

BOARD APPROVAL
Lapse-of-time Procedure

5 december 2019

FOR INFORMATION

MEMORANDUM

TO : THE BOARD OF DIRECTORS

FROM : Vincent O. NMEHIELLE
Secretary General

SUBJECT: MALI: AFRICAN TRADE INSURANCE AGENCY (ATI): COUNTRY
MEMBERSHIP PROGRAMME*

ADF LOAN OF UA 7.29 MILLION

The **Loan Proposal** and the draft **Resolution** related to the above- mentioned project, were submitted for **your consideration on a Lapse-of-time basis**, on 20 November 2019.

Since no objection was recorded by 5.00 pm. on 5 December 2019, **the Proposal is considered as approved and the Resolution adopted.**

Attach.

Cc: The President

***Questions on this document should be referred to:**

Mrs. M. L. AKIN-OLUGBADE	General Director	RDGW	Extension 4018
Mr. S. NALLETAMBY	Director	PIFD	Extension 2700
Mr. G. PENN	General Counsel	PGCL	Extension 3220
Mrs. H. L. DJOUSSOU-LORGN	Country Manager	COML	Extension 7201
M. Y. KUFFOUR	Chef de division	PIFD.3	Extension 2285
Mrs. A. M. MECCA	Division Manager	PGCL.1	Extension 3309
M. B. NEKATI	Task Manager	PIFD.3	Extension 1276

African Development Fund



PROJECT: AFRICAN TRADE INSURANCE AGENCY (ATI): COUNTRY MEMBERSHIP PROGRAMME

COUNTRY : MALI

PROJECT APPRAISAL REPORT

November 2019

Project Team	Team Leader: Bleming NEKATI, Chief Trade Finance Officer, PIFD.3/RDGS
	Team Members: Ameth Saloum NDIAYE, Principal Country Economist, ECVF/ECCE/COML Hammadoun Amadou DIALLO, Investment and Energy Portfolio Officer, Private Sector, COML/PESD.0 Pierre Chrysologue OUEDRAOGO: Senior Procurement Officer, COML Mohamed Aliou DIALLO: Senior Financial Management Officer, COML Elsa LE GROUMELLE: Principal Legal Counsel, PGCL.1, Emile Chancelier KEMAYOU, Senior Political Economist, Expert in Fragility

Sector Manager:	Yaw KUFFOUR, Division Manager, PIFD3
Sector Director:	Stefan NALLETAMBY, Director, PIFD
Country Manager:	Haly Louise DJOUSSOU-LORGN, Country Manager, COML
Regional Director	Marie-Laure AKIN-OLUGBADE, RDGW
Peer Reviewers	Hamaciré DICKO, Senior Country Economist, Benin (COBJ, 7208), Mohamed ALOUI, Senior Trade Financing Officer (PIFD3, 1653) Regis Derant LAKOUE, CPO in GAFO (COGA, 3651)

AFRICAN DEVELOPMENT FUND



MALI

AFRICAN TRADE INSURANCE AGENCY (ATI): COUNTRY MEMBERSHIP PROGRAMME

RDGW/PIFD/COML

November 2019

Document translated

TABLE OF CONTENTS

ACRONYMS AND ABBREVIATIONS.....	i
CURRENCY EQUIVALENTS.....	ii
PROJECT INFORMATION	iii
PROJECT SUMMARY.....	iv
RESULTS-BASED LOGICAL FRAMEWORK.....	v
1. CONTEXT, STRATEGIC OBJECTIVE AND RATIONALE	1
1.1. Political, Security, and Economic Context of Mali	1
1.2. Project Linkages with Country Strategy and Objectives.....	1
1.3. Rationale for Bank Intervention.....	2
1.4. Aid Coordination	3
2. PROJECT DESCRIPTION	4
2.1 The objectives of the Project.....	4
2.2 Components of the Project.....	4
2.4. Cost and Financing Arrangements	4
2.5. Beneficiaries.....	4
2.6. Participatory Process for Project Identification, Design and Implementation.....	5
2.7. Bank Group Experience and Lessons Reflected in Project Design	5
2.8. ATI Products and Services.....	6
3. PROJECT FEASIBILITY	6
3.1. Economic Performance	6
3.2. Environmental and Social Impacts	7
3.3 Analysis of Fragility.....	8
4 IMPLEMENTATION	9
4.1. Implementation Arrangements.....	9
4.2. Financial Management, Audit and Disbursement Arrangements	9
4.3 Monitoring, Evaluation and Reporting Arrangements.....	9
4.4 Financial Governance	10
4.5 Potential Risks and Mitigation Measures	10
4.6 Sustainability	11
4.7 Knowledge Management	11
5 LEGAL INSTRUMENTS AND AUTHORITY	12
5.1. Legal Instrument.....	12
5.2. Conditions associated with the African Development Fund	12
5.3. Compliance with Bank Policies.....	13

6.	RECOMMENDATION	13
	ANNEX I: MALI — COMPARATIVE SOCIO-ECONOMIC INDICATORS	I
	ANNEX II:	II
	ANNEX III: PROJECT FRAJILITY ASSESSMENT REPORT FOR MALI.....	III

ACRONYMS AND ABBREVIATIONS

ADF	African Development Fund
AfCFTA	African Continental Free Trade Area
AfDB	African Development Bank
ATI	African Trade Insurance Agency
CFA	African Financial Cooperation
COML	AfDB Country Office in Mali
CREDD	Economic Recovery and Sustainable Development Strategic Framework
DDR	Disarmament, Demobilisation and Reintegration of Armed Groups
ECOWAS	Economic Community of West African States
ECST	Statistics Department of AfDB
FAPA	Fund for African Private Sector Assistance
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
MEF	Ministry of the Economy and Finance
MINUSMA	United Nations Multidimensional Integrated Stabilization Mission in Mali
MLI	Republic of Mali
PBA	Performance-Based Allocation
PIFD	Financial Sector Development Department
PPP	Public-Private Partnership
RDGW	West Africa Regional Department (AfDB)
RMC	Regional Member Country
SME	Small and Medium-sized Enterprise
TDB	Trade and Development Bank
UA	Unit of Account
USD	United States Dollar
WAEMU	West African Economic and Monetary Union

CURRENCY EQUIVALENTS

October 2019

UA 1	=	USD 1.38	USD 1	=	UA 0.72
USD 1	=	XOF 588.09	XOF 1	=	USD 0.0017

PROJECT INFORMATION

MALI — AFRICAN TRADE INSURANCE AGENCY (ATI) COUNTRY MEMBERSHIP PROGRAMME

CLIENT INFORMATION	
Borrower/Recipient	Executing Agency
Republic of Mali	Ministry of the Economy and Finance

FINANCING PLAN	
Donor	Amount
A) AFRICAN DEVELOPMENT FUND	
ADF-14 [Performance-Based Allocation (PBA)]	UA 7.29 million
Total ADF Financing	UA 7.29 million
B) GOVERNMENT COUNTERPART FUNDS/CO-FINANCING	
Annual Budget of the Republic of Mali	UA 10.9 million
Total Counterpart Funds/Co-financing	UA 10.9 million
TOTAL PROJECT COST	UA 18.18 million

AFRICAN DEVELOPMENT FUND KEY FINANCING INFORMATION	
--	--

	ADF-14 Loan
Amount	UA 7.3 million
Interest type*	NA
Interest rate spread*	NA
Commitment fee *	0.5% yearly on undisbursed loan amount, beginning to run 120 days after the signing of the loan agreement
Other fees*	0.75% yearly on amounts disbursed and outstanding
Tenor	40 years including the 10-year grace period
Grace period	10 years

TIMEFRAME — MAIN MILESTONES (expected)	
Concept Note Approval	NA
Project Approval	November 2019
Effectiveness	April 2020
Last Disbursement	December 2020
Project Completion Report	June 2023
Completion Date	Dec 2023

PROJECT SUMMARY

Paragraph	Topics Covered
Project Overview	<p><u>Project Name</u>: African Trade Insurance Agency (ATI): Membership Programme for the Republic of Mali (MLI)</p> <p><u>Financed by</u>: an ADF loan, and the Republic of Mali's own resources.</p> <p><u>Project objectives</u>: The main objective of the proposed intervention is to provide the Republic of Mali (MLI) with the required resources for its membership subscription to ATI. The membership aims to create an acceptable country risk profile to enable the Government to raise resources on financial markets for financing large-scale public projects, as well as facilitate and strengthen private sector investment and trade.</p> <p><u>Expected outputs</u>: (i) ATI will sign a participation agreement with MLI, to enable ATI to start operations in the country. Thereafter, MLI will be able to: (ii) finalise its membership subscription process by completing all relevant shareholding formalities; and (iii) the Republic of Mali (MLI) will become a member country in which ATI can conduct business.</p> <p><u>Implementation timeframe</u>: November 2019 - June 2023</p> <p><u>Total project cost</u>: Based on the country's market size and level of trade, the Republic of Mali's full membership allocation in ATI is calculated at UA 18.2 million (USD 25 million). In consideration of the anticipated level of business in Mali, ATI has agreed with Mali to start business with an equity capital of UA 7.29 million (USD 10 million) drawn from ADF (ADF-14 PBA) resources to Mali and UA 10.9 million (USD 15 million) from the Republic of Mali's own resources.</p> <p><u>Direct project beneficiaries</u>: The immediate direct project beneficiary is the Republic of Mali (MLI). Indirect beneficiaries will include, but not limited to, the private sector, with a focus on small and medium-sized enterprises (SMEs), particularly female-run businesses, and commercial banks.</p>
Project Outcome	The project supports delivery of an integrated and enhanced trade finance and investment risk underwriting framework for the private sector in Mali, as well as improved attractiveness of foreign investment and the business framework. The project will strengthen the country's capacity to attract much-needed investment resources through improved political and credit risk (both real and perceived) environment, due to the country's membership with ATI.
Project Rationale	The project rationale is based on the recognition that Mali does not have the required capacity and financial resources to effectively manage the numerous issues impacting on the successful implementation of trade finance and underwriting of productive in-ward investments. In this regard, the Malian Government requires timely and coordinated support to ensure accelerated implementation of ATI's mandate in the country.
Strategic Alignment with and Value Add by the Bank	The proposed ATI membership will improve the country's macroeconomic conditions by helping to create an acceptable country risk profile, which will facilitate and strengthen domestic and foreign investment and private sector trade. The Bank's additionality will derive from a number of factors, including MLI benefiting from: (i) the regional investment and financial sector development work programme in PIFD and other Bank Departments; (ii) the experience gained in implementing capacity building programmes in different sectors in Africa, whose lessons learned have been incorporated into the design of this programme; and (iii) the Bank's strengthened country presence, which will: (a) contribute to improved portfolio management; and (b) enable full engagement in shaping the regional integration, private sector and infrastructure development agenda in the region.
Knowledge Management	The project will contribute to institutional development and knowledge building within the Malian Government and the financial sector. Knowledge will be gained through skills and knowledge transfer from information sharing events on the importance of risk underwriting and the various products and services offered by ATI to the public and private sectors in Member States. The Bank will capture and disseminate knowledge and experience from this programme through (i) regular sharing of the findings of project review missions and analytical studies conducted to assess Mali's ATI membership in facilitating productive investment and private sector trade, (ii) monitoring and evaluation, (iii) progress reports and the project completion report. Lessons learnt and experience gained will be made available to inform similar future Bank operations.

RESULTS-BASED LOGICAL FRAMEWORK

Country and Project Name: Republic of Mali (MLI), African Trade Insurance Agency (ATI) Country Membership Programme						
Project Objective: Strengthen the capacity of MLI with the required financial resources for membership subscription to African Trade Insurance Agency (ATI). This will enable the country to mobilise significant foreign direct investment (FDI) and provide greater insurance coverage for the sovereign and private sectors in support of the country's economic recovery efforts.						
RESULTS CHAIN		PERFORMANCE INDICATORS			MEANS OF VERIFICATION	RISKS/MITIGATION MEASURES
		Indicators (including basic sector indicators)	Baseline	Target		
IMPACT	Impact Improved private sector investment and trade, and regional integration among African countries and regions for inclusive economic growth	1. The share of Mali's inter-country trade to total trade among African countries 2. The share of Mali's inter-country trade to total trade to the world	1. Mali exports to Africa — USD 710 million (2017) 2. Mali exports to the world — USD 3,009 million (2017)	1. Mali intra-exports to Africa increased by 10% — USD 781 million (2022) 2. Mali intra-exports to the world increased by 10% — USD 3,309.9 million (2022)	1. AfDB Statistics Department (ECST) 2. AfDB Statistics Department (ECST)	Risk 1: Security crisis, slow progress in implementing various trade protocols in WAEMU and ECOWAS Mitigation: A political agreement between the Government, the Opposition and civil society was reached on Thursday, 2 May 2019, leading to the formation of a new broad-based Government on Sunday, 5 May 2019. This could help to stabilise the political atmosphere. In addition, the Disarmament, Demobilisation and Reintegration of Armed Groups (DDR) was launched in November 2018. Mali has ratified the agreement to create the Continental Free Trade Area (AfCFTA)
	Outcome 1 — Increased participation of the private sector in large-scale projects through ATI Outcome 2 — Trade flows in regions enhanced Outcome 3 — Increase in the number of ECOWAS member countries taking up ATI membership	1. FDI into Mali increases Trade insurance in Mali increases Number of ECOWAS members in ATI	1. USD 265.6 million (2017) • Malian exports to Regional Economic Blocks — USD 337.3 million (2017) (WAEMU), USD 378.6 million (2017) (ECOWAS) Two full Member States from ECOWAS as at 8 June 2018 in ATI are able to conduct business	1. 10% increase to USD 292.16 million (2022) Malian exports to Regional Economic Blocks increased by 10% — USD 371.3 million (2022) (WAEMU), USD 416.46 million (2022) (ECOWAS) At least 5 full Member States from ECOWAS by 2022 where ATI is able to conduct business	AfDB Statistics Department (ECST), Audited ATI accounts AfDB Statistics Department (ECST) Bank supervision reports and audited ATI accounts	Risk2 : Stagnation or reduced mobilisation of FDI flows due to security concerns. Mitigation: Implementation of the 2015 peace and security agreement from the Algiers process, inclusive dialogue and national unity government of 5 May 2019.
KEY ACTIVITIES	Output 1 i) Trade insurance underwriting through ATI increases in Mali ii) ATI develops gender-sensitive and participatory approaches (products, messaging) and tracks performance	i) USD value of gross trade insurance coverage ii) Number of ATI gender-sensitive interventions in Mali	i) USD 4.9 million (2018) ii) None (2018)	i) Growth of at least 10% per year ii) A minimum of three (3) interventions per year	Bank supervision reports and Audited ATI accounts Audited ATI accounts	Risk 3: Delays in signing the headquarters agreement Mitigation: MEF is working diligently to secure parliamentary approval of the ATI treaty. Risk 4: Lack of payment of annuities by the government Mitigation: The authorities met during the evaluation and reassured the AfDB of the arrangements made to pay the subscription of the country over a period of 5 years.
	Output 2 Coverage of political and credit insurance through ATI increases in Mali	USD value of gross political risk (or investment) insurance	None in 2018	USD 650 million (2020)	Bank supervision reports and audited ATI accounts	
	Output 3 ATI capital increases	ATI shareholder funds	USD 262 million in 2018	At least USD 320 million by the end of 2022	Bank supervision reports and audited ATI accounts	
COMPONENTS					INPUTS	
<ul style="list-style-type: none"> Mali's membership subscription in ATI — to enable ATI to increase its capacity to insure trade, political and credit risks in Mali (and in Africa). AfDB to maintain Board representation in ATI 					INPUTS: Mali's ATI membership programme amounts to UA 18.2 million (UA 7.29 million for ADF-14 PBA; own resources UA 10.9 million)	

Sources: AfDB Statistics Department (ECST), Statistical Brief on Selected Socio-Economic Indicators on Mali, July 2019; ATI 2017 Annual Report.

REPORT AND RECOMMENDATION(S) BY THE MANAGEMENT OF THE AFRICAN DEVELOPMENT BANK GROUP TO THE BOARD OF DIRECTORS ON THE PROPOSED LOAN TO THE REPUBLIC OF MALI TO FINANCE AFRICAN TRADE INSURANCE AGENCY (ATI) MEMBERSHIP SUBSCRIPTION

Management submits the following report and recommendation for a proposed African Development Fund (ADF) loan of UA 7.29 million (USD 10 million) to the Republic of Mali to finance the country's membership subscription to the African Trade Insurance Agency (ATI).

1. CONTEXT, STRATEGIC OBJECTIVE AND RATIONALE

1.1. Political, Security, and Economic Context of Mali

1.1.1 The country is marked by a peaceful political context due to the formation of a broad-based Government on May 05, 2019 following a political agreement reached on May 2, 2019, between the government, part of the opposition and society civil.

1.1.2 However, the security context is difficult. It is marked by a gradual worsening of the security crisis, with a reorientation of the conflict towards the center of the country (Mopti and certain areas of Segou). Since the beginning of 2019, the conflict has caused more than 600 deaths and has led to a sharp increase in the number of internally displaced persons from 34,353 in 2016 to 120,298 in 2018, worsening the humanitarian situation (5, 2 million people are in a food crisis, basic social services are lacking in conflict areas). Faced with this situation, the authorities have put in place an Integrated Regional Security Plan (PSIRC) and a political framework for managing this crisis. To this end, the mandate of the United Nations Mission in Mali (MINUSMA) has been revised so that the UN forces operate in the center of the country. However, some progress has been noted in the implementation of the Peace and Reconciliation Agreement resulting from the Algiers process signed in 2015, including: (i) the launch of the Disarmament, Demobilization and Reintegration (DDR) process; since November 2018; (ii) the Inclusive National Dialogue, which took place on 07 and 08 October 2019 with a view to proposing solutions for the end of the crisis; (iii) the launch of the special DDR operation in the Mopti region on 11 October 2019 to reduce acts of violence.

1.1.3 On the economic front, Mali has recorded macroeconomic stability over the last five years (2014-2018), with a high growth rate of 5.8%, a controlled budget deficit of 2.8% of GDP, a conservative public debt ratio of 33.2% of GDP with moderate risk of debt distress, low inflation of 0.8% and a stable banking system. But a number of structural challenges arise, namely: the non-inclusive nature of growth, the low diversification of the economy, the weak development of value chains, the low capacity for structural transformation of the economy, the poor access to public services in different sectors.

1.2. Project Linkages with Country Strategy and Objectives

1.2.1 The project is aligned with Mali's strategic framework for economic recovery and sustainable development (CREDD 2019-2023), whose strategic objective 3 is to develop an integrated economy-based, competitive and job-creating industry. The project is also in line with the national industrial development policy which aims to accelerate industrialization and encourage the involvement of the private sector in the industrial development of the country. In addition, the project is in line with Mali's national investment promotion strategy.

1.2.2 The project is in line with the Bank's 2015-2019 Country Strategy Paper (CSP) for Mali, particularly with regard to improving governance, promoting the business environment

and developing critical infrastructure for sustainable development. 'economy. The proposed accession to ATI membership will help improve Mali's country risk profile, which by extension will facilitate and strengthen private sector investment and trade.

1.2.3 The project will contribute to the achievement of the Bank's Hig5 priorities, namely: (i) Lighting up Africa, (ii) Feeding Africa, (iii) Industrializing Africa, (iv) Integrating Africa, (v) Improve the quality of life of African people. As a trade finance facilitation initiative, the project will support cross-cutting and multi-sectoral operations that will affect agribusiness development, infrastructure development, power generation and the development of manufacturing industries; which will favor industrialization.

1.3. Rationale for Bank Intervention

1.3.1 The successful implementation of CREDD 2019-2023, the National Industrial Development Policy, and the National Investment Promotion Strategy would require huge investments in critical infrastructure. To date, infrastructure development has primarily been financed by annual budgets allocated by the Government and, to a lesser extent, by funds made available by multilateral institutions. Remarkably, private sector financing and public-private partnerships (PPPs) are still limited and have not yet taken deep root. Bridging the country's infrastructure gap with public funding would not be optimal due to the historical pro-cyclical nature of fiscal policy characteristic of most developing countries. Therefore, this would require boosting private sector participation and attracting significant private capital inflows.

1.3.2 The financing requirement to tackle infrastructure bottlenecks is also beyond the reach of the domestic private sector and national development banks, not only in terms of capital requirements and adequate long-term resources, but also due to the challenging policy environment limiting access to credit, which has a direct dampening impact on domestic private investment. The challenging political and economic environment has crowded out the private sector, thereby limiting its contribution to national economic activities. Substantial and clear improvements in the business environment will undoubtedly take time before significant foreign capital inflows can be realised.

1.3.3 Mali is currently taking measures to overcome key challenges in order to attract significant domestic and foreign private sector investment. Ongoing initiatives are promising and include, but not limited to, : (i) adopting appropriate policy incentives and recovery measures for the energy sector, particularly the power subsector focusing on setting tariffs that will have a positive impact in attracting and scaling up strategic PPP-type projects; (ii) creating a business environment conducive to foreign investment and establishing real industries that are integrated into the economy and create jobs; (iii) addressing both institutional and technical capacity deficiencies to enhance efficiency and service delivery in public administrations and agencies; and (iv) complementary and supportive measures to strengthen domestic resource mobilisation by tapping into the resources of institutional and multilateral investors for investment in strategic infrastructure and growth sectors of the economy.

1.3.4 Implementation of these reforms is only likely to be fully functional in the long-term. The challenge in the short-medium term, however, is that investors will remain averse and cautious because of perceived risks. Mali's quest to become a member of ATI is therefore timely in that it will help address perceived risks by providing various risk mitigation measures, including credit and political risk insurance (covering expropriation of assets, currency convertibility, transfer restrictions and trade embargoes), and other ATI facilities.

1.3.5 The programme will also strengthen sub-regional trade integration and have an overall positive impact on the entire Malian economy. It will strengthen ATI's capacity and enable it

to provide trade risk insurance to the Malian private sector, thereby broadening its business opportunities. The programme will also support other Bank-intermediated trade finance activities within the country, as well as enable ATI to broaden its capital base and capacity for greater risk coverage, attract additional investment to the continent, and ensure greater sustainability of its activities.

1.4. Aid Coordination

1.4.1 As part of their partnership relations, the Government and the Technical and Financial Partners (TFPs) have different dialogue frameworks which aim to monitor development policies, and the budget process, to improve predictability and effectiveness of aid and to ensure mutual accountability to the citizens of Mali. Thus, three levels of coordination exist for the Mali TFP Group: (i) overall coordination around the CREDD; (ii) sectoral and thematic coordination around 12 Thematic Groups (WGs); and (iii) the "floating" level of ad hoc groups.

1.4.2 The Bank is active in aid coordination and harmonisation in Mali. It is currently leading the TFP transport and energy thematic groups (TG). AfDB was Lead Partner of the "Economy and Finance" WG and is currently a member of both subgroups of this WG, namely: Statistics and Private Sector Development. It is an active member of various WGs, and also a member of the Operational Steering Committee of the Sahel Alliance.

1.4.3 As regards portfolio size, AfDB, European Union, and the World Bank are the multilateral donors with the strongest presence in Mali. More specifically, very few TFPs are involved in the financial sector in Mali. The table below shows that only AfDB, Germany and Canada have active activities in the financial sector in Mali. AfDB takes the lead with CFAF 40.9 billion for lines of credit to commercial banks in Mali to finance the country's small and medium-sized enterprises (SMEs). Germany comes second with CFAF 2.3 billion for provision of financial products adapted to the business models of farms and small agro-industrial businesses in rural areas, followed by Canada with CFAF 0.6 billion for development and promotion of financial mechanisms/products adapted to the needs of the population.

TFP intervention in the Malian financial sector as at 2017

Partner	Project	Amount (CFAF billion)	Description
AfDB	Line of credit to "Banque malienne de solidarité"	3.7	Support for small and medium-sized enterprises in Mali
	Trade finance line of credit to BSIC Mali	5.5	Support for small and medium-sized enterprises in Mali
	"Banque de développement du Mali" BDM-SA	31.7	Support for small and medium-sized enterprises in Mali
Germany	Agricultural Financing Support Project	2.3	Improve the provision of financial products adapted to the economic models of rural farms and small agro-industrial businesses in selected regions of Mali
Canada	Support for inclusive rural financing in Mali (AFIRMA)	0.6	This project supports the development and promotion of financial mechanisms/products adapted to the needs of the population, and helps to build the capacity of microfinance institutions.

Source: Medium-Term External Resources Framework (MTERF 2019-2021)

2. PROJECT DESCRIPTION

2.1 The objective of the program is to strengthen Mali's financial capacity by providing it with the financial resources necessary to join the ATI program. This membership will improve the perception of country risk and enable the country to mobilize significant foreign investment.

2.2 **Components:** The project is limited to making available to the country funding to cover part of the costs of its membership as a member of the ATI program.

2.3 Selected technical solution and other alternatives considered: The following table describes the two options considered to help the country obtain the resources it needs to apply for ATI membership.

	Description	Reasons for Rejection
Option 1	Use African Development Fund (ADF) to pay part of Mali's membership fees (retained)	Option retained
Option 2	Use ADF resources earmarked for ATI membership investment directly in specific projects	Option rejected Given the limited resources available, financing projects in sectors such as infrastructure, water and agriculture presents a high opportunity cost for both the Bank and Mali. This is due to the country's failure to mobilise additional private sector funding to support economic recovery and growth efforts. The impact would be limited due to project-level implementation difficulties.

2.3.1 Nature of the project: The program is conceived as a financial operation to finance part of the costs of the accession of Mali to the ATI program.

2.4. Cost and Financing Arrangements

2.4.1 The total membership investment in ATI by Mali, based on the country's market size and trade level, is UA 18.2 million (USD 25 million).

2.4.2 The financing of the total cost of Mali's membership will be done by the Bank and the country. The Bank's contribution will be in the form of an ADF loan of UA 7.29 million (US \$ 10 million). The Government of Mali will finance the remainder of UA 10.9 million (US \$ 15 million) with an annual budget allocation of UA 2.2 million (US \$ 3 million) over five years.

2.5. Beneficiaries

2.5.1 The Republic of Mali will be the immediate beneficiary of the programme while significant indirect positive externalities are expected to accrue to the country's private sector. These benefits, by extension, will cascade down to the entire population in terms of job creation for young people and women, trade and inclusive economic growth. The programme is expected to boost the country's productive sectors and enhance access to essential products and services. However, issues of access to ATI's trade facilitation products and services in the country for large enterprises, and particularly SMEs, requires strategic planning by the Government to ensure that appropriate mechanisms are in place to aid successful implementation. The programme will track enterprises and SMEs accessing financial services as part of a well-designed project monitoring and evaluation plan.

2.5.2 The countries in which ATI operates, such as the Democratic Republic of the Congo, Zambia, Zimbabwe, Tanzania, Côte d'Ivoire, Ethiopia, South Sudan, Benin and Nigeria, have experienced an improvement in the perception in both their sovereign and commercial risk (trade and credit) by the international insurance market. It should be the same for Mali, which is also likely to benefit from a reduction in the cost of trade, the supply of goods and services to the government and parastatals, and a strengthening of the implementation capacities. infrastructure projects.

2.6. Participatory Process for Project Identification, Design and Implementation

2.6.1 The project design process was inclusive and participatory, informed by appraisal visits to Mali and ATI by staff from the Bank's Trade Finance Team (PIFD.3) and the Mali Country Office. The appraisal team met with Government officials, public administrative structures, private structures and organisations, commercial banks active in financing the Malian economy, the Central Bank, and other key stakeholders. Therefore, the project design reflects a collective and shared vision, and takes into account the outcomes of broad consultations with different stakeholders.

2.6.2 Discussions held in Mali showed significant interest from Mali in ATI products in the economic and financial environment. The country mission appreciated the interest shown by Government structures, investment promotion structures, the private sector and commercial banks. The collective desire of all the actors met was to finalise Mali's membership as soon as possible, and thus enable the ATI programme to carry out its activities in the country.

2.6.3 This participatory approach will continue during the project implementation phase and will strengthen ownership of the project by all stakeholders.

2.7. Bank Group Experience and Lessons Reflected in Project Design

2.7.1 The Bank has previously provided support to ATI, including a FAPA grant (USD 1 million) and direct equity investments worth USD 15million in 2013. Examples of Bank-financed investment projects for ATI membership include Zimbabwe (UA 2.080 million), Ethiopia (UA 4.970 million), Benin (UA 4.970 million), Côte d'Ivoire (UA 9.930 million) and South Sudan (UA 13.38 million). In these projects, the Bank disbursed funds to ATI only after receiving evidence of parliamentary ratification of the ATI Treaty from the RMC concerned. Previously, delays in obtaining parliamentary ratification caused disbursement delays as experienced by Benin and Côte d'Ivoire projects, which were finalised in March 2017 (i.e. two years after Board approval). However, in other cases like Ethiopia and Zimbabwe, full disbursements were made much earlier, in September and December 2016 respectively. After parliamentary ratification and full disbursement, ATI's trade and investment deals take on average 3-4 months to complete. By September 2018, ATI had provided South Sudan with gross political risk cover of USD 88,630,000 in support of investments in the electricity, gas, water supply, financial services and insurance sectors. Other investment support given provided by ATI include, but not limited to, Côte d'Ivoire (USD 235,130,154), Ethiopia (USD 666,652,000) and Benin (USD 101,341,029) which financed gross political risk cover and trade risk cover in the agricultural, financial, commercial, public administration, construction, transport, services, information and communication, electricity, gas, water and insurance sectors, among other sectors.

2.7.2 The main lessons learned from the above-mentioned projects relate to: (i) delays in the start-up and implementation of projects (parliamentary ratification) and (ii) delays in project implementation due to poor knowledge of the rules and Bank procedures. To address these

challenges, various actions have already been taken, such as holding discussions with ATI and Mali, adopting a final implementation schedule and building capacity.

2.8. ATI Products and Services

- 2.8.1 Many actors benefit from ATI products and services among them: (i) Contractors: ATI can find solutions to cover unique risks, such as non-payment, delayed payment, and unfair cancellation of the contract; (ii) Exporters and importers: ATI's solutions can help cover the challenge of buyer and seller payment problems. Sometimes, exporters and importers may have to use expensive letters of credit, which ties up their capital. However, ATI's insurance can help unlock their liquidity challenges by providing security with a known value and maturity date; (iii) Intermediaries (brokers and insurers):
- 2.8.2 For insurers, ATI has been steadily building a base of international and local insurance partners to help increase capacity within Africa. This has enabled many local insurers to diversify their business and become more competitive. Insurers can work with ATI either through a reinsurance treaty or a facultative arrangement for trade credit and political risk insurance. For brokers, ATI offers an opportunity to expand their business by providing additional product lines that are not always available in local markets. Eligible dealers may expand their own offers for a commission. To become licensed ATI brokers, dealers must be accredited or licensed as brokers in the countries where they operate.
- 2.8.3 Products and Services: What ATI does: Products and Services: The services offered by the ATI program cover the following risks: (i) Political risks in the event of expropriation, inconvertibility of the local currency, wars and civil unrest, overcharging of the surety, d sovereign or semi-sovereign bonds; (ii) Risks of political violence, terrorism and sabotage in case of damaged property, interruption of business, losses suffered during political or terrorist demonstrations; (iii) Credit risk or risk of non-payment of the State and its dismemberments, private companies, bankruptcy. The products are: (i) Credit risk insurance; (ii) Surety insurance; (iii) Sovereign or semi - sovereign bond insurance. The maximum duration is 10 - 15 years for insurance and net commitments per transaction are in the order of: (i) US \$ 10 million for political risk coverage; (ii) USD 5 million for credit risk coverage. Coverage benefits are in the order of 100% for political risk and 85% for commercial risk

3. PROJECT FEASIBILITY

3.1. Economic Performance

3.1.1 Given that this program provides institutional support and technical assistance, the traditional economic and financial analysis to determine the net present value of future cash flows does not apply. The program will help to increase intra-African trade, improve the competitiveness of domestic producers and strengthen the integration of the constituent economies through the consolidation of physical and financial infrastructure. In the long-run this will result in an increase in the number of transactions and the implementation of investment projects. The resulting market expansion will enable more productive investments and stronger and more inclusive economic growth, benefiting both SMEs and large companies.

3.1.2 A number of projects have been operationalised through ATI involvement or underwriting activities. As at Fiscal Year 2018, ATI had supported investments worth USD45.5billion (that is 98% better than theUSD 22.96 billion investments supported the previous year) in its 14 RMCs. The investments are spread over a number of sectors, including public administration, agriculture, construction, trade and transport, services, information and communication, electricity, gas and water supply, and financial and insurance activities. These investments help to build vital infrastructure, improve productivity in primary industries such as agriculture, and finance SMEs in member countries. ATI has supported investments in Nigeria and Ghana, evn before they become members, to the tune of USD 9.81 billion. These investments are expected to grow exponentially when Nigeria and Ghana take up membership investments in ATI.

3.1.3 ATI is rated A/Stable and A3/Stable by S&P and Moodys, respectively, as at May2019. Overall, the institution is anchored on a sound and financially sustainable business model that enabled it to achieve profitability from its operations and declare dividends of ~USD2.5million in Fiscal Year (FY) 2017 for the very first time. Its capital base increased from USD 208 million for FY 2016 to USD 242 million for FY 2017 and sits at USD262.3million as at FY2018. Its financial results have been impressive, with net profit of USD12million in FY2018 compared to USD9.91million the previous year. Their net bottom line sat at USD 2.410 million in FY2016. Its gross written premiums and gross exposure, as at FY2018, stood at USD66.6million and USD4.8billion, respectively. The coming on-board of Mali will strengthen ATI's capacity, bring regional balance in ATI's membership, and allow Mali to reap benefits, including dividends, over many years to come.

3.2. Environmental and Social Impacts

3.2.1 *Environment and climate change:* The project focuses exclusively on technical assistance and institutional support to facilitate the country's participation in ATI and create an enabling environment for trade and investment on the continent. Being a membership subscription programme, there is no direct environmental impact. Any environmental impact issues arising from the implementation of actual investment and trade projects will be addressed within the context of individual projects.

3.2.2 *Gender:* The support proposed to Mali to become an ATI member does not have a direct impact on gender mainstreaming into development programmes. However, particular attention will be paid to women-owned businesses and SMEs in Mali. Business women are very active in trade and agricultural processing activities.

3.2.3 *Impact on private sector development:* Mali's membership in ATI would have several positive impacts on the country: (i) reduce country risk perception and enable the Malian Government to raise adequate financial resources on the international financial market to finance its investments in productive sectors; (ii) offer insurance cover opportunities to the country's private sector; (iii) offer opportunities to local commercial banks to cover commercial risks; (iv) improve the country's attractiveness to foreign investors; and (v) promote and develop transformative projects, such as PPPs, vital for the construction of infrastructure and vectors of economic growth.

3.2.4 *Social impact:* The project will contribute to increased participation of Malian companies in intra-regional trade. Trade development and expansion will generate new benefits/opportunities for the population. Active private sector participation in shaping the regional integration agenda and speeding up financial closure of various investments is also

expected to contribute positively to regional value chain development. This could boost intra-regional trade and promote financial inclusion, particularly for SMEs.

3.2.5 *Involuntary resettlement*: There will be no resettlement (voluntary or involuntary), as this is a membership subscription initiative. Similarly, as already mentioned, no negative consequences are expected from the programme with regard to gender or environmental impact.

3.3 Analysis of Fragility

3.3.1 The detailed analysis of the country's fragility issues is presented in the annex to the report. The fragility index of the Peace Fund (FFP) states ranked Mali in 2010 as the 27th most fragile country in the world. This evolution is explained not only by the deterioration of the security situation, but also by structural factors. The main factors of fragility identified in the formulation of this project are as follows.

3.3.2 **Political Fragility**: The political and institutional situation is dominated by leadership and governance challenges. Indeed, the legitimacy of the institutions of the Republic, political leaders and associations of civil society was disputed, as evidenced by the protest movements of the constitutional revision in 2017 and the results of the presidential elections of August 2018. The context political appeased due to the formation of a broad-based Government on May 05, 2019 following a political agreement reached on May 2, 2019, between the government, part of the opposition and civil society. Compared to justice, a study shows that judicial institutions are not credible for 76% of users who believe that laws apply only to the poor. The security situation is deteriorating with the gradual reorientation of the conflict from the north to the center. The Malian crisis is all the more complex because it has an international dimension that places the country at the center of the major issues of geopolitics and regional geostrategy, including the growing terrorist threat in the Sahel. This region is the scene of smuggling operations of all kinds (drugs, humans, etc.). the security risk is high and has had a negative effect on the business climate.

3.3.3 **Economic fragility**: In relation to the economic and financial situation, the weaknesses are related to: (i) inadequate mobilization of resources that are not efficiently allocated and used efficiently; (ii) low attractiveness for private and foreign investment; (iii) the weak diversification of the economy which relies mainly on gold and cotton; (iv) poor processing of products before they are marketed; and (v) volatility of commodity prices. This non-inclusive economic development is a high risk factor.

3.3.4 **Social Fragility**: Social fragility results from the absence of effective mechanisms for redistributing the fruits of growth that feeds social and regional inequalities. Despite good macroeconomic performance, inequalities remain significant between different segments of the population and between regions. Unemployment and underemployment are spreading and affecting more than 40% of the population. In addition, the crisis has reduced access to basic social services in the northern and central regions where schools and health centers have been closed and the administration is often absent.

3.3.5 **Environmental Fragility**: Environmental issues and the effects of climate change are an important source of fragility for Mali. Mali's primary sector, the main source of wealth creation and employment, is highly dependent on climatic hazards which have a direct impact on the production of the sector, the incomes of the populations, in particular those living in rural areas, as well as the security food and nutrition. Climatic phenomena have contributed to the country's increased humanitarian needs by affecting crops, livestock and fishery products.

3.3.6 The implementation of this project will cover certain risks (political and security) related to the fragility of the country and thus provide additional financing to the Malian private sector to create wealth, jobs for young people and women and strengthen the resilience of populations.

4 IMPLEMENTATION

4.1. Implementation Arrangements

4.1.1 MEF will decide which body will implement this project, and be responsible for overall technical and financial oversight of the membership programme. In addition:

- (i) MEF will be responsible for reporting to the Bank. ATI will be responsible for reporting to MEF and its own Board of Directors on the overall implementation progress of the membership initiative. RDGW will provide technical support to the programme during implementation;
- (ii) The governance oversight for the programme will be anchored on the ATI Board of Directors to ensure implementation, supervision and evaluation of the programme. ATI Board of Directors comprises representatives of African Member States, including a Board member from AfDB as an equity holder;
- (iii) The programme will have no procurement technicalities, as the single disbursement is based on draw-down of funds on the back of a request from Mali and direct payment to ATI in settlement of Mali's membership subscription. ATI will be responsible for all aspects related to membership management.

4.2. Financial Management, Audit and Disbursement Arrangements

4.2.1 The MEF will put in place a very simplified accounting system that will allow the traceability of funds and the rendering of accounts. A simple Excel file can be used for this purpose. In addition to payments from ADF resources, it will be accounted for in the national counterpart funds. The accounts will be kept according to the accounting law of the Uniform Act of the Organization for Harmonization in Africa of Business Law (OHADA) in force in Mali

4.2.2 ADF resources will be disbursed in accordance with the Bank's rules and procedures, in particular the disbursement manual. These will be done through the direct payment method essentially. The total amount of the loan will be disbursed in one installment

4.2.3 The accounts of the Project will be subject to a single external audit carried out after the single disbursement of the Bank. It will be made on the basis of the terms of reference previously agreed with the Bank, which shall receive the report no later than six (6) months after the end of the financial year in which the disbursement was made.

4.3 Monitoring, Evaluation and Reporting Arrangements

4.3.1 Mali and ATI will jointly develop a project monitoring and evaluation plan, which outlines the project's key performance indicators and how they will be measured and monitored, as well as related issues. The overall project supervision, monitoring and reporting falls under ATI. To that end, ATI will submit progress reports to Mali and the Bank within 45 days after

the end of every six months. The Bank will undertake supervision missions to Mali, as stipulated in the monitoring and evaluation plan, while coordination, country dialogue and project supervision and monitoring support will be provided by the Bank's Country Office in Mali (COML). The ATI Board will provide governance oversight and ensure project implementation, supervision and evaluation. The Board of Directors is composed of representatives from the respective African Member States and AfDB in its capacity as an equity holder.

Timeframe	Milestone	Monitoring process/feedback loop
November 2019	Board Approval	AfDB
February 2020	Signing of Loan Agreements	Mali, ATI, AfDB
April 2020	Effectiveness	Mali, ATI, AfDB
May 2020	Disbursement	Mali, ATI, AfDB
March 2021 - December 2021	Project supervision missions/Midterm review	AfDB, ATI
30 June 2021	Submission of the audit report	Mali
30 December	Completion of all activities Project completion report mission planned	AfDB, ATI Mali, AfDB, ATI

4.3.2 The project's results-based logical framework contains key impact and outcome indicators. The main expected results relate to: (i) increased private sector participation in large-scale projects through ATI credit and risk enhancement, (ii) increased gross trade insurance capacity, (iii) increased FDI flows as a result of collaboration with ATI, and (iv) increased ATI membership.

4.4 Financial Governance

4.4.1 Project governance risks may arise in routine management decisions at the ATI level. The Board will ensure compliance, which will be reviewed during Bank supervision missions. Financial transactions will be subject to the Bank's internal and external audit procedures. Mali will obtain the audited annual financial statements of ATI and submit them to ADF to confirm the issuance to the borrower of the shares subscribed to using the proceeds of the financing. Financial audits will be conducted by a reputable audit and management firm.

4.5 Potential Risks and Mitigation Measures

4.5.1 The major potential risks identified, and corresponding mitigation measures to minimise them, are as per the table below:

Identified Risks	Level	Mitigation Measures
Slow progress in the implementation of the various trade protocols in WAEMU, ECOWAS	Moderate	Mali has ratified the agreement to create the Continental Free Trade Area (ACFTA)

Security crisis that can reduce FDI flows	High	Implementation of the 2015 Peace and Reconciliation Agreement, Opening Government of 5 May 2019 and Inclusive Dialogue.
Delays in signing the headquarters agreement	Moderate	The MEF is working diligently to obtain approval of the ACA treaty by parliament
Non-payment of annuities by the government	Low	Arrangements are made to pay the subscription of the country on a maturity of 5

4.6 Sustainability

4.6.1 The programme is a once-off membership subscription to ATI. The Bank is a shareholder in ATI, with a USD 15 million investment and currently considering a further USD 10 million investment. The latest audited financial statements (FY 2017) show that ATI is financially sound and has a strong risk management framework at four levels: operational, enterprise risk management, audit, and the Board's Risk Management Committee. The risk management framework is reviewed every three to four years. An improved ATI capacity has enabled it to underwrite more risks in RMCs, extend its coverage to conflict-prone countries and thereby improve its revenues and profits, resulting in the Board deciding to recommend a dividend distribution at the 2017 Annual General Meeting. Extending its services to Mali undoubtedly impacts positively on ATI's equity pool, its capacity to underwrite more risks, and its sustainability.

4.6.2 The issue of delayed claims reimbursement from a number of RMCs has been successfully resolved, with the exception of Tanzania. ATI's preferred creditor status is no longer under threat. While instances of delayed claim reimbursements from RMCs are not widespread, ATI Management needs to find a permanent solution in line with accepted global financial practices.

4.7 Knowledge Management

4.7.1 The project will facilitate exchange of knowledge and experience, innovations and best practices in integrated and enhanced trade finance and investment risk underwriting for the private sector, between ATI and other trade insurance and credit guarantee institutions in Mali. Progress reports will inform stakeholders on how to use the acquired knowledge and skills for results and benefits.

4.7.2 The project will contribute to institutional development and knowledge building in Mali, particularly in financial sector development, trade finance facilitation, and risk management. Knowledge and skills will be transferred at information sharing events dealing with risk underwriting and the various products and services that ATI offers to the public and private sectors of RMCs.

4.7.3 The Bank will capture and disseminate knowledge and experience from the Mali case by regularly sharing findings gathered during project review, monitoring and evaluation missions, and from progress and project completion reports. The Bank Group's contribution to Mali's membership investment in ATI will inevitably generate lessons and experience that will inform future Bank operations.

5 LEGAL INSTRUMENTS AND AUTHORITY

5.1. Legal Instrument

5.1.1 The proposed financing instrument is an ADF loan not exceeding UA 7.3 million (USD 10 million) to be extended to the Republic of Mali (MLI).

5.2. Conditions associated with the African Development Fund

A. *Conditions precedent to effectiveness*

5.2.1 **Conditions precedent to effectiveness of the Loan Agreement:** Effectiveness of the Loan Agreement shall be subject to fulfilment, by the Borrower, of the conditions set forth in Section 12.01 of the General Conditions Applicable to ADF Loan Agreements and Guarantee Agreements.

B. *Conditions precedent to the first disbursement*

5.2.2 **Conditions precedent to disbursement of the loan to ATI:** The obligation of the Fund to make the first disbursement of the loan to ATI shall be conditional upon effectiveness of the Loan Agreement in accordance with Section 5.2.1 above and evidence satisfactory to the Fund of:

- (a) submission of a duly signed Participation Agreement between the Borrower and ATI in form and substance acceptable to the Fund;
- (b) issuance to the Fund of a legal opinion by in-house ATI General Counsel/Senior Counsel confirming, inter alia:
 - (i) the Borrower's application for subscription to ATI shares and the taking of all actions necessary and required for such subscription of shares;
 - (ii) the approval, by ATI, of the Borrower's application in accordance with its internal rules, in particular constitutional and statutory provisions; and
 - (iii) the signed Participation Agreement constitutes a legal, valid and binding obligation on ATI.

C. *Undertakings*

5.2.3 The Borrower hereby undertakes to:

- (a) meet all requirements for signing and ratification of the ATI Treaty and submit to the Bank the certified true copies of their respective instruments of ratification;
- (b) domesticate the ATI Treaty into its national laws;
- (c) submit, to the Fund, the bi-annual progress reports on the overall programme implementation received from ATI;
- (d) diligently adopt all necessary measures to facilitate the execution and ratification of ATI's constitutive documents before the closing date; and

- (e) not later than sixty (60) days following its receipt of share certificates (evidencing its subscription for ATI shares using the Loan proceeds), furnish the Fund with a certified true copy of such share certificate.

5.3. Compliance with Bank Policies

This project complies with all applicable Bank policies.

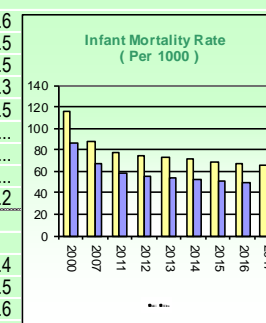
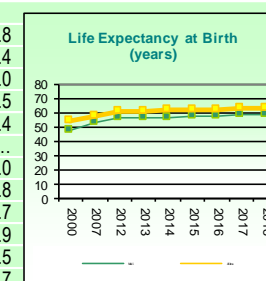
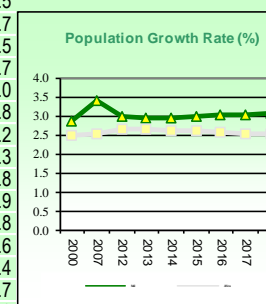
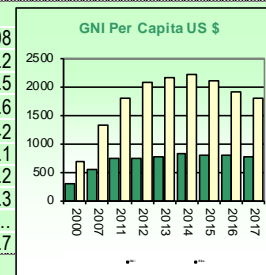
6 RECOMMENDATION

Management recommends the approval of an ADF loan of UA 7.29 million from ADF-14 resources (ADF Loan) to strengthen the Republic of Mali's financial capacity to accede to ATI membership.

ANNEX I: MALI — COMPARATIVE SOCIO-ECONOMIC INDICATORS

Mali COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Mali	Africa	Developing Countries	Developed Countries
Basic Indicators					
Area ('000 Km²)	2018	1,240	30,067	92,017	40,008
Total Population (millions)	2018	19.1	1,286.2	6,432.7	1,197.2
Urban Population (% of Total)	2018	42.4	42.5	50.4	81.5
Population Density (per Km²)	2018	15.8	43.8	71.9	31.6
GNI per Capita (US \$)	2017	770	1 767	4 456	40 142
Labor Force Participation * - Total (%)	2018	66.6	65.9	62.1	60.1
Labor Force Participation ** - Female (%)	2018	50.8	55.5	47.6	52.2
Sex Ratio (per 100 female)	2018	100.3	99.8	102.3	99.3
Human Develop. Index (Rank among 189 countries)	2017	182
Popul. Living Below \$ 1.90 a Day (% of Population)	2007-2017	49.7	...	11.9	0.7
Demographic Indicators					
Population Growth Rate - Total (%)	2018	3.1	2.5	1.2	0.5
Population Growth Rate - Urban (%)	2018	5.0	3.6	2.3	0.7
Population < 15 years (%)	2018	47.5	40.6	27.5	16.5
Population 15-24 years (%)	2018	19.5	19.2	16.3	11.7
Population >= 65 years (%)	2018	2.5	3.5	7.2	18.0
Dependency Ratio (%)	2018	98.7	79.2	53.2	52.8
Female Population 15-49 years (% of total population)	2018	22.2	24.1	25.4	22.2
Life Expectancy at Birth - Total (years)	2018	58.9	63.1	67.1	81.3
Life Expectancy at Birth - Female (years)	2018	59.7	64.9	69.2	83.8
Crude Birth Rate (per 1,000)	2018	41.5	33.4	26.4	10.9
Crude Death Rate (per 1,000)	2018	9.7	8.3	7.7	8.8
Infant Mortality Rate (per 1,000)	2017	65.8	47.7	32.0	4.6
Child Mortality Rate (per 1,000)	2017	106.0	68.6	42.8	5.4
Total Fertility Rate (per woman)	2018	5.9	4.4	3.5	1.7
Maternal Mortality Rate (per 100,000)	2015	587.0	444.1	237.0	10.0
Women Using Contraception (%)	2018	15.0	38.3	61.8	...
Health & Nutrition Indicators					
Physicians (per 100,000 people)	2010-2016	8.5	33.6	117.8	300.8
Nurses and midwives (per 100,000 people)	2010-2016	44.3	123.3	232.6	868.4
Births attended by Trained Health Personnel (%)	2010-2017	43.7	61.7	78.3	99.0
Access to Safe Water (% of Population)	2015	77.0	71.6	89.4	99.5
Access to Sanitation (% of Population)	2015	24.7	39.4	61.5	99.4
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2017	1.2	3.4	1.1	...
Incidence of Tuberculosis (per 100,000)	2016	56.0	221.7	163.0	12.0
Child Immunization Against Tuberculosis (%)	2017	73.0	82.1	84.9	95.8
Child Immunization Against Measles (%)	2017	61.0	74.4	84.0	93.7
Underweight Children (% of children under 5 years)	2010-2016	25.0	17.5	15.0	0.9
Prevalence of stunting	2010-2016	30.4	34.0	24.6	2.5
Prevalence of undernourishment (% of pop.)	2016	6.	18.5	12.4	2.7
Public Expenditure on Health (as % of GDP)	2014	1.6	2.6	3.0	7.7
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School - Total	2010-2017	80.1	99.5	102.8	102.6
Primary School - Female	2010-2017	75.6	97.4	102.0	102.5
Secondary School - Total	2010-2017	41.5	51.9	59.5	108.5
Secondary School - Female	2010-2017	37.0	49.5	57.9	108.3
Primary School Female Teaching Staff (% of Total)	2010-2017	30.4	48.7	53.0	81.5
Adult literacy Rate - Total (%)	2010-2017	33.1	65.5	73.1	...
Adult literacy Rate - Male (%)	2010-2017	45.1	77.0	79.1	...
Adult literacy Rate - Female (%)	2010-2017	22.2	62.6	67.2	...
Percentage of GDP Spent on Education	2010-2015	3.8	4.9	4.1	5.2
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2016	5.3	8.0	11.3	10.4
Agricultural Land (as % of land area)	2016	33.8	38.2	37.8	36.5
Forest (As % of Land Area)	2016	3.8	22.0	32.6	27.6
Per Capita CO2 Emissions (metric tons)	2014	0.1	1.1	3.5	11.0



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

last update : February 2019

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 II: BANK GROUP-FINANCED ACTIVE OPERATIONS IN MALI AS OF 30 SEPTEMBER 2019

Name of Project	Date of Approval	Date of Closure	Loan Amount (UA)	Dec-Cumulative	Default Rate (%)	Sectorial Distribution
AGRICULTURE			153 317 018	84 353 406	55,02	27%
Bani and Sélingué Basin Irrigation Development Program (PDI-BS)	27.05.2009	31.12.2019	44 000 000	41 403 959	94,10	
Program for Building Resilience to Food and Nutrition Insecurity in the Sahel (P2RS)	15.10.2014	30.06.2020	36 390 000	8 914 536	24,50	
Project for strengthening food security through the development of irrigated crops (PRESA-DCI)	27.05.2009	31.12.2021	36 000 000	16 632 146	46,20	
Project to strengthen food and nutrition security in the Koulikoro region (PRESAN-KL)	17.09.2014	31.12.2021	33 561 276	17 130 666	51,04	
Soul. network to observe. Weather. strengthen resilience to climate change (Project AROMET-2C)	22.12.2016	31.12.2019	782 705	45 210	5,78	
Proj.aména., Develop. Integrated, resilient Com. Climate Change in the Delta 2 Plains (PDIR-PD2)	11.09.2017	31.03.2020	1 594 037	175 013	10,98	
PPF- Malian Agricultural Transfer Project and Youth Employment	18.08.2017	31.12.2020	989 000	51 877	5,25	
INFRASTRUCTURE			177 381 250	31 987 850	18,03	31%
Transport facilitation project between Mali and Ivory Coast	26.11.2015	30.06.2021	82 474 014	31 987 850	38,79	
Project of amen. Transsaharienne Kidal and Bourem road (RTS2)	11.12.2018	31.12.2024	94 907 236	0	0,00	
WATER AND SANITATION			50 000 000	24 708 977	49,42	9%
Bamako Drinking Water Supply Project	09.10.2013	31.12.2020	50 000 000	24 708 977	49,42	
CLIMATE CHANGE			9 271 140	0	0,00	
Schedule. Integ. Dev. and adapt. to the chang. Clim. Niger basin (PIDACC)	7.11.2018	15.07.2023	9 271 140	0	0,00	
ENERGY			59 860 340	1 387 436	2,32	16%
Project supporting the promotion of renewable energies	22.10.2014	31.12.2019	1 100 263	568 073	51,63	
Proj. of dev. Mini hydroelectric power stations	4.12.2017	31.12.2022	26 381 527	192 525	0,73	
Proj. of Interco. Electric ELEC. 225 KV Guinea-Mali	13.12.2017	31.12.2021	32 378 550	626 838	1,94	
SOCIAL DEVELOPMENT			15 000 000	159 197	1,06	3%
Project to support the reins. socio-econo. pop. from northern Mali	30.11.2016	30/06/2021	10 000 000	159 197	1,59	
Project of auton. eco. women in the shea sector (PAEFFK)	03.12.2018	31/07/2023	5 000 000	0	0,00	
GOVERNANCE			12 000 000	863 769	7,20	2%
Program to support the competitiveness of the Malian economy	15.12.2017	30/12/2022	10 000 000	271 171	2,71	
Competence Support Project Econo. and the promo. of kind	06.06.2019	30.06.2021	1 000 000	0	0,00	
National spatial planning scheme	28.02.2017	31/12/2019	1 000 000	592 599	59,26	
Overall disbursement rate of the public portfolio			476 829 748	143 460 636	30,09	
PRIVATE SECTOR			88 307 189	23 101 015	26,16	16%
Mali Development Bank	18.10.2018	8.12.2028	37 140 575	271 171	0,73	
Modern mill of Mali	17.09.2014	30.11.2021	22 237 246	22 237 246	100	
Mali Segou Solar	31.10.2016	01.06.2033	28 929 368	592 599	2,05	
TOTAL PROJECTS GLOBAL PORTFOLIO			565 136 937	166 561 651	29,47	

Source : AfDB Mali Country Office Stats

ANNEX III: PROJECT FRAGILITY ASSESSMENT REPORT FOR MALI

1. Context

Mali, which covers an area of 1.24 million km², shares borders with seven countries: Mauritania and Algeria to the north, Niger to the east, Burkina Faso and Côte d'Ivoire to the south, Guinea to the south-west, and Senegal to the west.

At the political level, Mali is marked by a very turbulent political context, with strong social unrest comprising: (i) community conflicts that have led to more than 200 deaths (Fulani and Dogon) in the centre of the country; (ii) repetitive strikes by civil servants; and (iii) major popular demonstrations. All these demonstrations by civil society, religious leaders, opposition parties, and teachers led to the resignation of the former Prime Minister Soumeylou Boubèye Maïga and his Government on Thursday, 18 April 2019. Following the resignation, the President of the Republic, Ibrahim Boubacar Keïta, appointed Dr. Boubou Cissé as new Prime Minister, Head of Government, Minister of Economy and Finance, on 22 April 2019. A political agreement between the Government, the Opposition and civil society was reached on Thursday, 2 May 2019, leading to the formation of a new broad-based Government on Sunday, 5 May 2019. Parliamentary elections, initially scheduled for December 2018, have been postponed to June 2019 and then to May 2020. Due to the security situation in the country, the Constitutional Court had initially agreed to postpone the parliamentary elections to June 2019. However, since it was still impossible to organise the elections, the National Assembly voted in favour of the Government's plan to extend the mandate of the parliamentarians to 2 May 2020. Mali's political governance does not seem to have improved, with the country ranked 28th out of 54 countries in Africa in 2017 according to the Mo Ibrahim Index. *Transparency International's* Corruption Perception Index (CPI) data show a sharp increase in corruption in Mali from 95th position in 2015 to 120th in 2018.

As regards security, despite delays in the implementation of the Peace and Reconciliation Agreement signed in 2015, the process of Disarmament, Demobilisation and Reintegration of Armed Groups (DDR) was launched in November 2018 in Gao (northern part of the country).

2. Potential Sources of Pockets of Fragility in Mali

Mali has been classified as a country in transition or situation of fragility by the Bank since 2015, following the outbreak of the security crisis in 2012. As such, it is eligible for TSF Pillar III resources for countries in transition. Bank support is provided through its "Strategy for addressing fragility and building resilience, 2014-2019".

2018 Diagnosis of Fragility Factors in Mali

The results of the Bank's diagnosis of the fragility situation in Mali in 2018 reveal the following 5 categories of fragility factors:

Factor 1: Political, security and institutional factors

The political situation is dominated by domestic policy challenges that have an impact on institutions, security and external relations, namely: (i) in general, the management of public affairs as part of governance of the normal functioning of the State and its institutions, in its sovereign functions, including the control of corruption in line with the principles of efficiency, transparency

and accountability; (ii) preparation and democratic management of the July 2018 elections, which have multiple consequences and whose outcome may be very explosive if they are not properly addressed; and (iii) management of the Northern issues, implementation of the Peace and Reconciliation Agreements resulting from the Algiers Process and their consequences on the security situation, while avoiding any confusion between issues that concern Malians themselves, on the one hand, and international geopolitics, on the other.

Factor 2: Economic and financial issues

The country's resilience is growing with the economic recovery. Economic growth averaged around 6% per year between 2013 and 2017. However, sustainability and inclusiveness of growth are not ensured: the industrial sector is still lagging behind, cotton and gold are not integrated into value chains, services are not part of the global value chain, and water control, energy and sanitation remain a cause for concern. This leads to considerable financial loss for the country, as well as difficulties of mobilising more resources for public finance and saving foreign currency for current account balance. However, the country has not gone into debt: the risk of over-indebtedness is at a moderate level. Nonetheless, food insecurity continues to affect 15% of the population. The livestock subsector is a source of inter-ethnic conflicts and irrational use of foreign currency, while economic crimes are increasing through illegal trade and trafficking in prohibited products.

Factor 3: Social issues, poverty reduction, and inequalities

Despite high growth over the past four years, it has not been sufficiently inclusive and pro-poor to catch up with the countries of its 1980 or 1990 cohort, i.e. countries that had the same level of development. Paradoxically, the production regions that drive growth are also relatively high-poverty areas: Kayes to a lesser extent, but above all Mopti, Sikasso, Segou, and Koulikoro regions have an income poverty rate higher than the national average (47%) and that of the northern regions. Multidimensional poverty, which includes the degree of accessibility and quality of social services, affects 78% of the population, or 13 million inhabitants. Limited access to education contributes 37.9% to multidimensional poverty, 22.4% to health, and 39.7% to living conditions. Poverty is high in rural areas and among women. Enhancing social coverage and access, as well as improving the quality of basic social services (education, health, water, sanitation, rural roads, electricity and living conditions) constitute a major challenge. However, employment remains a serious problem. Unemployment and underemployment are widespread, and affect more than 40% of the population, with women and young people constituting the majority (50.2% of the population are women and more than 60% of young people are under 25 years of age). The gender equality issues are a cause for greater concern. Gender inequalities to the detriment of women result in deprivation of certain civil liberties and limit access to tools that enable them to free themselves from poverty. Access to education, and particularly retaining girls in school, remains a challenge despite measures regularly announced by the authorities to reverse the trend. Without education, many women cannot support themselves and they marry young. A significant proportion of them even become mothers before celebrating their 18th birthday. On the other hand, it should be noted that transition to women's empowerment in Mali is too slow and limited due to strong resistance and gender bias by some women themselves. The most effective method would be to increase men's understanding of the benefits of an egalitarian society, such as family health, child survival, and increased income. This could include developing a more positive notion of masculinity and integrating men's role in promoting gender equality. In terms of importance, social fragility, though it can be considered as the result of all other situations of vulnerability, comes after political and security factors, and is

followed by economic issues. The environmental challenge is a constraint, an exogenous factor, just as some regional and international geopolitical issues.

Factor 4: Environmental challenge

Environmental issues and manifestations of climate change are not high priorities in countries in situations of great fragility, facing political, security, social, economic and financial difficulties. Some hazards (drought, floods followed by erosion, and locust invasions) can be considered as exogenous natural hazards, independent of man, even if men can be the causes or help to remedy them. Unable to provide sustainable solutions to current issues, countries in situations of fragility are even less willing to find sustainable solutions to the environmental challenge, as in the case of Mali, which is the 9th most exposed country to natural hazards but 49th least prepared to take mitigation and adaptation measures. According to EMDAT database in Belgium, the economic cost of natural risks for Mali is estimated at more than USD 1.5 billion dollars per year, or 20% of GDP.

Factor 5: Regional and international issues: Mali's geographical position, as well as its vast territory and borders with seven countries, which neither it nor others can control, place it at the core of major geopolitical and regional geostrategic issues. The Tuareg issue, which is inter-Malian, has taken on regional and international proportions since 1990 and has intensified since the return of Libyan armed groups. In addition, terrorism has been internationalised through strategic alliance with various groups, including Boko Haram and AQIM. Illegal trade in the Sahel Strip is accompanied by force and violence to control the road and product trafficking networks (oil, gold, drugs, human beings, etc.). These dimensions make the conflict in northern Mali a complex international situation, even if the G5 Sahel Initiative is already multinational. The intense population movements are also accompanied by public health risks with the spread of virus epidemics (AIDS, Ebola, Lassa, and Dengue) and diseases (tuberculosis, meningitis and plague). To overcome these challenges, the country needs to change the current method of governance to greater accountability of the elites, dominant coalitions and the political class. The country also needs to benefit from regional integration and international cooperation, while protecting itself from the negative effects of regionalisation and globalisation. Within this context, the country is supported by WTO and various technical and financial partners that provide assistance for the Integrated Trade Framework and cross-border trade facilitation.

3. Mainstreaming of fragility issues in Bank operations in Mali

The Bank has incorporated fragility factors into the assessment of outcomes of the country's strategy and, above all, into the definition of reforms and corrective measures for the strategy. The Bank's operations in Mali have taken into account concerns about fragility. First, the Bank's projects in the Sahel region are part of the Sahel Alliance's programme. For example, the Bank has implemented a support project for the socio-economic reintegration of people in northern Mali for UA 10 million to facilitate the reintegration of fragile populations living in the conflict zone. The Bank's Office in Mali recommends additional resources for TSF Pillar III and rapidly mobilisable financing instruments for Sahel Alliance investments such as the KONNA Project. In addition, under TSF Pillar III, the Bank established the National Land Use Planning Framework (SNAT) for UA 1 million to facilitate land use planning in efforts to identify and address pockets of fragility. The SNAT project, which is being implemented until December 2019, seeks to ensure coherence in planning and development actions at the various territorial and sector levels. Phase 1, which concerns territorial diagnostic study, has been implemented. The workshops organised for that purpose at the national level and in all the regions were inclusive with the participation of more than 3,000 stakeholders. The interim diagnostic study report resulting from the meetings was validated by the Scientific Committee that supports SNAT preparation, and submitted to all development stakeholders for consideration in a national workshop held on 11 and 12 December 2018. In addition, the national workshop to launch Phase 2, which focuses on applied foresight for preparing

SNAT, was held from 4 to 7 February 2019 in Bamako. Furthermore, the Bank has implemented the Trans-Saharan Road (RTS2) Project between Bourem and Kidal in the northern part of the country (conflict zone) for UA 33.75 million. The project, which the Government calls the "national unity road", is strategic and crucial for political stability in Mali and the West African sub-region. Finally, the Bank has also allocated UA 1 million to Mali under TSF Pillar III to: (i) support the activities of the General Census of Economic Units; (ii) prepare the gender profile of Mali; and (iii) build the capacity of institutions.

AFRICAN DEVELOPMENT FUND

BOARD OF DIRECTORS

Resolution N° F/ML/2019/118

Adopted by the Board of Directors on a lapse-of-time basis, on [●] 2019

**Loan to the Republic of Mali to finance part of the costs of the African Trade Insurance (ATI) -
Country Membership Programme - Republic of Mali.**

THE BOARD OF DIRECTORS,

HAVING REGARD TO: (i) Articles 1, 2, 11, 12, 14, 15, 16, 26 and 30 of the Agreement Establishing the African Development Fund (the “Fund” or “ADF”); (ii) the Report on the Fourteenth General Replenishment of the Resources of the Fund (“ADF-14”); (iii) the applicable ADF-14 Country Resource Allocation; and (iv) the appraisal report contained in Document ADF/BD/WP/2019/189/Approval (the “Appraisal Report”);

NOTING the availability of sufficient resources to enable the Fund to commit the amount of the Loan;

DECIDES as follows:

1. To award to the Republic of Mali (the “Borrower”), from the resources of the Fund, a loan of an amount not exceeding the equivalent of Seven Million, Three Hundred Thousand Units of Account (UA 7,300,000) (the “Loan”) to finance part of the costs of the African Trade Insurance (ATI) - Country Membership Programme - Republic of Mali;
2. To authorize the President to conclude a loan agreement between the Fund and the Borrower (the “Loan Agreement”) on the terms and conditions specified in the General Conditions Applicable to the African Development Fund Loan Agreements and Guarantee Agreements (Sovereign Entities), the Appraisal Report and, in particular:
 - (i) The ADF-14 Loan Financing Terms applicable to Regular Countries; and
 - (ii) The Loan will be amortized in equal and consecutive semi-annual instalments payable on 15 May and 15 November of each year;
3. The President may cancel the Loan if the Loan Agreement is not signed within ninety (90) days from the date of approval of the Loan by this Board; and
4. This Resolution shall become effective on the date above-mentioned.