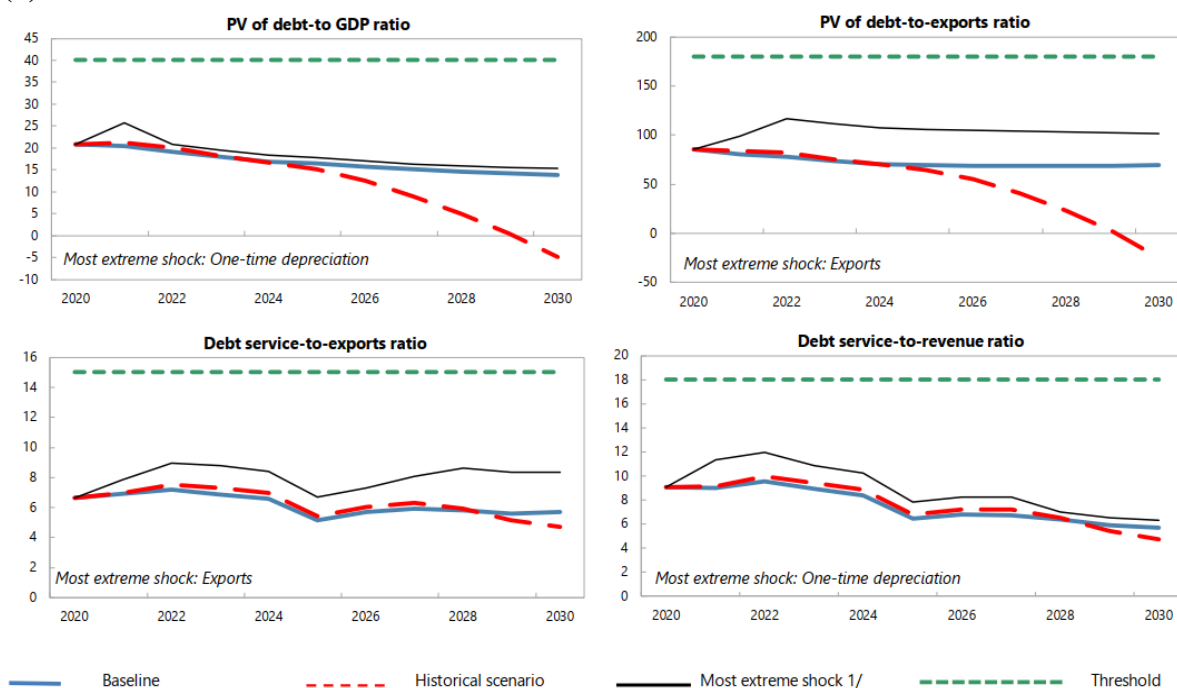
Growth distribution by sub-sector



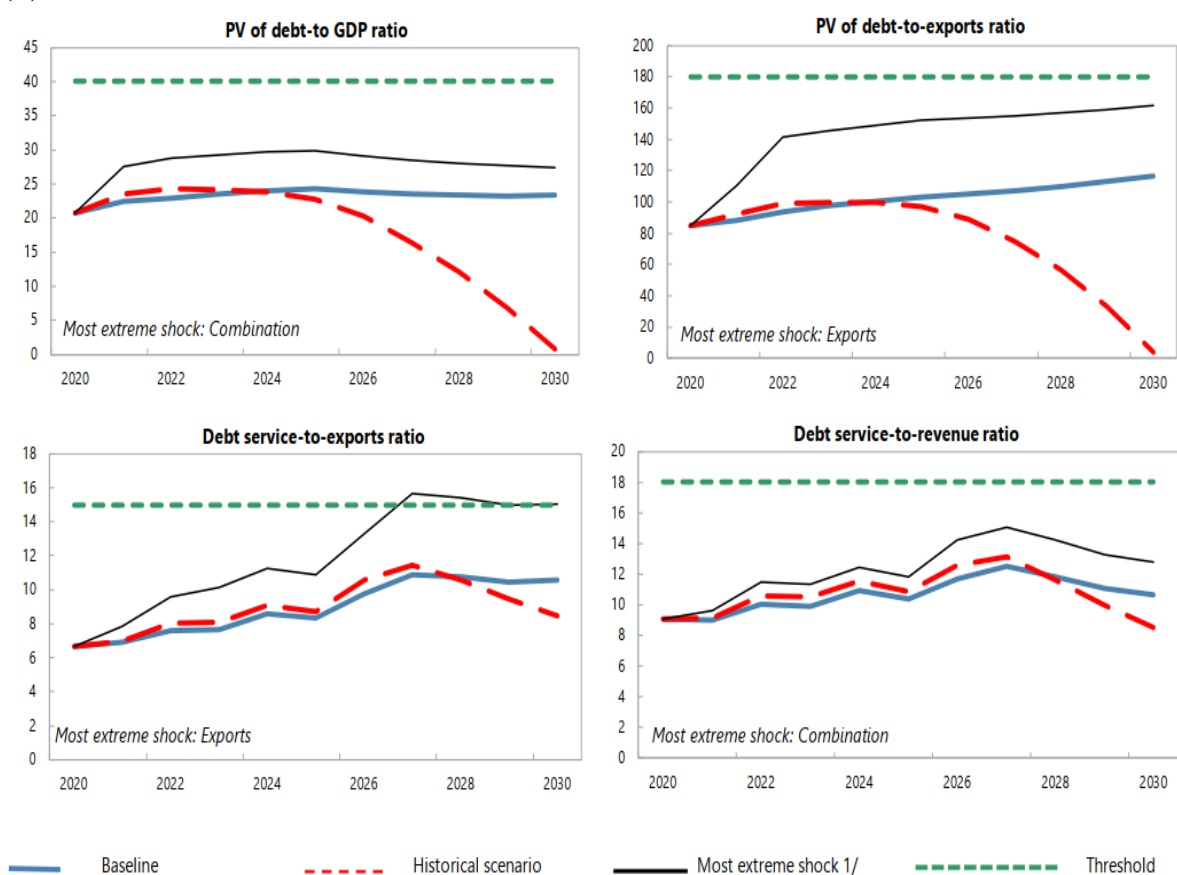
Source : Author's calculations using *World Development Indicators*. Source : AfDB, Statistics Department (ECST)

ANNEX A.26. MALI: INDICATORS OF EXTERNAL DEBT UNDER ALTERNATIVE AND CUSTOMIZED SCENARIOS, 2020-30

(a) Alternative scénarios

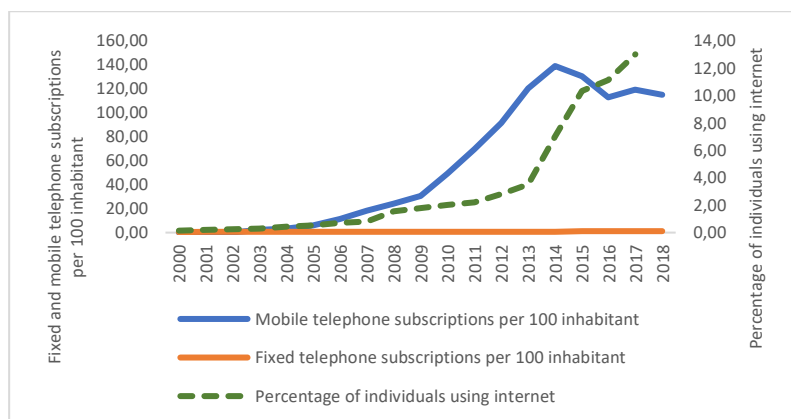


(b) Customized scénarios



ANNEX A.27. INFORMATION AND COMMUNICATION TECHNOLOGIES IN MALI, 2000-2018

By way of comparison, Mali lags behind other African countries from the standpoint of internet use, for between 2000 and 2018, 3.26% of all individuals were using the internet in Mali compared with 5.57% for WAEMU, 9.34% for ECOWAS and 10.03% for Africa. In terms of mobile phone subscriptions, Mali is ahead of other African countries since, over that period, the country recorded 54.91 subscriptions, compared with 37.03 for WAEMU, 42.81 for ECOWAS and 45.44 for Africa. In terms of fixed telephone subscriptions, Mali has fallen behind other African countries since the country has recorded an average of 0.71 subscriptions compared with 1.08 for WAEMU, 0.77 for ECOWAS and 2.74 for Africa.



Source : AfDB Statistics Department (ECST)

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