

Document of
the International Development Association
acting as Administrator of the Interim Trust Fund

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Report No.P 7227 MLI

MEMORANDUM AND RECOMMENDATION
OF THE
MANAGING DIRECTOR
TO THE
PRESIDENT OF THE
INTERNATIONAL DEVELOPMENT ASSOCIATION
ON A
PROPOSED INTERIM TRUST FUND CREDIT
IN AN AMOUNT OF SDR 15.9 MILLION
TO
THE REPUBLIC OF MALI
FOR A
PROJECT TO SUPPORT GRASSROOTS INITIATIVES
TO FIGHT HUNGER AND POVERTY

February 20, 1998

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CURRENCY EQUIVALENTS

Currency Unit: CFA Franc (CFAF)
US\$1 = CFAF 560 (December 1997)

ABBREVIATIONS AND ACRONYMS

AIB	Association d'Appui aux Initiatives de Base (Grassroots Initiatives Association)
CAS	Country Assistance Strategy
CCA-ONG	Comité de Coordination des Actions des ONG au Mali (Coordinating Committee of NGO Activities in Mali)
CDA	Community Development Agent
CLD	Comité Local de Développement (Local Development Committee)
CRD	Comité Régional de Développement (Regional Development Committee)
DNSI	Direction Nationale de la Statistique et de l'Informatique (National Statistical Office)
GDP	Gross Domestic Product
GRIP	Project to Support Grassroots Initiatives to Fight Hunger and Poverty
ICB	International Competitive Bidding
IDA	International Development Association
IEC	Information, Education, Communication
M&E	Monitoring and Evaluation
NCB	National Competitive Bidding
NGO	Non-Governmental Organization
NGO-CD	NGO in community development
PMO	Project Management Office
PPF	Project Preparation Facility
SAP	Système d'Alerte Précoce (Early Warning System)
UNDP	United Nations Development Program

FISCAL YEAR

January 1 - December 31

Vice President	: Jean-Louis Sarbib, AFR
Director	: Hasan Tuluy, AFC15
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MEMORANDUM AND RECOMMENDATION OF THE MANAGING DIRECTOR TO
THE PRESIDENT OF THE INTERNATIONAL DEVELOPMENT ASSOCIATION
(THE ASSOCIATION ACTING AS ADMINISTRATOR
OF THE INTERIM TRUST FUND)
TO THE REPUBLIC OF MALI
FOR A PROJECT TO SUPPORT GRASSROOTS INITIATIVES
TO FIGHT HUNGER AND POVERTY

1. I submit for your approval the following memorandum and recommendation on a proposed credit to the Republic of Mali for SDR 15.9 million, the equivalent of US\$21.5 million, on standard IDA terms with 40 years maturity, to help finance the Project to Support Grassroots Initiatives to Fight Hunger and Poverty (GRIP). The Government of Mali will contribute about US\$1.5 million equivalent.
2. *Country/Sector Background.* Mali is one of the poorest countries in the world with per capita income estimated at about US\$240 in 1996. Access to key social services, notably education, basic health, potable water and sanitation is limited. Past growth performance was constrained by inappropriate economic policies coupled with a long-term decline in competitiveness and terms of trade. Since 1987, the Government of Mali has made fundamental changes in its economic development strategy, opting for a market-oriented approach in place of the centrally-controlled system that existed before. It has put in place important measures to correct distortions in the incentive and regulatory system, liberalized domestic marketing and pricing, freed up international trade, and withdrawn from participation in key economic sectors in favor of the private sector. It has improved fiscal management and is continuing efforts to improve the efficiency of public resource use.
3. *Macroeconomic performance* in 1996 was impressive. The economy grew by 4% in real terms, the overall fiscal deficit was reduced to 7.9% of Gross Domestic Product (GDP) from 10.5% in 1995, while the current account deficit fell from 15% to 13.5% of GDP during the same period. Inflation was reduced from 12.4% in 1995 to about 6.5%. The reform measures put in place and the devaluation of the CFA Franc (CFAF) in 1994, have helped boost Mali's medium-term growth prospects. Real growth is expected to reach 6.7% in 1997 and projected to average about 5% per annum over the medium term allowing per capita income growth of about 2%. Agriculture will continue to be the main sector of economic activity though growth in sectors such as mining, construction, and tourism is expected to be significant. The projected growth rates will have to be complemented by policies to help the poor benefit from growth in order to achieve the Government's objective of poverty reduction. These would include policies to improve access to education and health, support income-generating activities, and improve basic rural infrastructure, particularly in disadvantaged rural communities.
4. *Poverty* is widespread, a fact borne out by the country's extremely poor human resource indicators. Recent estimates for 1996 indicate that over 70% of the ten million Malians were below the poverty line, many hungry and malnourished. Poverty is most prevalent in rural areas, where 93% of the poor live. There are considerable regional disparities in the extent of poverty, with the northern regions generally worse off than the southern regions. Mopti persistently ranks as the poorest region in Mali, with 90% of its population below the national poverty line, a fact reflected in large number of food-deficit areas, poor health status and low education levels. Food absorbs nearly two-thirds of the household budget of the poor. Most recent (1995-96) data

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categorize 33% of Mali's children under 3 years old as chronically malnourished. Over 70% of rural population, while 93% of the total poor are in rural areas. Roughly 49% of Malians have access to safe water, and about 80% of them lack basic sanitation. In rural areas 70-80% of school-age children do not go to primary school. Indeed, Mali is among the five countries in the world with the lowest level of adult literacy (about 31%) and one of the lowest primary education coverage (about 35% and 25% for girls), despite an improvement of 10% since 1987. Health coverage is poor, with life expectancy of 50 years, and an infant mortality rate of 123 per 1000 live births. The 1997 UNDP Human Development Report ranks Mali 171st out of 175 countries in terms of social indicators. With rapid population growth at 3.1 % annually, without measures that make use of all available resources, conditions will further deteriorate. It should be noted that improving the quality of poverty-related information is an essential part of strengthening the poverty monitoring system, that is being supported by the GRIP.

5. *NGOs:* Over 600 international and national NGOs engage in a wide range of relief, development and policy-related activities. These numbers have grown rapidly since 1988, with many organizations having less than five years experience in implementation or financial and project management. It is generally acknowledged that roughly 150 NGOs are truly viable with proven performance in food assistance, natural resources management, health, education, community infrastructure, community organization and information. Increasingly better organized on specific sectoral issues, their energy, extensive outreach capabilities and participatory experience are indispensable assets in achieving poverty and hunger reduction, in line with Government goals and in harmony with its strategy and programs.

6. The relationship between NGOs and Government, defined under a 1959 law for the creation of associations, has in practice been *ad hoc*, with mixed results and misperceptions on both sides. In part this is because the role of NGOs participating in the new democratic society of Mali is evolving, and the types of NGOs are growing at an accelerated pace since the end of the previous regime. Some NGOs function as resource intermediaries, with or without specific policy, technical assistance, and targeted intervention agendas. Others have modest human and financial resources, excellent knowledge of local culture and conditions, are focused on a geographic area, ethnic or religious group, or a specific sector issue. The Bank's NGO Capacity Assessment (October 1995), which was commissioned as part of project preparation, reflects the varying character, experience and capacity of 60 key NGOs operating in Mali, their constraints and perceptions of the working environment, and prospects for successful tripartite collaboration with a Bank financed mechanism. Malian NGOs have been trying to modify the 1959 law governing them and their relations with Government since 1986. In 1996, the Government agreed to consider amendments to the law and requested a draft text to be prepared. In view of the proposed project's hope to foster Government/NGO partnership, the project will support the dialogue between Government and NGOs in improving the legal framework under which the NGOs operate in Mali.

7. *Government poverty strategy:* The Government is committed to a broad-based strategy to fight the widespread prevalence of poverty. Through its macroeconomic and sectoral policies, it is attempting to reach and respond to the basic needs of the most vulnerable groups. Key sectoral policies linked to poverty reduction are: (i) the improvement of coverage and quality of primary health care services, including nutrition, through the provision of a package of preventive and curative services, improved referral services, greater decentralization of the health care system and greater community participation in the management and financing of primary health care service delivery; (ii) the expansion of access to primary education, especially for girls,

through the introduction of national languages and development of community schools, while improving quality at all levels through improved management and use of sector resources; *enhancement of the quality and relevance of vocational education by promoting labor skills in line with labor market needs and the promotion of private participation*; (iii) in rural development, further redistribution of responsibilities from the public towards the private sector and rural communities; improved and expanded agricultural extension and research services, with special attention to the needs and activities of women; (iv) a community-based natural resources management strategy which empowers communities to manage their own natural resources and builds capacity of staff at the ministerial level who in turn advise villagers on these matters; (v) maximization of the impact of existing safe water supply and sanitation facilities and to ensure that the future development of the water and sanitation sectors will respond to the demands of the population; (vi) to respond to food security, the provision of a national food stock program and an extension program that aims at increasing agricultural productivity and farmers' income through a "train and visit" approach and puts particular emphasis on labor-intensive agricultural techniques, on women concerns, and on cultural practices; (vii) labor-intensive public works program to address unemployment of unskilled urban workers.

8. *Project Rationale.* The proposed project is an experimental operation aiming at responding to priority needs of poor rural communities and strengthening the decision-making capacity of these communities in their fight against poverty. It is in line with the recognition that public sector resources alone cannot reduce poverty or hunger and that Mali's development requires the active cooperation of public and private partners to reach its widely diverse and dispersed communities. Project design is also in keeping with the ongoing democratization and decentralization processes, both of which rely on a radically modified decision-making process, namely a greater role of civil society in the design and implementation of policies and programs and increased dialogue with populations at the grassroots level. It should be noted that the adaptable lending instruments, such as the Learning and Innovation Loan, which might have been appropriate for this type of pilot operation, were not available until the near-completion of the pilot phase. The decision was thus taken that the successful implementation of the pilot phase was sufficient to launch a full-fledged operation.

9. *Project Objectives.* The project's development objectives are: (i) to improve the living conditions of disadvantaged targeted rural communities by responding to their priority needs; (ii) to strengthen capacity of communities in identifying and ranking their development priority needs and in planning, implementing and supervising actions to respond to those needs, in partnership with NGOs and local authorities; (iii) to strengthen institutional and policy-making capacity at the local and national levels in the fight against hunger and poverty.

10. *Project Description:* The proposed project will finance a five-year investment program in the region of and other regions in a phased manner, and will include two components: (a) *community development (76% of project base costs):* to provide grants for community-requested infrastructure in targeted rural communities and for accompanying measures to strengthen community development skills, IEC messages for behavior change, and relevant training to ensure effective service delivery; and (b) *policy and institutional support (11% of project base costs)* to strengthen local and national decision-making on poverty issues. Project management and other operating costs will account for about 7% of total project base costs. The community development component will finance (i) priority community infrastructure identified by the beneficiaries themselves in a number of sectors, including water supply, education, health and rural development; and (ii) local capacity building activities aimed at strengthening the decision-

making capacity of communities (including the organization of village management committees, training in functional literacy and basic management and financial skills for members of these committees, and training in infrastructure maintenance for villagers), as well as strengthening the skills of service providers (mainly NGOs) in community development, communication and participatory methods. The policy and institutional support component will finance (i) the annual report and study program of the Observatory for Sustainable Human Development, established to analyze socio-economic data and provide policy recommendations on poverty-related issues (UNDP finances its operating costs); (ii) a national household survey in support of Mali's poverty monitoring system; and (iii) part of the 1998 population census, namely a part of the cartography and data collection activities.

11. *Project implementation.* Overall Project monitoring will be the responsibility of the Ministry of Economy, Plan and Integration. The Government of Mali has designated the newly-created *Association d'Appui aux Initiatives de Base (AIB)* as the executing entity for the community development component of this Project. The AIB will be composed of an Advisory Board and a Project Management Office (PMO). The Advisory Board, composed of representatives of beneficiary communities and civil society (representatives of other organisms may be invited as observers, when deemed necessary), will serve principally an overall supervisory function, delegating operational responsibilities to the Project Management Office, its technical and administrative arm. Its specific role will be to review and modify the Manual of Procedures, as necessary, in agreement with IDA, approve the annual work program and annual budget of the Project Management Office, ensure the preparation of annual project reviews, and evaluate project management a posteriori, based on quarterly and annual progress reports and audit reports. The Project Management Office will be responsible for managing the project within the policy framework determined by the Advisory Board. This means principally the selection of sub-projects, the recruitment of intermediaries and/or service providers of the selected sub-projects, the overall technical supervision of sub-projects, provision of training, as required, and monitoring aggregate project results. The PMO will be guided by a detailed Manual of Procedures, which, *inter alia*, defines criteria for geographic targeting, selection criteria for sub-projects and of partners involved in implementation, outlines detailed procedures of project implementation, including model bidding documents and sample contracts, and presents monitoring procedures and performance indicators. For the community development component, project implementation will involve the beneficiary community (the focal point of the decision-making process) and an intermediary, who delegates sub-project implementation to enterprises and consultants. As to the policy and institutional development component, the Observatory for Sustainable Human Development, under the aegis of the Ministry of Economy, Plan and Integration, will be responsible to carry out its annual work program, as agreed between the Government, the UNDP and IDA, and the National Statistical Division (DNSI) for the household budget survey and the population census. For these activities, the PMO will handle the procurement of all expenditures, based on an agreed upon budget with IDA.

12. *Lessons Learned from Previous IDA Involvement.* Lessons learned from Bank operational experience with participatory approaches, which have been incorporated in the GRIP, suggest the importance of: (i) community participation throughout the project cycle to foster a greater sense of ownership and better chance for sustainable interventions; (ii) a community contribution for works, mainly in the form of labor; (iii) spelling out the responsibility for maintenance of works in a contract between the community (generally a community management committee) and the project implementation agency; (iv) simple procurement procedures, outlined in a manual of procedures and adapted to take into account intervention size, social objectives,

and special needs of community participation (while retaining the basic Bank principles of quality, transparency, and cost-effectiveness; (v) taking into account other community-based and sectoral development plans when approving project-financed community interventions; (vi) rigorous pre-qualification procedures for NGOs to participate in the project; and (vii) a built-in monitoring system to assess community views on the efficiency of implementation and project impact, and to allow timely modifications to project design.

13. *Rationale for IDA Involvement.* The objectives of the proposed project are consistent with the development strategy of the World Bank's Country Assistance Strategy (CAS) for Mali, presented to the Board in February 1995, and with the recommendations of the Evaluation of Living Conditions of June 1993. IDA's strategy to assist Mali aims to achieve sustainable economic growth with equity and targeted poverty reduction. Its central focus is: (i) to promote competitiveness in order to make the economy more responsive and to create more opportunities for the private sector; (ii) to complete structural reforms in agriculture; and (iii) to develop human resources by delivering essential services efficiently and effectively. The CAS also advocates the strengthening of social safety net programs for the poor that respond to basic needs and human resource development. Moreover, a central aspect of the Bank's partnership with Mali, as endorsed in both the CAS and the Evaluation of Living Conditions, is the strengthening of the quality of the dialogue with Government and civil society to enhance participation and to facilitate internalization and ownership. The June 1995 Hunger Workshop in Mali, aimed as a first step in promoting a partnership between the Government, NGOs and the Bank, confirmed these findings and participatory approach. The proposed intervention is considered a priority project in terms of its poverty-targeted interventions and its long-term focus on capacity building and community ownership.

14. *Agreed actions.* The following agreements were obtained during the negotiations: (a) the final Manual of Procedures, acceptable to IDA; (b) an initial deposit of the Government's contribution into a Project Account equivalent to the first six months of project implementation; (c) a roster of eligible intermediaries acceptable to IDA; (d) the proper monitoring of procurement and the standard procurement documents to be used for NCB; (e) the submission of management and financial audit reports every six months and of technical audits every year; (f) the zones of intervention for the first year of project implementation; and (g) the acceptability of the Director General of the PMO to IDA at all times. The *conditions of effectiveness* are: (a) the signing of the Convention between the Government and the AIB; (b) the recruitment of the Director General and the head of the administrative/financial unit of the PMO; (c) the establishment of a Special Account and the deposit of the Government's initial six-month contribution into the Project Account; and (d) the employment of independent auditors and the putting in place of a financial and accounting system, both acceptable to IDA.

15. *Environmental Aspects.* This project has been classified as category C in view of the size of the sub-projects to be financed.

16. *Poverty Category.* The proposed project is a poverty-targeted intervention responding to the Government's objectives of human resource development and poverty reduction. It meets this objective by fostering improved collaboration among the concerned stakeholders, the community, NGOs, and Government at every stage of the project process. By adopting this innovative participatory approach responding to community-requested priorities in the fight against hunger and poverty in disadvantaged areas of Mali, the project expects to foster sustainability and ownership right from the start. By promoting this collaboration

through a “working together approach”, project sustainability is further ensured by building local capacity of beneficiaries and service providers.

17. *Participatory Approach.* This project emerged from a national dialogue on hunger and poverty, and a series of consultative meetings at the national and regional level. Participants in these meetings were drawn from key stakeholder groups, principally communities, NGOs, the Government and donors. Thus, the essence of this project reflects an iterative dialogue with beneficiaries, service providers (mainly NGOs), local government authorities and other partners to address three complementary, inter-linked processes, namely (i) a community participation process; (ii) a sub-project implementation process; and (iii) a Government/NGO partnership process.

18. *Project Benefits.* The project would help reduce poverty in the most vulnerable rural communities in Mopti and other regions. This would be achieved in the short term by financing sub-projects identified by the communities themselves as having highest priority in improving their living conditions. Direct beneficiaries of the sub-projects and capacity building activities are estimated at roughly 130,000 persons. The training program will strengthen the managerial, monitoring and evaluation skills of about 25 intermediaries; the communication skills and knowledge in participatory methods and gender analysis of around 90 NGOs in community development and 520 village animation agents; the organizational capacity of 130 village management committees; and improve collaboration of local technical services and regional/local development committees. In addition, the project will indirectly touch neighboring villages of the targeted villages (during the pilot phase the benefits from a pilot sub-project reached an average of three neighboring villages). The Observatory and the DNSI will also benefit from the institutional support component through improved capacity in data analysis and a stronger poverty monitoring system.

19. *Project Sustainability.* The participatory approach embraced by the project is geared to ensuring sustainability. From the outset, targeted communities will be involved in project design, implementation and supervision. Community contributions and the set-up of village management committees further reinforce community commitment and ownership. Given its experimental and capacity building nature, the project will ensure that key stakeholders remain committed to the process, that feedback on progress is communicated, that necessary adaptations are made to adjust to operational realities, and that relevant training is provided to the community and key partners. In this regard, the Manual of Procedures is seen as a living document, to be modified over time. Program implementation and outcomes will be regularly supervised, monitored and evaluated, using a participatory approach, by key stakeholders at the local, regional and central levels of decision-making. This new approach to monitoring and evaluation aims at enhancing project overall performance, increasing conditions for sustainability of activities, and improving effectiveness of project resources and management of risks and difficulties.

20. *Project Risks.* The first risk is the challenge in building and nurturing a new relationship between communities, local authorities and the central Government. The GRIP is the first project which explicitly supports a participatory process with targeted communities right from the beginning -- eliciting their participation in the identification of priorities, involving them in the implementation and maintenance of investments responding to those priorities -- and which implicates local authorities and technical services in the process. This support at the grassroots level is being provided in advance of a national decentralization effort, now being planned and expected to be implemented during 1998. Fostering the level of trust required for this new

relationship is part of an extended process, supported by the project, which will begin *slowly*, accelerating with experience and demonstrated results. The second risk is the extent to which the Government and NGOs can manage to maintain an ongoing dialogue, and their willingness to collaborate and compromise in order to implement programs at the community level. This is a new and experimental partnership for both, one which will be tested throughout the project life. The creation of the Association with beneficiary representatives on its Advisory Board and the successful experience of a pilot phase in testing this partnership on the ground, all augur well for their commitment to continue this cooperative process. The third risk is linked to institutional weaknesses, namely that project implementation may be hampered by limitations on technical competence, absorptive capacity, and familiarity with Bank procedures by service providers. This concern has been addressed through pre-selection criteria, inclusion of training to the community, training in community development to the NGO working directly with the community, and training to intermediaries on Bank procedures, and a system to monitor and evaluate performance outcomes. Finally, project achievements may be constrained by difficulty in reaching communities, transferring knowledge and improved practices, and sustaining community involvement in maintenance of sub-projects. This risk is mitigated by providing an NGO in community development to the community throughout the sub-project cycle, assisting communities in defining relevant IEC themes, providing appropriate training to respond to these community-identified themes, and requiring community contribution to the sub-project.

Recommendation

21. I am satisfied that the proposed Interim Fund Credit will comply with Resolution No.184, adopted by the Board of Governors of the Association on June 26, 1996, establishing the Interim Trust Fund and I recommend that the President approve it.

Sven Sandstrom
Managing Director

Washington, D.C.

February 20, 1998

Attachments

MALI
PROJECT TO SUPPORT GRASSROOTS INITIATIVES
TO FIGHT HUNGER AND POVERTY

A. Estimated Project Costs Summary
(US\$ million)

	Local	Foreign	Total	%
Community development	8.8	6.7	15.5	67.4
Community-requested infrastructure	(5.8)	(5.8)	(11.6)	(50.4)
Local capacity building	(3.0)	(0.9)	(3.9)	(17.0)
Policy and Institutional Development	2.0	0.2	2.2	9.5
Operating Costs a/	1.0	0.4	1.4	6.1
PPF Refinancing	0.7	0.7	1.4	6.1
Total Base Costs	12.5	8.0	20.5	89.1
Physical and Price Contingencies	1.3	1.2	2.5	10.9
Total Project Costs	13.8	9.2	23.0	100.0

a/ Includes costs of audits and of Project Management Office.

B. Financing Plan by Disbursement Category

(US\$ million)

	IDA	Government	Total	
	Amount	Amount	Amount	%
Grants ¹	14.0	1.5	15.5	67.4
Goods and equipment	0.2		0.2	0.8
Consultant services	2.3		2.3	10.0
Operating costs	1.1		1.1	4.8
PPF Advance	1.4		1.4	6.1
Unallocated	2.5		2.5	10.9
Total disbursements	21.5	1.5	23.0	100

¹ Includes all expenditures related to the community development component (civil works, equipment, consultant services, and service delivery contracts).

MALI
PROJECT TO SUPPORT GRASSROOTS INITIATIVES
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KEY PERFORMANCE INDICATORS

Indicators	Year				
	1	2	3	4	5
Cost (US\$)					
unit cost/sub-project	65,000	72,000	75,000	75,000	--
administrative cost/sub project (%)	15	14	12	10	--
Technical assistance/community					
no. visits/community by PMO & technical services	10	10	10	10	5
Performance procedures					
% implementation problems	30	25	25	20	20
% satisfied partners with participatory approach	50	60	75	80	80
Goods and services					
no. infrastructure	30	55	80	95	--
training (no. sessions)	120	220	320	380	120
messages IEC (no.)	90	165	240	285	90
no. reports (ODHD)	1	1	1	1	1
census	1				
household survey		1			
Beneficiaries affected	15,000	27,500	40,000	47,500	--
Poverty reduction index	20	35	50	55	60
satisfaction level of population, %					
Local capacity					
community contribution (% of cost)	5	8	10	10	--
Partnership, Government/NGO					
no. NGO participants in GRIP	13	20	35	40	10
legislation linked to NGOs (no.)		1			
Institutional capacity of decision-makers					
no. regional seminars on poverty	5	6	7	8	8

MALI
PROJECT TO SUPPORT GRASSROOTS INITIATIVES
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A. Summary of Proposed Procurement Arrangements²
(US\$ million including contingencies)

Program Element	US\$ million				
	ICB	NCB	Other	N.B.F.	Total
1. Civil Works (a)	-	9.1	0.4	1.5 (f)	11.0
	-	(9.1)	(0.4)	(--)	(9.5)
2. Goods (b)	-	0.5	1.1	-	1.6
	-	(0.5)	(1.1)	-	(1.6)
3. Consultancies (c)					
TA, NGOs, Studies,	-	-	6.6	-	6.6
Design/Supervision	-	-	(6.6)	-	(6.6)
and Audit					
4. Service Delivery Contracts (d)	-	-	1.1	-	1.1
for Community development by	-	-	(1.1)	-	(1.1)
providers					
5. Operating Costs (e)	-	-	1.3	-	1.3
	-	-	(1.3)	-	(1.3)
6. PPF Advance	-	-	1.4	-	1.4
	-	-	(1.4)	-	(1.4)
Total Costs	-	9.6	11.9	1.5	23.0
Total Financed by the IDA credit	-	(9.6)	(11.9)	(--)	(21.5)

Note: * N.B.F.: Not Bank-Financed.

* Figures in parentheses are the respective amounts financed by the IDA credit.

a/ For works contracts under US\$30,000 local shopping with a minimum of 3 quotations will be used.

b/ For contracts below US\$30,000 local shopping procedures with a minimum of 3 quotations will be used

c/ Includes intermediary services and works supervision.

d/ For community development service providers.

e/ Mainly operating costs of the PMO.

f/ Parallel financing by Government for community civil works.

² Based on the financing plan for the first two years.

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B. Allocation and Disbursement of the IDA Credit

Category of Expenditures	Amount (US\$ million)	Percentage Financed
Grants	14.0	100% of total cost
Goods and Equipment	0.2	100% for expenditures in foreign currency; 90% for expenditures in local currency
Consultant services	2.3	100%
Operating Costs	1.1	100%
PPF Advance	1.4	
Unallocated	2.5	
Total	21.5	

Estimated IDA Credit Disbursements
(US\$ million)

FY	1999	2000	2001	2002	2003
Annual	4.7	4.0	5.2	5.9	1.7
Cumulative	4.7	8.7	13.9	19.8	21.5

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Project Key Processing Events

Time taken to prepare the project:	33 months ³
Project prepared by:	Government and NGOs with IDA assistance
First IDA mission:	June 1995
Appraisal mission ⁴ :	June 1996
Pilot phase:	November 1996-December 1997
Negotiations:	January 1998
Planned date of effectiveness:	June 1998

³ Project preparation included the preparation and implementation of an 18-month pilot phase, whose lessons, especially with regard to the participatory approach at the community level and institutional arrangements of project implementation, greatly enhanced project design. In addition, substantial time was required in the beginning of project preparation to nurture the dialogue and build confidence between partners that had not worked very much together -- Government/NGOs and NGOs/Bank.

⁴ This report is based on the findings of an appraisal and a post-appraisal mission carried out in Mali in June 1996 and March 1997, consisting of Adriana De Leva (Task Manager), Richard Seifman (Nutrition Specialist), Antoine Simonpietri (Sr. Statistician), Peggy Parlato (IEC Specialist, Consultant), Annick Lachance (Monitoring and Evaluation, Consultant); Séydou Idani and Serge Theunynck (Manual of Procedures, Consultants), Carmen Malena (NGO Specialist, Consultant), Mohamed A. Touré (Operations Officer, Resident Mission), Edmond Dembele (NGO Liaison Officer, Resident Mission); Françoise Genouille (project costing). The Quality Assurance Team included John D. Clark (NGO Specialist) and Jack van Holst Pellekaan (Lead Specialist, Poverty). Grace Yabrudy (Resident Representative) provided valuable support. Technical support was provided by Roselyne Leroy and Ghislaine Baghdadi (Language Staff Assistants).

Status of Bank Group Operations in Mali
IBRD Loans and IDA Credits in the Operations Portfolio

Project ID	Loan or Credit No.	Fiscal Year	Borrower	Purpose	Original Amount in US\$ Millions				Difference Between expected and actual disbursements a/	
					IBRD	IDA	Cancellations	Undisbursed	Orig	Frm Rev'd
Number of Closed Loans/credits: 49										
<u>Active Loans</u>										
ML-PE-1738	IDAN0210	1997	GOVERNMENT OF MALI	IRRIG PROMOTION	0.00	4.20	0.00	4.07	0.00	0.00
ML-PE-1750	IDAN0040	1997	REPUBLIC OF MALI	URBAN DEVT & DECENTR	0.00	80.00	0.00	72.88	-1.14	0.00
ML-PE-46651	IDA29700	1997	OMVS	REGIONAL POWER	0.00	17.10	0.00	17.07	0.00	0.00
ML-PE-1735	IDA28940	1996	GOVERNMENT OF MALI	ECONOMIC MGMT	0.00	60.00	0.00	18.94	-8.56	0.00
ML-PE-1746	IDA28280	1996	GOVERNMENT OF MALI	VOCATIONAL EDUC TRNG	0.00	13.40	0.00	11.15	1.63	0.00
ML-PE-34617	IDA28500	1996	GOVT OF MALI	SELINGUE REHAB.	0.00	27.30	0.00	20.22	8.58	0.00
ML-PE-1755	IDA27370	1995	GOVERNMENT	AGRO-PROCESSING TRD	0.00	6.00	0.00	4.04	1.32	1.12
ML-PE-1730	IDA26170	1994	GOVERNMENT OF MALI	TRANSPORT SECTOR	0.00	65.00	0.00	45.83	17.93	-5.47
ML-PE-1751	IDA25570	1994	GOVERNMENT	AG. RESEARCH	0.00	20.00	0.00	10.76	4.91	0.00
ML-PE-1747	IDA24320	1993	GOVT OF MALI	PRIVATE SECTOR ASSIS	0.00	12.00	0.00	6.85	4.59	0.00
ML-PE-1745	IDA23700	1992	GOVERNMENT OF MALI	NATURAL RES. MGMT	0.00	20.40	0.00	12.03	10.45	4.29
ML-PE-1756	IDA23900	1992	GOVERNMENT	MINING CAPACITY	0.00	6.00	0.00	2.13	1.96	.11
ML-PE-1725	IDA22350	1991	GOVERNMENT OF MALI	AG SERVICES	0.00	24.40	0.00	2.69	1.07	1.13
ML-PE-1727	IDA22170	1991	GOVERNMENT OF MALI	HEALTH/POPULATION/RU	0.00	26.60	0.00	4.38	3.65	0.00
ML-PE-1718	IDA19060	1988	GOVERNMENT OF MALI	OFFICE DU NIGER II	0.00	39.80	0.00	1.75	-3.19	-3.74
Total					0.00	422.20	0.00	234.79	43.20	-2.56
					<u>Active Loans</u>		<u>Closed Loans</u>		<u>Total</u>	
Total Disbursed (IBRD and IDA):					180.14	799.83	979.97			
of which has been repaid:					0.00	45.51	45.51			
Total now held by IBRD and IDA:					422.20	712.98	1,135.18			
Amount sold :					0.00	0.00	0.00			
Of which repaid :					0.00	0.00	0.00			
Total Undisbursed :					234.79	8.38	243.17			

- a. Intended disbursements to date minus actual disbursements to date as projected at appraisal.
b. Rating of 1-4: see OD 13.05. Annex D2. Preparation of Implementation Summary (Form 590). Following the FY94 Annual Review of Portfolio performance (ARPP), a letter based system will be used (HS = highly Satisfactory, S = satisfactory, U = unsatisfactory, HU = highly unsatisfactory): see proposed Improvements in Project and Portfolio Performance Rating Methodology (SecM94-901), August 23, 1994.

Note:
Disbursement data is updated at the end of the first week of the month.

Mali
STATEMENT OF IFC's
Committed and Disbursed Portfolio
 As of 31-Dec-97
 (In US Dollar Millions)

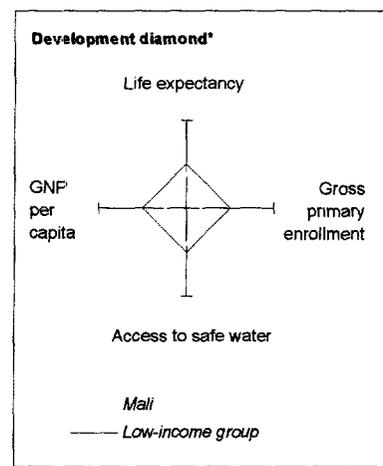
FY Approval	Company	Committed				Disbursed			
		IFC				IFC			
		Loan	Equity	Quasi	Partic	Loan	Equity	Quasi	Partic
1992/97	SOMISY	0.00	15.67	9.25	0.00	0.00	15.67	9.25	0.00
1994	AEF Hotel Bamako	.77	0.00	0.00	0.00	.77	0.00	0.00	0.00
1995	SEMOS	31.50	4.80	0.00	22.50	31.50	4.80	0.00	22.50
1996	AEF GGG	.67	0.00	0.00	0.00	.34	0.00	0.00	0.00
1997	SEF Grand Hotel	1.68	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Portfolio:		34.62	20.47	9.25	22.50	32.61	20.47	9.25	22.50
Approvals Pending Commitment									
		<u>Loan</u>	<u>Equity</u>	<u>Quasi</u>	<u>Partic</u>				
1996	AEF GGG	0.00	0.00	.39	0.00				
1991	AEF-BOAM	0.00	.23	0.00	0.00				
1997	BEN&CO	5.15	0.00	0.00	0.00				
1997	SOMISY CAPEX	10.00	0.00	0.00	25.00				
Total Pending Commitment:		15.15	.23	.39	25.00				

Mali at a glance

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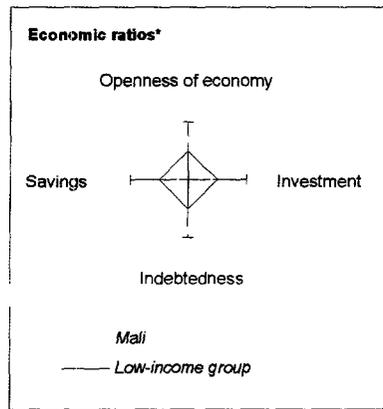
POVERTY and SOCIAL

	Mali	Sub-Saharan Africa	Low-income
Population mid-1996 (millions)	10.1	600	3,229
GNP per capita 1996 (US\$)	240	490	500
GNP 1996 (billions US\$)	2.4	294	1,601
Average annual growth, 1990-96			
Population (%)	2.9	2.7	1.7
Labor force (%)	2.7	2.6	1.7
Most recent estimate (latest year available since 1989)			
Poverty: headcount index (% of population)	..	..	..
Urban population (% of total population)	27	31	29
Life expectancy at birth (years)	50	52	63
Infant mortality (per 1,000 live births)	123	92	69
Child malnutrition (% of children under 5)	..	..	..
Access to safe water (% of population)	44	47	53
Illiteracy (% of population age 15+)	69	43	34
Gross primary enrollment (% of school-age population)	35	72	105
Male	45	78	112
Female	25	65	98



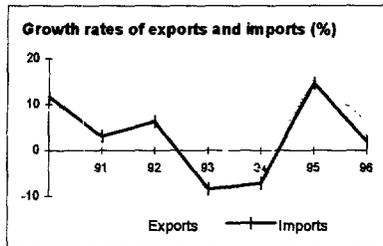
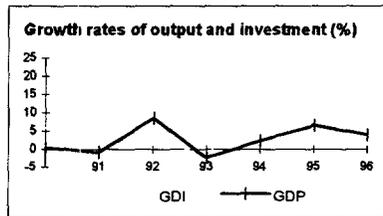
KEY ECONOMIC RATIOS and LONG-TERM TRENDS

	1975	1985	1995	1996
GDP (billions US\$)	0.8	1.2	2.5	2.7
Gross domestic investment/GDP	16.4	16.8	26.0	26.5
Exports of goods and services/GDP	10.2	17.8	21.8	20.8
Gross domestic savings/GDP	-4.4	-12.2	9.7	11.8
Gross national savings/GDP 1/	-5.6	-9.9	11.0	13.0
Current account/GDP 1/	-19.6	-26.7	-15.0	-13.5
Interest payments/GDP	0.1	1.0	0.9	..
Total debt/GDP	45.5	119.0	124.3	..
Total debt service/exports	4.0	19.8	12.5	..
Present value of debt/GDP	..	..	73.2	..
Present value of debt/exports	..	..	280.7	..
(average annual growth)				
GDP	1.3	2.9	6.4	4.0
GNP per capita	-1.1	-0.1	3.2	1.1
Exports of goods and services	8.4	5.7	15.4	6.4



STRUCTURE of the ECONOMY

	1975	1985	1995	1996
(% of GDP)				
Agriculture	63.4	40.3	46.0	48.1
Industry	11.2	15.5	16.9	16.6
Manufacturing	7.1	7.3	7.2	7.1
Services	25.4	44.2	37.1	35.3
Private consumption	94.2	100.6	79.2	77.6
General government consumption	10.2	11.7	11.0	10.6
Imports of goods and services	31.0	46.8	38.1	35.5
(average annual growth)				
Agriculture	1.0	3.9	9.1	1.2
Industry	2.0	4.5	7.7	8.7
Manufacturing	..	5.2	6.4	6.0
Services	1.2	1.3	1.8	5.5
Private consumption	2.4	1.4	9.1	2.3
General government consumption	3.1	1.0	-3.0	0.3
Gross domestic investment	1.8	5.7	6.4	6.0
Imports of goods and services	9.3	1.9	14.7	2.0
Gross national product	1.1	2.8	6.3	4.3



Note: 1996 data are preliminary estimates.

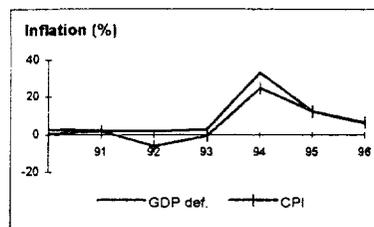
* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

1/ Excluding official transfers

Mali

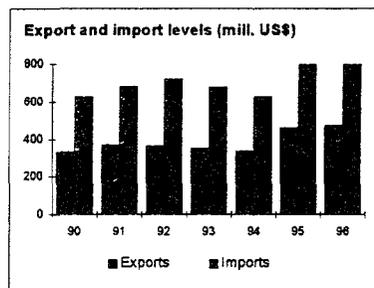
PRICES and GOVERNMENT FINANCE

	1975	1985	1995	1996
Domestic prices (% change)				
Consumer prices			12.4	6.5
Implicit GDP deflator	23.0	1.3	12.5	6.3
Government finance (% of GDP)				
Current revenue 2/		12.8	14.4	15.9
Current budget balance 3/		0.8	2.9	5.9
Overall surplus/deficit 4/		-13.0	-10.5	-7.9



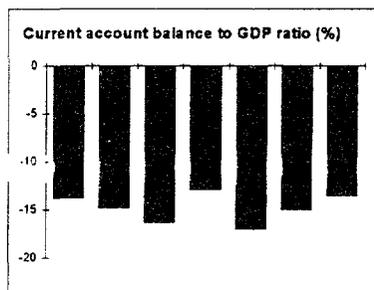
TRADE

	1975	1985	1995	1996
<i>(millions US\$)</i>				
Total exports (fob)		176	459	473
Cotton		78	261	267
Gold		35	71	78
Manufactures				
Total imports (cif)		469	796	797
Food		141	104	99
Fuel and energy		80	75	102
Capital goods		105	256	268
Export price index (US\$ 1987=100)		99	105	101
Import price index (US\$ 1987=100)		73	115	114
Terms of trade (1987=100)		136	91	89



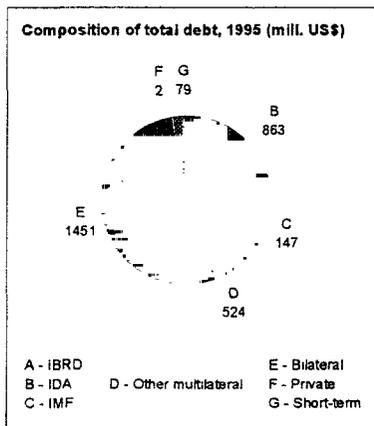
BALANCE of PAYMENTS

	1975	1985	1995	1996
<i>(millions US\$)</i>				
Exports of goods and services	95	220	538	553
Imports of goods and services	239	578	939	945
Resource balance	-144	-357	-401	-392
Net income	-22	-19	-65	-63
Net current transfers	12	47	96	96
Current account balance, before official capital transfers 5/	-154	-329	-370	-359
Financing items (net)	146	298	437	442
Changes in net reserves	8	31	-68	-83
Memo:				
Reserves including gold (mill. US\$)	4	29	365	427
Conversion rate (local/US\$)	214.3	449.3	499.1	511.6



EXTERNAL DEBT and RESOURCE FLOWS

	1975	1985	1995	1996
<i>(DRS data, millions US\$)</i>				
Total debt outstanding and disbursed	356	1,468	3,066	
IBRD	0	0	0	0
IDA	41	224	863	915
Total debt service	5	53	80	
IBRD	0	0	0	0
IDA	0	3	12	13
Composition of net resource flows (OECD data)				
Official grants	96	157	208	
Official creditors	26	87	126	
Private creditors	2	-2	0	
Foreign direct investment	3	3	1	
Portfolio equity	0	0	0	
World Bank program				
Commitments	24	72	56	181
Disbursements	13	29	86	84
Principal repayments	0	1	6	7
Net flows	13	28	80	77
Interest payments	0	2	6	6
Net transfers	13	27	73	71



Development Economics

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2/ Including annexed budgets.

3/ Current budget balance excludes grants but includes spending on public enterprise adjustment (PESAP), voluntary departure program (VDP), National Pact (NP), reconstruction (RS), and special funds and annexed budgets (SF&AB).

4/ Excluding grants

5/ Excluding official current transfers.

CONSISTENCY MATRIX

INTERIM FUND DEVELOPMENT CREDIT AGREEMENT	STAFF APPRAISAL REPORT
Opening of AIB Project Account and deposit of Government contribution: page 12, Article III, Section 3.04 page 17, Article VI, Section 6.01(b)	Paragraph 4.22
Monitoring of procurement and use of standard procurement documents: page 11, Article III, Section 3.02	Paragraph 4.21
Convention between the Government and AIB: page 11, Article III, Section 3.01 page 17, Article VI, Section 6.01 (a)	Paragraph 4.1
Management, financial and technical audits: page 14, Article IV, Section 4.01	Paragraph 4.24
Recruitment of independent auditors: page 17, Article VI, Section 6.01(c)	Paragraph 4.24
Setting up of financial and accounting system acceptable to IDA: page 17, Article VI, Section 6.01(c)	Paragraph 4.23
Recruitment of Director General and head of administrative/financial unit of AIB: page 17, Article VI, Section 6.01(d)	Paragraph 4.6

PROJECT AGREEMENT	STAFF APPRAISAL REPORT
Use of Manual of Procedures: page 14, Schedule 1, paragraph 1	Paragraphs 4.3 and 4.21
Management, financial and technical audits: page 8, Article IV, Section 4.01	Paragraph 4.24
Monitoring of procurement and use of standard procurement documents: page 4, Article II, Section 2.02 pages 20-27, Schedule 2	Paragraph 3.21
Acceptability of Director General and unit heads of AIB to IDA: page 14, Schedule 1, paragraph 3	Paragraph 4.6

MAP SECTION

