

AFRICAN DEVELOPMENT BANK GROUP



DEVELOPMENT PROGRAMME FOR THE SPECIAL AGRO-INDUSTRIAL PROCESSING ZONE OF KOULIKORO AND SEMI-URBAN BAMAKO REGIONS (PDZSTA-KB): **P-ML-AAG-004**

COUNTRY: REPUBLIC OF MALI

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REPUBLIC OF MALI

DEVELOPMENT PROGRAMME FOR THE SPECIAL AGRO-INDUSTRIAL PROCESSING ZONE OF KOULIKORO AND SEMI-URBAN BAMAKO REGIONS (PDZSTA-KB)

RDGW/AHFR/COML/PGCL DEPARTMENTS

December 2019

Translated Document

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Currency Equivalents

(March 2019)

UA 1	=	XOF 821.258164
EUR 1	=	XOF 655.957000
USD 1	=	XOF 602.400161
UA 1	=	EUR 1.25200000
UA 1	=	USD 1.36331000

FISCAL YEAR

1 January - 31 December

WEIGHTS AND MEASURES

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

ACRONYMS AND ABBREVIATIONS

ADF	:	African Development Fund
AfDB	:	African Development Bank
API	:	Investment Promotion Agency of Mali
AREP	:	Adaptation Review and Evaluation Procedures
AVC	:	Agricultural Value Chain
BD	:	Bidding Document
CBR	:	Cost/Benefit Ratio
CC	:	Climate Change
COML	:	Bank's Office in Mali
CREDD	:	Economic Recovery and Sustainable Development Strategic Framework
CSP	:	Country Strategy Paper
CSS	:	Climate Safeguard System
DGDP	:	General Directorate of Public Debt
DNA	:	National Directorate of Agriculture
DNGR	:	National Directorate of Rural Engineering
DWS	:	Drinking Water Supply
ERR	:	Economic Rate of Return
ESIA	:	Environmental and Social Impact Assessment
ESMFP	:	Environmental and Social Management Framework Programme
ESMP	:	Environmental and Social Management Plan
FD	:	Final Design
IFAD	:	International Fund for Agricultural Development
IGAs	:	Income-Generating Activities
IRR	:	Internal Rate of Return
LI	:	Labour Intensive

MA	:	Ministry of Agriculture
MFI	:	Micro-finance Institution
NCB	:	National Competitive Bidding
NGO	:	Non-Governmental Organisation
NPV	:	Net Present Value
OHVN	:	Upper Niger Valley Authority
OPA	:	Agriculture Professional Organisation
OPIB	:	Baguinéda Irrigation Areas Authority
PA	:	Programme Area
PAEFFK	:	Women's Empowerment Project in the Shea Sector
PMU	:	Programme Management Unit
PNDA	:	National Agricultural Development Plan
PNDA	:	National Agricultural Development Policy
PNDES	:	National Economic and Social Development Plan
PNIA	:	National Agricultural Investment Plan
PNIASAN	:	National Agricultural Investment and Food and Nutritional Security Plan
PP	:	Procurement Plan
PRESAN-KL	:	Food and Nutrition Security Strengthening Programme in Koulikoro Region
PSC	:	Programme Steering Committee
RE	:	Rural Engineering
RUS	:	Roads and Utility Services
SAPZ	:	Special Agro-Industrial Processing Zone
TAAT	:	Technologies for African Agricultural Transformation
TFP	:	Technical and Financial Partner
TMC	:	Technical and Monitoring Committee
TSF	:	Transition Support Facility
UA	:	Unit of Account
WAAPP	:	West Africa Agricultural Productivity Programme
WB	:	World Bank
WSC	:	Water and Soil Conservation
XOF	:	West African Franc

PROGRAMME INFORMATION SHEET

Client Information Sheet

BORROWER: Republic of Mali

EXECUTING AGENCY:

Financing Plan

Source	Amount (UA Million)	Instruments
ADF Grant	1.42	Grant
TSF Loan	10.50	Loan
TSF Grant	1.16	Grant
TSF Pillar I – Additional contribution of the Republic of Italy (EUR 1.38 million)	1.102	Grant
Government of Mali	2.08	N/A
TOTAL COST	16.26	

Key ADF and TSF Financing Information

	ADF	TSF (Pillar 1)
Loan/Grant Currency	UA	UA
Interest Type*	Not Applicable	Not Applicable
Interest Rate Margin*	Not Applicable	Not Applicable
Commitment Fee*	0.5% (5 basis points)	0.5% on undisbursed commitments
Other Charges*	0.75% (service charge)	0.75% (service charge)
Maturity	40 years	20 years
Grace Period	10 years	7 years
IRR (baseline scenario) :	25.21%	Amount NPV: XOF 201.572 billion
ERR (baseline scenario) :	26.07%	Amount NPV: XOF 219.03 billion

Duration – Milestones (expected)

Concept Note Approval	6 August 2019
Programme Approval	16 December 2019
Effectiveness	15 January 2020
Last Disbursement	31 March 2025
Closing Date	31 June 2024

PROGRAMME SUMMARY

Overview: Mali covers an area of 1,241,238 km² and the rural sector is the mainspring of its development, with agriculture accounting for 45% of GDP, providing employment for 80% of the total population and generating more than 75% of export earnings. However, it is constantly subject to climatic hazards, degradation of its natural resources (degradation of soil, water, air, vegetation, biodiversity, climate, etc.) and deterioration of terms of trade (steady drop in the prices of its agricultural export products), which limit the incomes of the rural population and expose them, particularly young people, to immigration.

The degradation of natural resources results in land production loss of 6.5 T/ha/year, which corresponds to significant losses of soil nutrients, with a financial impact of up to CFAF 90,000/ha/year (Strategic Investment Framework for Sustainable Land Management (SIF-SLM)). All the environmental degradation-related factors (soil erosion, deforestation, air, quality of life, water and solid waste, wildlife heritage, mineral resources, etc.) have a significant impact on GDP which has declined from 26.5% to 20.9%.

In addition, the value-added created by the agro-industry sector (biscuits, pasta, confectionery, canning industry, brewery, bakery, oil works, sugar refinery, dairy products, textile and tobacco) fell by 46.61% from XOF 1,465.64 billion in 2013 to XOF 782.48 billion in 2014. This trend is continuing, with annual agro-food imports for about EUR 597 million to fill the gap. The foreign exchange losses are enormous, and high enough to develop the entire programme of the country's twelve (12) agricultural growth poles (agropoles).

The Development Programme for the Special Agro-industrial Processing Zone of Koulikoro and Semi-urban Bamako Regions (PDZSTA-KB) is a proposal to reverse the downward trend in agro-industry value added in Mali and disseminate agricultural development technologies that can slow down the degradation of natural resources, thereby creating conditions for sustainable agriculture, with the support of an additional contribution of the Italian Government to TSF Pilar I. The programme will include sustainable land management (SLM) at each stage of the proposed technical itineraries, within and outside irrigation areas, unlike extensive or intensive agricultural practices that foster the excessive use of agrochemicals.

The Bank's intervention will help to develop two (2) major regions of Mali with an area of 28,571.43 km² (2.30% of the country's total area), a population of 1.6 million inhabitants (8.63% of the total population in 2017) and an annual growth rate of 3.4%. The population density of 56 inhabitants/km² is well above the national average of 14 inhabitants/km². Consequently, there is heavy pressure on natural resources, which are rapidly deteriorating in the absence of any strong action to control, monitor and curb the trend.

Needs Assessment: The programme area covers two (2) regions (Koulikoro and Semi-urban Bamako) whose irrigation and socio-economic development requires facilities for the production and processing of agricultural products that constitute the regions' potential. The programme involves establishing an agro-industrial park to process products upstream and serve as an outlet for marketing agricultural products, thereby helping to reduce all-out import of agro-food products whose volume and incurred expenditure are becoming alarming.

In accordance with the country's strategic guidelines, the programme will contribute to the processing of agricultural products, while improving the productivity and production of growth sectors. This will reduce imports of various agro-food products, with the main outcome of transforming Malian agriculture and improving food and nutrition security.

Added Value for the Bank: PDZSTA-KB seeks to support Mali in its agricultural transformation programme by promoting private investment, as well as creating conditions and providing incentives likely to attract the national and international private sector to establish in Bacoumana agro-industrial park (AIP). The conditions and measures include: (i) adopting measures that can create an enabling business environment for the establishment of agro-industrial enterprises in the agro-industrial park; (ii) constructing physical and smart long-term infrastructure to facilitate the establishment of private companies, their operations, and transactions related to their activities; and (iii) improving the operation of growth sectors. This innovative approach was proposed as a flagship programme of the Bank's Feed Africa Strategy 2016-2025, known as the Special Agro-Industrial Processing Zones (SAPZs) Flagship Programme. It proposes an approach to increase private investment in the agricultural sector, with the Government creating favourable conditions. Therefore, this is an area in which the Bank has experience and expertise. It can also raise internal financial resources, as well as additional resources from its technical and financial partners and private banks, relying on its "Triple A" rating. The Bank has also gained experience in developing this type of operation in Togo, Ethiopia, Guinea, DRC, Zambia and Tanzania. Hence, it can develop this operation with a high probability of success.

Knowledge Building and Management: The implementation of the Development Programme for Special Agro-Industrial Processing Zones (PDZSTA-KB) will provide a wealth of knowledge that can be replicated throughout the country's twelve (12) agricultural development poles, including those in Koulikoro and Semi-urban Bamako Regions. The knowledge concerns: (i) the best way to work with the private sector, through a PPP approach or as a non-sovereign operation (NSO), or a combination of both; (ii) the multi-sector approach, involving sectors such as transport, energy, water and sanitation, agro-industry, agriculture, communication (NICT), education, health and nutrition, employment and trade; (iii) a combination of: (a) two Bank Strategies, namely "Feed Africa" and Skills Development, especially for young people, and (b) at least four (4) flagship programmes, namely, Special Agro-Industrial Processing Zones (SAPZ), Technologies for African Agricultural Transformation (TAAT), Agricultural Value Chains (AVC), Post-Harvest Loss Reduction and Youth Employability (Enable Youth); (iv) product processing, as a major development challenge for which solutions will be sought in this programme; (v) employment in general and in the agricultural sector in particular, as a solution proposed in the programme; and (vi) contribution to reducing massive agro-food imports from the continent, and from Mali, in particular.

Results-Based Logical Framework

REPUBLIC OF MALI: DEVELOPMENT PROJECT FOR THE SPECIAL AGRO-INDUSTRIAL PROCESSING ZONE OF KOULIKORO AND SEMI-URBAN BAMAKO REGIONS (PDZSTA-KB)

Project Goal: Promote inclusive agricultural transformation by reducing agro-food imports through private investment in priority value chains.

RESULTS CHAIN		PERFORMANCE INDICATORS			MEANS OF VERIFICATION	RISKS/ MITIGATION MEASURES
		Indicators (including CSIs)	Baseline Situation	Target		
	LONG TERM		2016/2017	2026 <		
IMPACTS	Impact 1: Contribute to reducing agro-food imports	Value of agro-food imports (in EUR million)	597	< 507	INSTAT Surveys Study on non-tariff measures Custom Services Report	
	Impact 2: Contribute to improving food and nutrition security	Prevalence of severe/moderate food insecurity	13.5%	< 10.0 %	INSTAT Surveys Periodic report on Mali’s socio-economic performance	
		Prevalence of chronic malnutrition (6-59 months)	37.4%	33.0%		
	Impact 3: Contribute to poverty reduction	Incidence of poverty in the Project Area	51.5%	< 46.5%		
	MEDIUM TERM		2020	2025		
OUTCOMES	Outcome 1: Agricultural products processing capacity has improved	Average processing rate for agricultural products	< 3 %	≥ 12 %	Annual Reports of Sector Ministries (Agriculture, Livestock and Fisheries)	Risk: Risk of low private sector mobilisation Mitigation Measures: The project design is based on a discussion platform with the private sector whose concerns are taken into account in the final formulation of the project, a guarantee of SME involvement and ownership of the project.
	Outcome 2: Level of private investment in agriculture has increased	Number of private small and medium-sized agricultural businesses operating	< X	≥ 15	Monitoring Report of the Ministry of Agriculture	
	Outcome 3: Living conditions of people in the programme area are improved	Number of direct and indirect jobs created and benefiting men/women (M/W)	0/0	≥ 5 800 / 3 125	Agropole Company Report	
		Proportion of 6-23 months children with minimum dietary diversity	13.0	20	National Employment Observatory INSTAT Surveys	
	Outcome 4: Number of economic and involuntary immigration seekers is reduced	% reduction in number of economic and involuntary immigration seekers (young people/women (girls)	0/0	30%/55%	MICS Surveys	
	SHORT TERM		2019	≤ 2024		
OUTPUTS	Output 1: Good governance and incentive measures are in place	Number of texts prepared and low on Special Economic Zones	0	≥ 2	Monitoring and evaluation reports of the Agropole Development Company	Risks: Late engagement of some stakeholders may delay project implementation

	Output 2: Processing facilities constructed	Km of highways and roads constructed/rehabilitated	0	14.5	Monitoring and Evaluation Reports	Mitigation: The project design is based on sensitisation and systematic consultation for gradual stakeholder ownership.
		Number of ATCs constructed and equipped	0	10		
		Area (ha) of agro-park serviced and benefitting M/W	0/0	100/100	Quarterly implementation progress reports(QIPR), monitoring-evaluation reports (MER), and annual activity reports (AAR)	
		Number of hydraulic structures built	0	10		
		Power of installed transformers (kW)	0	2000	Project Mid-Term Review Report (PMTRR) Project Completion Report (PCR)	
	Output 3: Capacity of key stakeholders of growth sectors is strengthened (<i>Additional contribution of the Republic of Italy to TSF Pilar I</i>)	Number of young people/women benefitting from the local employment promotion and economic empowerment fund	0/0	1	Quarterly implementation progress reports (QIPR), monitoring-evaluation reports (MER), and annual activity reports (AAR)	Risks: The project will not be implemented according to the implementation plan and schedule, particularly with delays in procurement. Mitigation: The institutional framework and project implementation arrangements will ensure implementation in accordance with best practices.
		Review of the structural causes by the migration	0	1		
		Forest cover restored (ha)	0	800	Project Mid-Term Review Report (PMTRR)	
		Number of women/young people benefitting from support for food processing and nutrition education activities	0/0	500/500	Project Completion Report (PCR)	
	Output 4: Project management, coordination, monitoring and evaluation ensured	Physical implementation rate of the project	0	≥ 95%	QIPR, MER and AAR PMTRR	In addition, a Procurement Expert will be recruited to assist in effective conduct of the procurement process.
		Number of supervision missions	0	10	PCR SAP	
		Midterm review report is approved	0	1		
		Completion report is approved	0	1		

ACTIVITIES	COMPONENTS	RESOURCES	
	Component 1: Support for Governance and Incentive Measures: UA 2.63 million		
	-Support for establishment of good governance in APZs	ADF Grant :	UA 1.42 million
	-Promotion of incentive measures in APZs	TSF Grant :	UA 1.16 million
	Component 2: Development of Transformation Support Infrastructure UA 8.99 million	TSF Loan:	UA 10.50 million
	- Construction of infrastructure for servicing the agro-park	TSF Pillar 1:	EUR 1.38 million (UA 1.102 million : <i>Additional contribution of the Republic of Italy to TSF Pillar I</i>)
	- Development and rehabilitation of access infrastructure		
	- Construction of support infrastructure for agricultural production	Government:	UA 2.08 million
	Component 3: Capacity Building for Key Stakeholders of Growth Sectors UA 1.43 million	TOTAL:	UA 16.26 million
	- Central and Decentralised Services		
	- Support for Migration-related Fragility Management		
	Component 3: Project Management and Coordination UA 3.21 million		

Indicative Programme Implementation Schedule

No.	ACTIVITIES	2019		2020				2021				2022				2023				2024	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
1	ADF Loan/TSF Grant negotiations																				
2	Signing of ADF Loan and TSF Grant agreements																				
3	Fulfilment of conditions precedent to the first disbursement																				
4	Publication of General Procurement Notice																				
5	Recruitment of PMU staff																				
6	PDZSTA-KB launching workshop																				
7	Procurement of goods for PMU and Agencies (vehicles, IT equipment, etc.)																				
8	Updating of programme's baseline situation																				
9	Signing of agreements with partner structures																				
10	Preparation of Annual Work Plan (AWP)																				
11	Construction of agro-park facilities																				
12	Recruitment of companies to construct facilities																				
13	Construction of internal agro-park facilities: BDs																				
14	Mobilisation of Private Sector/ Agro-Park Development Company																				
15	Recruitment of an international expert specialised in SAPZ																				
16	Land Zoning and Fertilisation																				
17	Validation of Priority Value Chains																				
18	Selection of Technology Packages (TAAT)																				
19	Construction of private sector facilities																				
20	Construction of production /processing facilities																				
21	Production, processing, transport and marketing activities																				
22	Monitoring and evaluation																				
23	Annual External Audit																				
24	Completion Report																				

REPORT AND RECOMMENDATION BY BANK GROUP MANAGEMENT TO THE BOARD OF DIRECTORS ON A DEVELOPMENT PROGRAMME FOR SPECIAL AGRO-INDUSTRIAL PROCESSING ZONES IN BOKE AND KANKAN

Management submits this report and its recommendation concerning a proposal for an **ADF Grant of UA 1.42 million**, a **TSF Grant of UA 2.262 million** (including an additional contribution of the Republic of Italy to **TSF Pillar I of EUR 1.38 million, i.e. UA 1.102 million**), and a **TSF Loan of UA 10.50 million**, from the ADF and TSF country allocation, to the Government of the Republic of Mali to finance the activities of PDZSTA-KB, which is the Pilot Phase of Mali's Agropoles Development Programme.

I. STRATEGIC THRUST AND RATIONALE

Programme Linkages with Country Strategy and Objectives

1.1.1. The programme is consistent with three (3) of the five (5) strategic pillars of the Strategic Framework for Economic Recovery and Sustainable Development (CREDD) 2019-2023, namely: (i) Inclusive growth and structural transformation of the economy (Pillar 3); (ii) Environmental protection and building resilience to climate change; and (iii) Human capital development. CREDD serves as a framework for intervention by Mali's various Technical and Financial Partners. It is aligned with the MDGs and the objectives of the African Union's Agenda 2063, and aims at "A well-governed Mali, where harmonious coexistence of the various components of the society is restored, peace consolidated and collective and individual security ensured in unity, cohesion and diversity, where the wealth creation process is inclusive and environment-friendly, and where human capital is developed for the benefit of the population, particularly young people and women".

1.1.2 At sector level, CREDD is implemented under Mali's Agricultural Development Policy (PDA) and includes the Development Programme for the Special Agro-Industrial Processing Zones of Koulikoro and Semi-urban Bamako (PDZSTA-KB). It is also implemented through its priority activities of developing agricultural products, protecting livelihoods and resilience to climate change, and enhancing human capital. The activities will, as a result of improved living conditions, promote sedentary lifestyles and reduce migration among the population. Therefore, PDZSTA-KB is a PDA operational programme which guides efforts towards achieving 6% growth in agricultural added value and allocating 15% of the State budget to the agricultural sector (10% in Maputo Commitment). Indeed, PDZSTA-KB is fully consistent with the country's strategic objectives.

Programme Alignment with Bank Policy

1.2.1 The Bank's intervention, through PDZSTA-KB which is the pilot phase of a programme for twelve (12) agropoles, is considered a priority by the Bank. Consequently, the Bank has made the strategic choice of transforming Malian agriculture, as reflected in Pillar II of CSP 2015-2019: "Infrastructure development to support economic recovery". The programme is also consistent with three (3) of the High 5s, namely: (i) Feed Africa (Strategy for Agricultural Transformation in Africa 2016-2025); (iii) Industrialise Africa; (iv) Integrate Africa; and (v) Improve the quality of life for the people of Africa. The programme's alignment with Bank policy is further underscored by the fact that it will also help to enhance the transformation of Malian agriculture, boost industrialisation, and increase Mali's energy capacity. Specifically, it will help to promote smart agriculture, with product processing on all links of the priority value chains fostered under this programme.

Rationale for Bank Intervention

1.3.1 The rural sector is the mainspring of Mali's development. It accounts for 45% of GDP, employs 80% of the total population, and generates more than 75% of export earnings. Therefore, agriculture is the main source of income for the rural population. However, agriculture is constantly subject to climatic hazards, degradation of natural resources (degradation of soil, water, air, vegetation, biodiversity, climate, etc.), and deterioration of terms of trade (steady drop in the prices of agricultural export products), which limit the incomes of the rural population. Indeed, the degradation of natural resources stems from inappropriate agricultural practices, and is the main cause of recurrent drought, leading to rapid destruction of livelihoods and threatening Mali's future, with negative effects on the country's food and nutrition security. All the environmental degradation-related factors (soil erosion, deforestation, air, quality of life, water and solid waste, wildlife heritage, mineral resources, etc.) have contributed to GDP decline from 26.5% to 20.9%.

1.3.2 The deterioration of terms of trade is due to the low level of transformation of Mali's agriculture, and therefore of Mali's economy. The value-added created by the agro-industry sector (biscuits, pasta, confectionery, canning industry, brewery, bakery, oil works, sugar refinery, dairy products, textile and tobacco) fell by 46.61% from XOF 1,465.64 billion in 2013 to XOF 782.48 billion in 2014. This trend is continuing, and Mali is forced to import the equivalent of about EUR 597 million worth of agro-food products each year to fill the gap. The foreign exchange losses are enormous, and high enough to develop the entire programme of the country's twelve (12) agropoles.

1.3.3 PDZSTA-KB is a proposal to reverse the downward trend in agro-industry value-added in Mali and disseminate agricultural development technologies that can slow down the degradation of natural resources, thereby creating conditions for sustainable agriculture. The first principle of the programme is to group all the companies within an agro-industrial park (AIP) serviced to the required standards so as to avoid disorganised installations that breach environmental protection requirements. The second principle of PDZSTA-KB is that the AIP will be supplied with inputs from land developed in accordance with practices that include sustainable land management (SLM) at each stage of the proposed technical itineraries, within and outside irrigation areas, unlike the current inadequate agricultural practices in the area. The third principle is to upgrade the skills of young people and women in growth agricultural value chains and enable them to effectively benefit from future jobs that will be created within the AIPs. In the process, the programme will create conditions that promote sedentary lifestyles and reduce migration from the programme area to other countries or to hazardous gold panning activities.

1.3.4 Since the programme incorporates the Bank's relevant strategies, it will effectively boost economic development by consolidating the role of the private sector and communities in rural development to ensure inclusiveness in Africa and in Mali, in particular. Furthermore, its design is based on complementarities with operations underway and/or being developed, particularly operations relating to women's economic empowerment in the shea sector (PAEFEK). It also seeks to strengthen food and nutrition security in Koulikoro region (PRESAN-KL), as well as enhance food security by developing irrigated crops (PRESA-DCI). Such complementarity will contribute to the search for synergies in interventions. Therefore, this programme will strive to benefit from ongoing activities in Koulikoro and semi-urban Bamako regions, particularly the operations of the World Bank (PATAM, etc.) and IsDB, so as to ensure its relevance and effectiveness on the ground.

Aid Coordination

1.4.1 Development assistance is coordinated by the Government of Mali, through the following three (3) consultation and coordination mechanisms: (i) At the general and policy level, a Troika; (ii) at the sector and thematic level, and (iii) at the sub-sector level. All TFPs align their interventions with the priorities of the Malian Government. In the rural development sector, the TFPs are organised around the Agricultural and Rural Economy Thematic Group (ARETG), which coordinates activities related to the sector. The group has two subgroups: "Livestock and Fisheries" and "Food and Nutrition Security ", as well as an "Irrigation" Focal Point replacing the Irrigation Sub-Group, which has been abolished. The AfDB, WB, IFAD, IsDB, GIZ, AFD, Netherlands and FAO are the main financial partners in the rural sector. As regards Mali's external financing, the Bank comes second to the World Bank, with 13% of the financing.

1.4.2 The Bank, through COML, is an active member of the CCC and some Thematic Groups (TG), particularly the Environment and Climate Change TG comprising UNDP, Sweden, Belgium, Norway, European Union, Canada, World Bank, UNCDF, France, Spain and Netherlands. The Bank works closely with the TFPs in this group in GEF activities. Such collaboration facilitates the exchange of best practice.

SECTOR OR SUBSECTOR	IMPORTANCE		
	GDP	Exports	Labour
[Rural Sector]	[23%]	5% (2015)	80%
STAKEHOLDERS – ANNUAL PUBLIC EXPENDITURE (average PTIP 2010-2012 in UA million)			
Government	Donors		
	Description	Amounts	Period
	Germany	90.2	2013-2023
	AfDB	247.55	2018-2022
UA 51 million	World Bank	308.2	2013-2023
(22%)	IsDB	29.40	2018-2025
	Canada	52.00	2017-2021
	USAID	115.00	2017-2022
	EU / Netherlands / Sweden	141.80	2013-2024
	UNICEF / UNESCO	44.00	2017-2021
	UNWOMEN / UNFPA	45.93	2017-2022
Aid Coordination Level			
Existence of thematic working groups		Yes	
Existence of a comprehensive sector programme		No	
AfDB's role in aid coordination		Enhanced with COML	

II. PROGRAMME DESCRIPTION

Programme Components

2.1.1 The Development Programme for the Special Agro-Industrial Processing Zone in Koulikoro and Semi-Urban Bamako Regions (PDZSTA-KB) is the Pilot Phase of a development programme for twelve (12) agro-industrial processing zones. It is intended to help reduce agro-food imports and improve food and nutrition security in Mali by establishing private sector-led agro-industrial development poles. The poles will address migration-related fragility factors in Koulikoro area by promoting sedentary lifestyles among the population, especially young people, who suffer from problems of deterioration of livelihoods (natural resources), climate change, "sahelisation" and extremely rapid desert encroachment. The programme will be implemented through the following four (4) components: (i) Establishment of Governance in the Special Agro-Industrial Processing Zones (SAPZs); (ii) Development of

Transformation and Access Infrastructure; (iii) Capacity Building for Key Stakeholders of Growth Sectors; and (iv) Programme Coordination and Management.

2.1.2 The programme will be based on production activities, as well as the construction of access and marketing infrastructure for ongoing operations or operations under appraisal for 2019, upstream Bancoumana agro-industrial park, for the supply of inputs for the pilot phase. The operations are the Bank's PRESAN-KL (UA 36.06 million), the Bank's Programme for Enhancing Food Security through Irrigated Crop Development (PRESA-DCI) (UA 36.00 million), and the Bank's Women's Economic Empowerment Project in the Shea Sector (PAEFFK (UA 5.63 million). This requires supplementary financing amounting to the equivalent of EUR 97.27 million. In addition to these Bank portfolio operations, other donors are very active in the programme area, particularly the World Bank, IsDB, European Union, etc. Under these conditions, the pilot phase of the programme will not be exposed to the risk of lack of input production and supplies to Bancoumana agro-park, if the activities are properly coordinated between the various operations mentioned above.

2.1.3 The key activities of the components can be summarised as in Table 2.1 below:

Table 2.1
SUMMARY OF PROGRAMME COMPONENTS

No.	COMPONENT	TOTAL COST ESTIMATE	DESCRIPTION OF THE COMPONENTS
A.	Support for Governance and Incentive Measures for Agro-Park Management	UA 2.63 million (16.19%)	<p>A1. Establishment of a Governance System for SAPZ Management</p> <ul style="list-style-type: none"> Support for establishment of the agro-industrial platform (Agro-Park) Support for preparation of agro-industrial park specifications Feasibility study on new SAPZs in Mali <p>A2. Support for a Governance System for SAPZ Management</p> <ul style="list-style-type: none"> Support for preparation of implementing texts for the land law and operationalisation of the land single window Support for monitoring and implementing environmental and social measures Support for structures in charge of quality standards and norms and micronutrient fortification of food products Technical assistance for implementation of measures to promote private investment in agro-parks (instruments, incentives, etc.) Holding of SAPZ investment promotion forums Promotion of domestic and local businesses in agro-industrial parks Regular and systematic consultations between the Government and private stakeholders.
B.	Development of Agricultural Transformation Support Infrastructure	UA 8.99 million (55.28%)	<p>Construction of infrastructure for development of Bancoumana Agro-Park:</p> <ul style="list-style-type: none"> Site development works and RUS (roads, DWS, sanitation, electricity, telecommunications, fence, etc.), DWS station, STEP, etc. Construction of buildings: (i) Administrative and residential block; (ii) Service block (training centre, conference centre, laboratories, etc.); (iii) Socio-collective infrastructure block (school, health centre, guest house, etc.); Works for LV and MV power line and telecommunications fibre Assistance for establishing a business incubator (service provider) Digitalisation of information and transactions Coordination with the private sector to establish a corridor for developing Agricultural Technical Centres between dry ports and the agro-industrial park Works execution, control and monitoring studies Establishment of a Single Business Window in Bancoumana Promotion of employment for young people and women through business incubators for young people (youth employability programme) and women (AFAWA)

No.	COMPONENT	TOTAL COST ESTIMATE	DESCRIPTION OF THE COMPONENTS
C.	Support for Key Stakeholders of Growth Sectors <i>(Additional contribution of the Republic of Italy to TSF Pillar I)</i>	UA 1.43 million (8.79%)	Migration-related Fragility Management Measures in the Project Area: <ul style="list-style-type: none"> Capacity building for young people and women in processing (in coordination with TAAT programme) and nutrition education Support for implementation of priority micro-projects developed by young people and women Line of credit for financing youth initiatives to promote local employment Preparation of immigration and gender-sensitive Integrated Districts Management Plans (3 Districts: Kanganda, Kati and Koulikoro, as well as Bamako District) ; Conduct of a study on structural causes of migration and proposal of solutions suitable for the project area; Consolidation and dissemination of key factors of integrated districts management, best practices of sustainable land, water and vegetation management, including conflict management; Restoration and protection natural habitat around development works and other infrastructure; Extension of 6,500 improved stoves (deforestation control) Facilitation of access to civil status documents (especially for women and young people).
D.	Programme Management and Coordination	UA 3.21 million (19.74 %)	(i) Coordination of programme activities, (ii) administrative, accounting and financial management, (iii) procurement of goods, works and services, (iv) establishment of a communication plan, and (v) monitoring and evaluation of programme implementation.

Technical Solutions Adopted and Alternatives Considered

2.2.1 PDZSTA-KB seeks to address the central issue of the transformation of Malian agriculture in a way that puts the private sector in a leading role, while the public sector strives to create incentive conditions that will attract private investors to developed and serviced agro-industrial parks. It is an agricultural development approach that creates Special Agro-Industrial Processing Zones (SAPZs). The SAPZs are spatial development initiatives based on agriculture and designed to concentrate agricultural transformation activities in areas with high agricultural potential so as to boost productivity and integrate the production, processing and marketing of a number of agricultural inputs. The initiatives may or may not have Special Economic Zone status. They are, in some cases, also known as Agro-Industrial Parks, Agribusiness Parks, Mega Food Parks, Agropoles, Agro-Clusters, etc.

2.2.2 It is an integrated and pragmatic approach that has innovations, is inclusive on all links of agricultural value chains (AVCs) and creates wealth through the jobs it generates. It also creates wealth by reducing foreign exchange outflows as a result of cuts in agro-food imports. The approach also reduces emigration by promoting sedentary lifestyles among the population who now find huge employment opportunities and wealth creation at their doorstep. In addition, it pools the efforts of all other sectors that contribute to the success of agricultural development, particularly industry, transport, energy, water and NICT, even within the Bank. It also includes interventions by other development partners in the systematic search for complementarity to generate synergy. In the case of PDZSTA-KB, the development partners are the World Bank, IFAD, European Union, BCEAO, IsDB, etc.

2.2.5 Therefore, SAPZ technical solutions break with the traditional approach of improving productivity, production and sales, without specifying their content.

Table 2.2
ALTERNATIVES CONSIDERED AND REASONS FOR REJECTION

ALTERNATIVES	BRIEF DESCRIPTION	CAUSES FOR REJECTION
Traditional approach of agricultural programmes	Approach of improving productivity, production and sales	This approach has no AVC content, and has therefore stumbled against field realities on key issues such as processing, markets and opportunities.
Single-sector approach, based on agriculture	Sector approach based exclusively on agricultural activities	It does not include other development sectors that have an impact on agricultural development and therefore constitute success factors for this sector.
Use of the Bank's public resources mainly	The programmes are financed mainly from the resources of the Bank's public window and those of the Government	AVC financing needs to go beyond the Bank's public resources, as they include private sector financing, co-financing from development partners, and non-sovereign operations.
Dissemination of technological innovations according to the conventional method of training and visit to producers	Approach based on regular visits to producers, according to a specific schedule and based on a control framework with tools such as contact group (CG), observation point (OP), and system study point (SSP)	In addition to being cumbersome and costly, this method has shown its limitations in the past and is less effective than the client-supplier system, which focuses on developing skills in all relevant fields of activity.

Programme Type

The Development Programme for Special Agro-industrial Processing Zones (PDZSTA-BK) is a programme that is facilitated by the public sector through major public investments to stimulate private sector interest in investing in growth by providing leadership to the programme, particularly in the processing of agricultural products, the supply of agricultural inputs and services, and marketing. It is a programme that will be implemented in several phases, depending on successive ADF allocations and mobilisation of additional resources from development partners.

Programme Cost and Financing Arrangements

2.1.1 Programme Cost: The overall cost of the twelve (12) agropoles programme is estimated at UA 660 million (about EUR 826.32 million), with the first phase estimated at UA 55.00 million (XOF 45.17 billion) which will start with a pilot operation estimated at **UA 16.26 million** (XOF 13.36 billion), exclusive of tax and customs duty. This cost comprises UA 8.83 million (XOF 7.25 billion) in foreign exchange and UA 7.44 million (XOF 6.11 billion) in local currency. It also includes provisions for physical contingencies and price escalation, which are estimated at an average of 3% and 4% respectively. The provision for price escalation was estimated on the basis of current and programmed levels of cost inflation rates in local and foreign currencies of 2.5% and 1.8% respectively per year on average. The provision for physical contingencies is estimated at between 0 and 7%. A summary of the programme cost estimate by component and expenditure category is presented in the tables below.

Table 2.3
Summary Cost Estimates by Component

COMPONENTS	XOF Million			UA Thousand			% FE	% BC
	LC	FE	Total	LC	FE	Total		
A. ESTABLISHMENT OF GOVERNANCE IN SAPZs	1 445.25	689.75	2 135.00	1 759.80	839.87	2 599.67	32	17
Improvement of APZ Operational Framework	71.25	223.75	295.00	86.76	272.45	359.20	76	2
APZ Governance System	288.00	412.00	700.00	350.68	501.67	852.35	59	5
Strengthening of State and Non-State Institutions	1 086.00	54.00	1 140.00	1 322.36	65.75	1 388.11	5	9
B. DEV. TRANSF. & ACCESS INFRASTRUCTURE	2 150.81	4 896.06	7 046.87	2 618.92	5 961.66	8 580.58	69	55
Agro-Park infrastructure	2 150.81	4 896.06	7 046.87	2 618.92	5 961.66	8 580.58	69	55
C. STAKEHOLDER CAPACITY BUILDING	745.29	403.60	1 148.89	907.50	491.44	1 398.94	35	9
Decentralised and Devolved Services	133.95	127.05	261.00	163.10	154.70	317.81	49	2
App. of Migration-related Fragility Management	611.34	276.55	887.89	744.39	336.74	1 081.14	31	7
D. PROGRAMME MANAGEMENT & COORDINATION	1 594.53	976.19	2 570.72	1 941.57	1 188.65	3 130.22	38	20
TOTAL BASE COST	5 935.88	6 965.60	12 901.48	7 227.79	8 481.62	15 709.41	54	100
Physical Contingencies	65.55	123.78	189.33	79.82	150.72	230.54	65	1
Financial Contingencies	105.97	160.00	265.97	129.03	194.82	323.85	60	2
TOTAL COST PILOT PHASE	6 107.41	7 249.38	13 356.78	7 436.64	8 827.16	16 263.81	54	104

Table 2.4
Summary Programme Costs by Expenditure Category

COMPONENTS	XOF Million			UA Thousand			% FE	% CB
	LC	FE	Total	LC	FE	Total		
I. INVESTMENT COSTS	4 814.34	6 837.67	11 652.01	5 862.15	8 325.85	14 188.00	59	90
A. WORKS	2 121.40	4 868.36	6 989.76	2 583.11	5 927.93	8 511.04	70	54
Construction and rehabilitation	150.00	350.00	500.00	182.65	426.18	608.82	70	4
Infrastructure	1 917.56	4 474.31	6 391.87	2 334.91	5 448.12	7 783.02	70	50
Field works	53.84	44.05	97.89	65.56	53.64	119.20	45	1
B. GOODS	75.64	179.61	255.25	92.10	218.70	310.80	70	2
Vehicles	34.25	102.75	137.00	41.70	125.11	166.82	75	1
Equipment	41.39	76.86	118.25	50.40	93.59	143.99	65	1
C. SERVICES	1 167.30	1 789.70	2 957.00	1 421.36	2 179.22	3 600.57	61	23
Training	264.60	176.40	441.00	322.19	214.79	536.98	40	3
Technical Assistance	174.00	986.00	1 160.00	211.87	1 200.60	1 412.47	85	9
Studies	416.70	509.30	926.00	507.39	620.15	1 127.54	55	7
Contractual services	296.25	98.75	395.00	360.73	120.24	480.97	25	3
Audit	15.75	19.25	35.00	19.18	23.44	42.62	55	-
D. MISCELLANEOUS	1 450.00	-	1 450.00	1 765.58	-	1 765.58	-	11
II. RECURRENT COSTS	1 121.54	127.93	1 249.47	1 365.64	155.77	1 521.41	10	10
A. STAFF	724.50	-	724.50	882.18	-	882.18	-	6
B. TRAVEL ALLOWANCES	210.53	-	210.53	256.34	-	256.34	-	2
C. MAINTENANCE, OPERATING AND REPAIR COSTS	48.14	81.80	129.95	58.62	99.61	158.23	63	1
Vehicles	37.04	68.79	105.83	45.10	83.76	128.86	65	1
Equipment	10.40	12.72	23.12	12.67	15.48	28.15	55	-
Infrastructure	0.70	0.30	1.00	0.85	0.37	1.22	30	-
D. OVERHEAD COSTS	138.38	46.13	184.50	168.49	56.16	224.66	25	1
TOTAL BASE COST	5 935.88	6 965.60	12 901.48	7 227.79	8 481.62	15 709.41	54	100
Physical Contingencies	65.55	123.78	189.33	79.82	150.72	230.54	65	1
Financial Contingencies	105.97	160.00	265.97	129.03	194.82	323.85	60	2
TOTAL COST PILOT PHASE	6 107.41	7 249.38	13 356.78	7 436.64	8 827.16	16 263.81	54	104

Table 2.5
Expenditure Schedule by Component (in UA Thousand)

COMPONENTS	PROGRAMME YEARS					TOTAL
	2020	2021	2022	2023	2024	
A. ESTABLISHMENT OF GOVERNANCE IN SAPZs	1 202.66	949.93	479.76	-	-	2 632.36
Improvement of APZ Operational Framework	194.73	143.26	30.54	-	-	368.53
APZ Governance System	604.18	233.85	34.35	-	-	872.39
Strengthening of State and non-State Institutions	403.75	572.81	414.87	-	-	1 391.43
B. DEV. TRANSF. & ACCESS INFRASTRUCTURE	452.19	3 301.82	4 593.47	643.79	-	8 991.27
Agro-Park infrastructure	452.19	3 301.82	4 593.47	643.79	-	8 991.27
B. STAKEHOLDER CAPACITY BUILDING	926.18	238.27	212.86	38.62	13.14	1 429.08
Central and Decentralised Services	204.69	52.88	43.42	12.95	13.14	327.08
App. Migration-related Fragility Management	721.49	185.40	169.44	25.67	-	1 102.00
D. MANAGEMENT AND COORDINATION	1 608.01	461.15	435.49	351.97	354.48	3 211.10
TOTAL COST PILOT PHASE	4 189.04	4 951.17	5 721.59	1 034.38	367.63	16 263.81

2.4.2 Financing Arrangements: The programme's pilot phase will be financed by an ADF Grant of UA 1.42 million (8.70%), a TSF Grant of UA 2.262 million (15.80% - including an additional contribution of the Republic of Italy to TSF Pillar I, as a Grant of EUR 1.38 million),

a TSF Loan of UA 10.50 million (64.60%), and the Government of Mali's counterpart contribution of UA 2.08 million. The breakdown of expenditure financing by source of financing and by list of goods and services is presented in Table 2.6 below.

Table 2.6
Programme Financing Plan

SOURCES OF FINANCING	(XOF Million)			(UA Thousand)			%
	LC	FE	Total	LC	FE	Total	
ADF Grant	1 473.89	644.96	2 118.85	1 794.67	785.33	2 580.00	8.7
TSF Grant	951.51	1.15	952.66	1 158.60	1.40	1 160.00	7.1
TSF (Pillar I) Grant ¹	619.73	285.30	905.03	754.61	347.39	1 102.00	6.8
TSF Loan	2 702.15	5 921.06	8 623.21	3 290.26	7 209.74	10 500.00	64.6
Gvt of Mali	1 311.64	398.06	1 709.70	1 597.11	484.70	2 081.81	12.8
TOTAL	6 107.41	7 249.38	13 356.78	7 436.64	8 827.16	16 263.81	100.0

Programme Area and Beneficiaries

2.5.1 The programme area covers three districts, namely Kangaba, Kati and Koulikoro, in addition to Bamako District, with a population of 1.6 million inhabitants, of whom at least 79% are employed in agriculture. The site identified for the agro-industrial park is located in Kati District, Siby District, and Bancoumana rural municipality, 50 km from Bamako District. The area has Mali's most vulnerable communities due mainly to the alarming degradation of natural resources, climate change and the misperception of gold panning and migration as lucrative ventures. The entire programme area will cover 60,000 ha and will directly affect at least one-third of the agricultural population, or about 421,000 people, and indirectly affect at least 1.2 million people. The area is economically very dynamic, with the exploitation of precious minerals. Therefore, the programme area will include development works already financed by the Bank covering an area of about 2,921 ha, an agro-park of about 200 ha in Bancoumana, as well as areas outside the scope of this programme, i.e. more than 60,000 ha.

2.5.2 The programme area's population is young, with an average age of about 20 years. The population under 15 years of age accounts for 50.8% of the total population. On the other hand, the 15-59 age group accounts for 45.1% of the total population. Specifically, Bancoumana rural municipality has a population of 23,577 inhabitants (GPHC 2009), with 10,456 men and 11,635 women, and 48 and 52% respectively of the population. The young people tend to migrate to other economic sectors such as gold panning or very often to other countries in the sub-region and the West because of natural challenges and economic realities with very few alternatives.

Participatory Approach to Programme Identification, Design and Implementation

2.6.1 The participatory approach, based on consultation, was the guiding principle for the programme design. The approach was adopted for discussions and consultations with officials of the relevant ministries (Agriculture, Industry, Transport, Energy, Trade, etc.), public administrations, the private sector, local authorities (Bancoumana, Kangaba and Kati), farmer organisations, civil society and TFPs (IsDB, BOAD, BCEAO, World Bank, European Union, and bilateral cooperation agencies). It was implemented in the following stages: (i) the country team prepared and proposed the terms of reference for the environmental and social assessments; (ii) the Bank team drafted a programme preparation report; (iii) the programme document was reviewed for approval by the Board of Directors; (iv) there were broad stakeholder consultations during the programme preparation in Bamako and Bancoumana, particularly in the assessment of environmental safeguard measures required for environmental categorisation and publication of the summary Strategic Environmental and Social Assessment

¹ Additional contribution of the Republic of Italy to TSF Pillar I

(SESA) report; (v) the consultations continued during the appraisal mission, field visits to Bancoumana, meetings with all stakeholders and key actors (civil society, public administration, private sector, and technical and financial partners) in Bamako.

2.6.2 This proposal is also a response to strong demand from grassroots communities because despite the huge potential of the regions concerned, there was inadequate agricultural development in the areas. The participatory approach will continue during the programme implementation through: (i) a steering structure with representatives of all the parties; (ii) capacity building in participatory approach for the institutions and communities; and (iii) community involvement in the implementation of activities; and (iv) implementation of a monitoring and evaluation system focused on programme outcomes. In addition, the Bank's Country Office in Mali will, on a permanent basis, ensure that the consultation platform is operational throughout the programme implementation.

Bank Group Experience and Lessons reflected in Programme Design

2.7.1 PDZSTA formulation incorporates lessons learned from the Bank's past and ongoing operations in Mali and across regional member countries, taking into account portfolio performance issues and the country's fragility. The lessons were included in the last review. The Bank's active portfolio in Mali has twenty-three (23) operations (with 3 regional and 3 private sector) for an approved amount of UA 430.3 million. The gross disbursement rate for operations that have already started their activities is 35%. At the end of the review, the performance of the Bank's national public portfolio in Mali in 2018 was deemed satisfactory with a rating of 3 out of 4. However, it noted that more efforts were needed to focus more on the following aspects: (i) the need for the baseline situation and measurable performance indicators; (ii) the importance of effective supervision and regular meetings with stakeholders; (iii) the need for an integrated approach that involves key stakeholders of the sector; (iv) the utility of a good communication plan; (v) the need for a good selection mechanism for contractors eligible for projects; (vi) the need to strengthen the technical and managerial capacities of social groups, particularly young people and women entrepreneurs, in addition to access to financing; and (vii) initiatives should not be limited to a percentage of women (30%).

2.7.2 The Portfolio Performance Improvement Plan (PIIP 2018) also recommended specific measures to accelerate programme implementation. Incorporating the recommendations in this proposal has resulted in: (i) maintaining dialogue with stakeholders, and ensuring close monitoring by the Bank's Country Office (COML) to reduce risks of delays in timeframes and processes for PDZSTA-KB implementation and management in general, and for fulfilling the effectiveness conditions; (ii) improving the quality of projects at entry by resorting to advance contracting for the preparation of bidding documents and management tools (Accounting and Financial Procedures Manual, Computerised Accounting and Financial Management System, and monitoring and evaluation before programme start-up; and (iii) capacity building for project management teams in procurement and financial management. It should also be noted that the age of the current portfolio operations has significantly reduced over the past few years, with the average age reducing from 5.5 years in 2011 to 2.7 years in 2017, and there were no problem (PP) or potentially problematic (PPP) operations in 2017.

2.7.3 Therefore, the PDZSTA design has reflected the lessons learned from previous operations by drawing on PIIP 2018 to meet design and implementation criteria as specified in the Bank's Presidential Directive No. 002/2015.

Table 2.7
BANK EXPERIENCE AND LESSONS REFLECTED IN THE PROGRAMME DESIGN

Lessons Learned	Actions reflected in the Design
Need to reduce risks of delays in timeframes and processes for PDZSTA-BK implementation and management in general, and to fulfil effectiveness conditions	Maintain dialogue with stakeholders and ensure close monitoring by the Bank's Country Office (COML)
Need to mobilise programme management teams at programme start-up	It will be required, as part of the other conditions of the programme
Need to reduce procurement times considered long	This has been extensively discussed with the Malian Authorities, who have given appropriate guarantees
Need for regular mobilisation of counterpart funds	Same as the previous point
The performance evaluation system for the programme staff through systematic establishment of performance contracts and renewal of staff contracts based on the results of annual staff evaluations.	This provision will be systematically applied during the programme implementation.
The deadline for updating the baseline situation and establishing the monitoring and evaluation mechanism	The programme's baseline situation will be updated during the first quarter of the first year of programme implementation.

Key Performance Indicators

The programme performance indicators are listed below.

Table 2.8
KEY PERFORMANCE INDICATORS OF THE PROGRAMME

LIST OF INDICATORS
Impact Indicators
Value of agro-food imports
Prevalence of severe/moderate insecurity
Prevalence of chronic malnutrition (6-59 months)
Incidence of poverty in the programme area
Outcome Indicators
Average processing rate for agricultural products
Number of private small and medium-sized agricultural enterprises operating
Number of direct and indirect jobs created for men/women (M/W)
Output Indicators
Number of texts and codes prepared
Kilometres of highways and roads constructed/rehabilitated
Number of agricultural transformation centres (ATCs) constructed and equipped
Area (ha) of serviced agro-park for M/W
Number of hydraulic structures constructed
kW of transformers installed
Number of SMEs/APOs receiving programme support services
Number of farmers with agricultural insurance
Number of stakeholders using alternative energy sources
Number of women/young people receiving support for food processing and nutrition education activities
Physical programme implementation rate
Number of supervision missions undertaken by the Bank
Midterm report is approved

III. PROGRAMME FEASIBILITY

Economic and Financial Performance

3.1.1 The programme is designed to mainly generate direct benefits in terms of the processing of crops promoted and developed through private investments to establish agro-industries, i.e. about 35 units on Bancoumana agro-industrial park, for the programme period. In addition to the impact on private companies located in Bancoumana agro-industrial park, significant incomes will be generated by the beneficiaries of the agricultural sites also developed, from which companies will be supplied with the inputs already mentioned in Section 2.2, namely: maize, shea butter, sesame, milk, rice, mango, groundnuts, livestock/meat,

tomatoes, poultry, and non-wood forest products such as honey, leaves, wild seeds and fruits, oils and resins, herbal tea, etc.).

3.1.2 In addition to these benefits, the programme is designed to generate other benefits such as: (i) climate regulation functions by setting up a forest cover of 8.00 ha, thus creating the conditions for intelligent, and therefore sustainable agriculture; (ii) improving the well-being of populations by preventing drought and famine, improving food security, reducing the medical bill with the regulation of climatic conditions, reducing the hardship of women and vulnerable groups, improving people's life expectancy, better incomes to access health and education, etc.; (iii) improving all livestock and livestock production, due to the quality and abundance of pasture and water; (iv) improving the effects of carbon sequestration (carbon credit); and (v) the creation of temporary and permanent jobs, resulting from the programme's gains, resulting from the programme's estimated gains of 50 to 500 per processing unit (i.e. 5,250, at the level of agribusiness units alone, for an average of 150 jobs per industrial unit)

3.1.3 **Financial Analysis:** Many of the above impacts are not commercially tradable, or even tangible, and therefore do not lend themselves to financial performance analysis based on existing markets. In these circumstances, it was not considered appropriate to include them in a quantitative analysis based on production models or profit-making activities. However, it was possible to carry out a benefit/cost analysis of agro-industrial business models and various agricultural production models (FARMOD).

3.1.4 As regards agro-industrial enterprises, an assumption is proposed on the basis of three (3) types of processing units, namely small, medium and large enterprises with investments of USD 2 million, USD 5 million, and USD 11 million each respectively, in accordance with the average investment profile in such models. Under these conditions, the annual turnover for each company will be USD 640,000, USD 1.6 million, and USD 3.52 million for the small, medium and large units respectively, as from the 5th year, over an operating period of about 20 years.

3.1.5 With respect to agricultural products of farmers who supply inputs to agro-industrial enterprises in the parks, FARMOD-type production models and benefit/cost models (Input/Output, With and Without Programme, over a 20-year operating period) have been used.

3.1.6 Thus, the financial analysis gave: (i) a financial impact of more than XOF 53 billion per year from the 7th year of operation over 20 years, in line with operations of the same type, depending on the life of the investments. This implies that the financial impact of the programme over the operating period exceeds the cost of investments required to finance it; (ii) a benefit/cost ratio of 1.49, with the benefits higher than the investment costs; (iii) an internal rate of return of 25.21%, which is higher than the opportunity cost of the capital (cost of capital investments under the programme) estimated at 12%. In light of these results, it could be concluded that the programme has a profitability profile that financially justifies the cost of the programme's investments.

3.1.7 **Economic Analysis:** The economic analysis was conducted using the benchmark price method, i.e. prices under conditions of economic efficiency, in accordance with the "Pareto" optimum. It was also based on a comparison between the "no programme" and "programme" situations of the production models presented in the financial analysis. In this model, tradable goods are goods that are likely to be commercially traded beyond the country (FOB in port and CIF in Marseille Port). Under these conditions, the benchmark prices of the products (economic prices) are evaluated on the basis of ex-ante equilibrium of the products, making it possible to obtain export parity prices at the borders of the programme (Export-parity price at Farmgate).

Labour was economically valued at 65% of its financial value of USD 3 per day, to take into account the inelasticity of labour demand in the country in general, and in the programme area in particular.

3.1.8 On the basis of realistically defined assumptions, the programme's economic rate of return (ERR) was estimated at 26.07%, with a C/B ratio of 1.58. Consequently, the programme's overall rate of return could be deemed satisfactory in light of the results.

IRR (baseline scenario) :	25.21%	Amount NPV:	XOF 201.572 billion
ERR (baseline scenario) :	26.07%	Amount NPV:	XOF 219.03 billion

3.1.9 Sensitivity Analysis: Sensitivity tests conducted on the basis of production price reductions helped to measure the stability of financial and economic performance indicators. The tests show that prices need to be reduced to 39.17% (break-even point or "switching value") to cancel the additional benefits generated at the financial and economic levels, with IRRs and ERRs equivalent to the opportunity cost of capital, i.e. 12%. The tests also show that the programme's cost-effectiveness profile is robust, although it was not conducted on all endogenous values of the model. However, the price variable is very important; it is the only factor that eludes programme management and therefore operation of the programme. The summary of the sensitivity analysis is presented in the Technical Annexes on page 72 of Volume II of this report.

Environmental and Social Impact

3.2.1 Categorisation: In accordance with the Bank's environmental and social safeguards policies and procedures, the Development Programme for the Special Agro-Industrial Processing Zone in Koulikoro and Semi-Urban Bamako (PDZSTA-KB) was classified in Category 2 on 22 August 2019, since the potential negative environmental and social impacts, as well as the related risks, are of low to medium level, and existing technologies for their management are easily accessible to the country. Indeed, the studies show that the type of agro-industrial units that will be operated on the IAP are not likely to generate very heavy, toxic and dangerous polluting substances that are difficult to manage and may have irreversible effects. Furthermore, heavy industry farms will be excluded from the site. In addition, the characteristics of the site do not allow for fear of significant loss of biodiversity (savannah vegetation, very poor in wildlife, and no watercourses nearby); there will be no physical resettlement (the site is in an industrial zone according to the master plan of the host municipality), but very few economic displacements, according to the feasibility study. At this stage of the appraisal process, an Environmental and Social Management Framework (ESMF) was prepared for the programme and posted on the link: <https://www.afdb.org/en/documents/mali-projet-de-renforcement-de-la-securite-alimentaire-et-nutritionnelle-de-la-region-koulikoro-p-ml-aag-004-rapport-cges> on Monday, 28 October 2019.

3.2.2 Required environmental and social assessments: The programme will be implemented on a site that is certainly known, but whose exact boundaries have not yet been determined. Therefore, in accordance with Mali's national legislation, an Environmental and Social Management Framework (ESMF/ESMFP) and a Resettlement Policy Framework (RPF) are required. Of course, the ESMF, which will be used for the environmental and social review of the various sub-projects to be implemented under this operation, will provide the specific ESIA/ESMPs required for the implementation of sub-projects, such as site development and establishment of agro-food processing infrastructure. It provides guidelines for the preparation of specific ESIA/ESMPs. Similarly, the RPF, which defines guidelines for formulating a Substances Restoration and Improvement Programme, provides for a specific RAP for the

development works. In addition, it should be noted that the requirement for ESIA and RAPs should be included in the contractors' bidding documents.

3.2.3 Programme Impacts: Potential Negative Impacts : During the works, the development activities of the agro-industrial park will mainly result in: (i) deforestation with the cutting of sparse woods such as *néré* (*Parkia biglobosa*), *shea* (*Vitellaria paradoxa*), *zaban* (*Saba senegalensis*), *tamarin* (*Tamarindus indica*), and (*Cola cordifolia*); (ii) disruption of economic activities with the destruction of farms, settlement on private land, incursion into private plots for quarries and borrowing pits; (iii) social tensions due to land problems with landowners and underutilisation of local labour; and (iv) involuntary economic resettlement.

3.2.4 During the operational phase of the agro-industrial park (AIP), the operation of the agro-industrial units may generate fear of: (i) pollution of watercourses by direct discharges of liquid waste containing pollutant loads or scouring of rainwater causing pollutants to enter watercourses; (ii) air pollution by dust and odour discharges; (iii) reduction of soil fertility due to discharges containing chemicals and harmful substances; and (iv) accumulation of solid waste in the natural environment as a result of agricultural and industrial activity.

3.2.5 Finally, the potential negative impacts will be as follows: (i) discharge of untreated and stagnant wastewater into the vicinity of the AIP may cause diseases such as malaria and bilharzia; (ii) the presence of foreign labourers may increase the risk of the spread of STI/HIV/AIDS; and (iii) the risk of uncontrolled influx of people seeking employment in the AIP, which may increase the risk of insecurity in the area.

3.2.6 Potential Positive Impacts: The positive impacts of this agropole programme mainly concern the human and socio-economic environments. The major positive impacts of the agropole lie in the programme objectives, which consist in promoting the agricultural sector in semi-urban Bamako and developing the region's agricultural production to contribute to food and nutrition security and combat poverty and vulnerability. The positive impacts include: (i) reinforcement of transformative structures to bring water over long distances and thereby increase the value of land not yet used, given the scarcity of land. This will generate new activities and contribute to job creation; (ii) modernisation of family farms for market-oriented production; (iii) intensification, diversification and creation of inter-sector synergies in agricultural production basins for the promotion of agricultural enterprises to develop an agropole connected to sub-regional, regional, national and international markets; (iv) broader access to agricultural investment opportunities; (v) increased wealth for all stakeholders and links in the value chain (farmers, processors, etc.); (vi) reduction in post-harvest losses; (vii) reduced production shortfalls; (viii) broadening of the range of products; (ix) improved marketing conditions; (x) value-added for products through processing; (xi) significant contribution to restoration of optimal conditions to boost agricultural production (plant and animal) in semi-urban Bamako, as well as increase it on a sustainable basis; and (xii) efficient management of plant and animal production in the various production areas in semi-urban Bamako.

3.2.1 Mitigation Measures: Measures that could be recommended by the ESMFP to mitigate, minimise or eliminate the negative impacts include:

At environmental level:

- (i) Compensatory reforestation will be undertaken under the supervision of forestry services during the deforestation works, with particularly the same wood species, some of which have been obtained through scientific research that has had

spectacular results in reducing the adolescent age of the species (e.g. shea tree which can now start producing as from the 7th year). The reforestation will take place in the agropole, borrowing pits, quarries and village forests bordering on the agropole.

- (ii) The AIP will have a wastewater treatment plant for all processing units before discharge into a developed site for its reuse. In addition, each processing unit will have a mini individual wastewater treatment plant before transfer to the site's large wastewater treatment plant. Since the groundwater in the area is of particularly high quality, measures will also be taken to protect it through proper management of AIP industrial wastewater, as well as prohibition of any activity that causes pollution around boreholes intended for human consumption.
- (iii) With regard to solid waste, the AIP will have a transit dump for solid waste, which will subsequently be transferred to a final landfill site provided for in the development plan of Bancoumana municipality in which the AIP is located. In addition, efforts will be made to establish units for processing by-products of slaughtered cattle, sheep and poultry so as to reduce solid waste and landfill only the final waste. Furthermore, industrial units that cause heavy pollution will not be allowed in the AIP. All selected companies will also be required to undergo ESIA/ESMP assessments prior to establishment.
- (iv) At the social level, economic assets and potentially affected persons will be identified and assessed in a Resettlement Action Plan (RAP) and the persons concerned will be compensated.

3.2.8 ESMF Cost: The ESMFP cost is estimated at XOF 650 million and comprises: (i) preparation and implementation of specific ESIA/ESMPs; (ii) preparation and implementation of RAPs; (iii) capacity building; (iv) training of all key stakeholders of the programme's major sectors; (v) information and sensitisation of the local population and associations; (vi) environmental and social surveillance; (vii) environmental and social monitoring; (viii) mid-term assessment of environmental and social performance; and (ix) pre-closing audit of environmental and social performance.

3.2.9 Climate Change: Located at the gateway to the Sahel, Mali is highly exposed to climate change. According to climate projections for the Sahel zone, temperatures will continue to increase throughout the country as in other Sahel countries. The rise in temperature will be accompanied by changes in the distribution and amount of rainfall. Forest resources are among the most vulnerable to climate change due to the impacts of human activities on forest ecosystems (**carbonisation, excessive logging, transhumant stockbreeding, land clearing for agriculture**, mining, uncontrolled harvesting, etc.).

3.2.10 As regards greenhouse gas emissions, Mali remains a very low-emitting country, with per capita GHG emissions of 2.1 tCO₂ per capita in 1994 and a share in global emissions of less than 0.1%. However, the emissions have been increasing quite rapidly. Between 1994 and 2015, they increased by a factor of 21.5, representing an average annual growth rate of nearly 10%, or doubling every 7.2 years or so. Mali's objective is to reduce its greenhouse gas emissions by 13% by 2030, compared to the 1994 levels. In the forestry sector, this commitment focuses on stabilising mangrove surface area by 2030, reforesting 10,000 ha per year, and preserving classified forests and protected areas.

3.2.11 Gender: The project targets women as a priority beneficiary group. Several project activities will have a positive impact on women in terms of: (i) reducing labour hardship and

wasted time, with the availability of nearby fuelwood and introduction of improved stoves; (ii) management capacity building through training, sensitisation and education of women; and (iii) improving health status through community health centres and other basic services (schools, primary health centres, and rural roads). In addition, the promotion of agricultural value chains will offer new opportunities, particularly in market gardening and non-timber forest products (shea, néré, honey and many other wild fruits and vegetables) that women can process, and thereby increase their incomes and improve their living conditions.

3.2.12 Women play a key role in the agricultural economy and are found throughout the entire agricultural value chain: production, processing and marketing. However, despite women's impact in the agricultural production chain, they still face many challenges, namely:

- Access to resources and factors of production, particularly land, inputs, and fertilisers: due to customs and traditions, women generally do not own the land they cultivate;
- Decision-making: Women are less influential in decision-making and conflict management in the agricultural sector;
- Financial resources: Lack of resources is a serious problem in the agricultural and other sectors (education, health, etc.);
- Training needs: Training remains a cause for concern, particularly as regards capacity building, entrepreneurship, management, etc. Here too, some women's literacy levels constitute a barrier.

3.2.13 To meet these challenges, the Development Programme for Special Agro-industrial Processing Zones proposes activities to promote gender and empower women during its implementation, namely: (i) Entrepreneurship, job creation for women and young people, and access to markets through business incubators for young people (youth employability programme) and women (AFAWA); (ii) Increasing agricultural production and strengthening market access capacity through digitalisation of agriculture; (iii) regular and systematic consultations between the Government and private sector actors; (iv) promotion of domestic and local enterprises in agro-industrial parks; (v) support for SME financing through levies on other sectors, including mining; and (vi) sensitisation on behaviour change in family planning and reproductive health, balanced nutrition, gender and prevention of gender-based violence, prevention of early marriage, HIV/AIDS control, healthy living, and environmental sanitation.

3.2.14 The programme is classified in Category 2, in accordance with the Gender Categorisation System. The detailed gender analysis and gender action plan are provided in the Technical Annex on gender. The budget allocated to gender promotion and women's empowerment activities stands at UA 0.88 million.

Involuntary Resettlement

3.3.1 ***Operational Safeguard 2 (OS 2): Involuntary resettlement: land acquisition, population displacement and compensation:*** The risk of physical displacement or resettlement of the population, as well as loss of major assets during programme implementation are minimal. However, land tenure and transhumance are major issues that need to be taken into account. In the event of physical displacement or resettlement of the population, Resettlement Action Plans (RAPs) will be prepared and implemented in accordance with Bank OS2 procedures.

IV. IMPLEMENTATION

Implementation Arrangements

4.1.1 The programme will be managed by the Ministry of Agriculture (Project Owner), which will have a Project Management Unit (PMU) for the programme implementation. The PMU will be mainly responsible for coordination, infrastructure development, partnership with the private sector, financial management, procurement, and monitoring and evaluation of programme activities. It will comprise: (i) a Programme Coordinator; (ii) an Infrastructure Specialist; (iii) a Private Sector Specialist; (iv) a Procurement Specialist; (v) a Monitoring and Evaluation Specialist; (vi) an Administrative and Financial Officer; (ix) an Accountant; and (x) support staff (drivers, secretaries, cashiers, and messengers).

4.1.2 The PMU will also be supported by technical assistance (international and national consultants) on an *ad hoc* basis. It will also be supported in the field by partner organisations, particularly structures of the Administration, the Rural Economy Institute (IER), the Private Investment Promotion Agency (API Mali), Industrial Zone Planning and Management Agency (AZI-SA), National Directorate of Forestry and Water Resources (DNEF), Centre for The Development of the Food Sector (CDA-EPA), and Ministries and Technical Agencies to be involved in the programme. The signing of agreements with these partner structures, including IRD, will be part of the loan and grant conditions, under other conditions. Documents of these agreements should be prepared before programme implementation, to facilitate the “no-objection opinion” process during implementation.

4.1.3 A Programme Steering Committee (PSC) will also be established to provide strategic direction for the implementation of the program. It will be chaired by the Minister of Agriculture. The Committee will comprise the Ministers in charge of Economy and Finance, Agriculture, Industry and Trade, Investment and PPPs, as well as representatives of local authorities, the Chairperson of the Permanent Assembly of the Mali Chamber of Agriculture, the private sector, civil society, and the PMU. The PSC will meet at least twice every year to: (i) Review and approve the annual work programme and budget ((AWPB); (ii) validate the results of the program's performance, and (iii) frame innovations and ensure the relevance of the major choices to be made during implementation. The PMU will be secretariat of the PSC.

4.1.4 It will be chaired by the Secretary General of the Ministry of Agriculture or his/her representative. In addition to the representatives of the ministries within the COS and the National Chamber of Agriculture, the PSC will include representatives of Local Authorities, the private sector, and civil society. PSC secretarial services will be provided by the representative of the Ministry of Industry and Trade. The PSC will be responsible for: (i) reviewing and approving the annual work programme (AWP) and budget, (ii) validating the results of the programme's performance, and (iii) monitoring innovations and ensuring the relevance of major choices to be made during programme implementation. It will meet at least twice every year.

Procurement and Disbursement Arrangements

4.2.1 **Procurement Arrangements:** Procurement of goods (including non-consultant services), work and procurement of Bank-funded consulting services will be carried out in accordance with the Bank procurement Policy for Bank Group-funded operations ("AfDB Procurement Policy"), October 2015 edition and in accordance with the provisions of the Financing Agreement. In line with the implementation of that policy, and as a outcome of various assessment conducted, it was agreed that:

- (i) Procurement of Goods and Works listed in paragraph B.5.2.1(a) of Technical Annex B.5 will be acquired in accordance with the country's procurement system ("Country System");
- (ii) All other procurement financed by the Bank's resources and not mentioned in point (a) above will be made in accordance with the Bank's procurement system ("AfDB System").

4.2.2 The use of the National System for a group of transactions was considered appropriate because of a level of risk assessed as low for their procurement through the so-called system. Such a proposal has the advantage of improving efficiency in the implementation of the project through the following factors: (i) better ownership of the contracting system to be used by the enforcement agency; (ii) a time saving with the absence of a second control (after that of national entities) represented by the Bank's prior review. However, the Bank reserves the option of asking the borrower to return to the Bank System for the transactions concerned if: (a) Mali's legal procurement framework was changing to a system that was unsatisfactory for the Bank; (b) the PMU did not comply with the requirements; (c) the special safeguards related to the use of the national system and described in Paragraph B.5.7.1 of the Technical Appendix were not used.

4.2.3. **Organization of the implementation of Procurement:** The Ministry of Agriculture (MA) will be the Project Implementing Agency. The project's contracting will be implemented through a project management unit (PMU) that will be created and attached to the MA Cabinet. The experts of this CGP, including the contracting specialist, will be recruited on a competitive basis.

4.2.4 **Procurement Risk and Capacity Assessment (ERCA):** In order to take into account the specifics of the programme, the Bank assessed: (i) risks at the national, sectoral and project levels; and (ii) the capabilities of the enforcement agency. The results of these evaluations concluded that there was a "substantial" level of risk for contracting and was used to guide the decision on the choice of the contracting system (Borrower, Bank,) used for specific activities and identified appropriate mitigation measures proposed at the level of the action plan in paragraph B.5.9 of Appendix B5. The resources needed to carry out these measures are already available or have been secured at the loan level.

4.2.5 The Bank's resources to finance the project's activities come from the TSF and the ADF. As a result, the eligibility rules specific to the ADF window are those that will apply. Following the assessment of contracting risks and capabilities, it was decided to use the National Contracting System for part of this project. As the rules for eligibility for public contracts under Malian law are not the same as those of the ADF window, any practical incompatibility should be prevented. It was observed that Decree No. 2015-0604/P-RM of 25 September 2015, bearing the Code of Public Procurement and Public Service Delegations and its amendment to Decree No. 2016-0920/P-RM of 6 December 2016 Code of Markets and its implementing texts do not provide for any specific restrictions on participation in a Tender, except for the qualification and absence of sanction from the Public Procurement and Public Service Delegations Regulatory Authority (ARMDS-DSP), as stipulated Article 18 of Act No.08-023/ of 23 July 2008 relating to the Public Procurement and Public Service Delegations Regulatory Authority.

4.2.6 Consequently, the eligibility rules applicable for all contracts concluded under this project under the Malian public procurement system will be the national eligibility rules. However, in the case of the use of the national system, if the borrower's decision leads to

awarding a contract to an entity under the Bank's sanction or under United Nations Chapter VII sanction, the Bank's loan resources could not be used to finance such a contract. The list of companies under sanctions is available at <http://www.afdb.org/debarred>.

4.2.7 Disbursement: The Bank's resources will be disbursed in accordance with its rules and procedures, in particular the disbursement manual. These will be done through the following three methods: (i) the special account method; (ii) the direct payments method; and (iii) the repayment method. As for the resources of the national counterparty, they will be disbursed in accordance with the national procedures in force.

Financial Management

4.1.1 Responsibility for the administrative, financial and accounting management of the Project will fall to the Ministry of Agriculture (MA), which will set up a Project Management Unit (PGC) whose members will be recruited, by call for applications and following the Bank's rules and procedures in this area. The PMC, consisting of at least (i) a Coordinator; (ii) an Infrastructure specialist; (iii) a private sector specialist; (iv) an Procurement Specialist; (v) a follow-up-assessment specialist; (vi) an Administrative and Financial Officer (RAF); (vii) an accountant; and (viii) a support staff (drivers, secretaries, cashier, courier), will have the tools of accounting and financial management, including accounting and financial management software, adapted to development projects and a manual of procedures administrative, accounting and financial matters.

4.1.2 As a general principle, accounts will be kept on the basis of private commitment accounting and integrated software adapted to the management of development projects/programs. The accounting plan will be developed on the basis of the accounting law standards of the Uniform Act of the Organization for the Harmonization of Business Law (OHADA) in Africa in Mali. In addition, PDZSTA-BK will produce an annual work program and budget (PTBA), as well as quarterly financial monitoring reports, based on the implementation of the PTBA, attached to the Bank's quarterly business reports, in which a clear analysis of the budget forecasts and the quarter's achievements must be clearly made. Any discrepancies will have to be analyzed and explained.

4.1.3 Audit: Audit of project accounts will be carried out by an independent external audit firm. This firm must be recruited on the basis of terms of reference previously agreed with the Bank and according to its rules and procedures, no later than three months after the financing agreement comes into force. The audit contract will be three years non-renewable and the auditor will be required to file his report no later than six months after the end of the year audited.

Monitoring

Internal monitoring and evaluation will be conducted by the Programme's Monitoring-Evaluation Unit, while external monitoring and evaluation will be conducted by the Ministry of Planning and the Ministry of Finance. External monitoring and evaluation aims to assess the effectiveness and efficiency of the programme's outputs and their contribution to the achievement of the programme's development outcomes, i.e. its effects and impacts. It will be conducted with the involvement of other stakeholders, in addition to the two annual supervision missions organised by the Bank. The mid-term review will be conducted in Year 3. At the end of the programme, the Bank and the Government will produce a completion report within the required timeframe.

Governance

4.5.1 The State Authorities' efforts towards good governance over the past five years have been positive, particularly in procurement. However, the results of these efforts are not yet

visible, as Mali's Corruption Perception Index (CPI) still remains at an average of 32 out of 100, compared to a regional average of 34, with a ranking of 182nd out of 188 countries in the 2019 Human Development Index. Political, economic and social governance indicators for Mali are still a cause for concern, despite the progress made over the past few years. The indicators mainly concern poor performance in governance and the fight against corruption, as a result of repeated political crises that weaken State institutions responsible for regularly monitoring the governance system in Mali.

4.5.2 In light of the foregoing, the PDZSTA-KB design provides for support for stakeholder capacity building at the institutional level, including reduction of governance risks through the programme implementation. The support includes the preparation and implementation of financial management and monitoring and evaluation tools, as well as the use of recognised transparency and competitive methods in the recruitment of PMU staff. Furthermore, support will also include the implementation of a system to reduce delays in the procurement process, which is one of the main reasons for shortcomings in the performance of the development programmes portfolio in Mali. Despite the alignment of the public procurement system with regional guidelines, support will also focus on operational procurement arrangements to address identified shortcomings.

Sustainability

4.6.1 The Development Programme for the Special Agro-Industrial Processing Zone (PDZSTA-KB) was designed on the basis of a participatory approach, which was adopted following the SAPZ dialogue mission to Mali in March 2018 and used during all stages of the programme formulation, preparation and appraisal. The approach has made the population and Government aware of the economic importance of agricultural transformation through the processing of agricultural products (agro-industry) and technology innovations disseminated to farmers. In this regard, the capacity of key stakeholders in growth sectors will be adequately strengthened to guarantee regular supply of inputs based on a mechanism for long-term sustainability of jobs and incomes. The mechanism is expected to lead to the autonomy of this development model in which agro-industrial companies on the AIP operate with guaranteed supply of inputs and the Government is assured of revenue from corporate royalties and dividends generated by the Holding Company that will be established to manage the agro-industrial park.

4.6.2 The agro-industrial park management system will be formalised through a Holding Company with a clear legal status, including land ownership. The agro-industrial park will be created and serviced, and subsequently placed under management in accordance with the current Investment Code and the special status of Special Agro-Industrial Processing Zones (SAPZs).

Risk Management

4.7.1 The achievement of PDZSTA outcomes carries a number of risks for which mitigation solutions are required to ensure the success of the programme. In addition to the risks already identified for the entire portfolio, specific risks have been identified and mitigation measures proposed:

No.	POTENTIAL RISKS	MITIGATION MEASURES
1	Lack of commitment from the supervisory authorities to support the coordination team and prevent delays in programme implementation	The programme is one of the Government's priorities, and its design was based on regular consultations with stakeholders, including representatives of the administration and municipalities concerned.
2	Risk of low private sector engagement	The programme's design is based on consultations with the private sector whose concerns are taken into account in the final programme formulation, thereby guaranteeing SME involvement and ownership of the operation.
3	Delays in engagement by some stakeholders could lead to delays in the programme implementation	The programme is based on sensitisation and regular consultations for its gradual ownership by all stakeholders
4	The programme is not being implemented in accordance with the proposed implementation plan and schedule, with delays in procurement	A Procurement Expert will be recruited to assist in effective conduct of the procurement process.

Knowledge Building

4.8.1 The Development Programme for the Special Agro-Industrial Processing Zone (PDZSTA-KB) is designed to reflect the approach and principles of the flagship programme for Special Agro-Industrial Processing Zones of the Bank's Feed Africa Strategy 2016-2022. This programme postulates that agricultural transformation will succeed if the private sector is involved in a leadership role, while the Government creates conditions for its implementation and success. To succeed, PDZSTA-KB was designed to develop knowledge on how to better work with the private sector, as a PPP, a non-sovereign operation (NSO), or a combination of both. Private sector involvement, along with public sector funding, is the primary knowledge that PDZSTA-KB will develop.

4.8.2 The other knowledge generated by the programme implementation concerns: (i) the multi-sector approach, involving the intervention of sectors such as transport, energy, water and sanitation, agro-industry, agriculture, communication (NICT), education, health and nutrition, employment and trade. In this regard, knowledge will be generated through pooling of efforts to rapidly produce agricultural transformation outcomes; (ii) the combination of: (a) two Bank Strategies, namely "Feed Africa" and "Skills Development", especially for young people, and (b) at least four (4) flagship programmes, namely, Special Agro-Industrial Processing Zones (SAPZs), Technologies for African Agricultural Transformation (TAAT), Agricultural Value Chains (AVC), and Post-Harvest Loss Reduction and Youth Employability (Enable Youth). The combination of strategies and programmes is the third level of knowledge generated by PDZSTA-KB; (iii) produce processing is a major development issue for which solutions will be sought in this programme; this is the fourth level of knowledge generated by this operation; (iv) employment in general, and in the agricultural sector in particular, as a solution proposed in the programme; this is the fifth level of knowledge likely to be generated by this proposal; and (v) contribution to reduction of massive agro-food imports from the continent and Mali, in particular; this is the sixth level of knowledge generated by PDZSTA-KB.

4.8.3 Finally, the success of this programme will provide a body of knowledge that can be replicated in the development programme for all the country's twelve (12) agricultural development poles, including Koulikoro and semi-urban Bamako regions.

V. Legal Framework

Legal Instrument

The legal instrument of PDZSTA-BK will be one (1) Loan Agreement and two (2) Grant Agreements signed between the Republic of Mali and the African Development Bank and the African Development Fund (hereinafter collectively referred to as the "Fund"), acting as administrators of the Transition Support Facility (TSF).

Conditions for Bank Intervention

5.2.1 Conditions precedent to effectiveness: Effectiveness of the TSF Loan Agreement shall be subject to the Borrower fulfilling, to the satisfaction of the Fund, the conditions set forth in Section 12.01 of the *General conditions applicable to loan agreements and guarantee agreements of the African Development Fund (sovereign entities) of February 2009*.

5.2.2 Conditions precedent to the first disbursement of the loan: In addition to effectiveness of the respective financing agreements, the first disbursement of the TSF loan and ADF and TSF (Pillar I) grants shall be subject to the Borrower/Donee fulfilling, to the Fund's satisfaction, the following conditions:

- (i) Provide the Bank with evidence of the establishment of the Programme Management Unit (PMU) ;
- (ii) Provide the Bank with evidence of the recruitment of the Coordinator, the Administrative and Financial Officer, and the Procurement Specialist, through a request for applications from candidates whose qualifications shall be submitted to the Bank for prior approval.

5.1.3 Institutional Provisions. The recipient commits to :

- (i) Maintain an operational PMB throughout the Program with satisfactory resources for the Fund; and
- (ii) Establish within three (3) months following entry to force of the current agreement, and maintain throughout the implementation of the Program, a Program Steering Committee (PSC), to provide strategic direction for the implementation of the Program and that will be in charge of (i) Reviewing and approving the annual work programme and budget; (ii) validating the outcomes of the Program's performance; and (iii) framing innovations and ensuring the relevance of the major choices to be made during implementation. The PSC will be chaired by the Minister of Agriculture and will be comprise representatives of the Ministers in charge of Economy and Finance, Agriculture, Industry and Trade, Investment and PPP's, as well as representatives of the Local Authorities, the President of the Permanent Assembly of the Mali Chamber of Agriculture, the private sector and the Civil Society and the PMU. The CPC will meet at least twice a year.

5.1.4 Other commitments: The recipient undertakes, to the satisfaction of the Fund and within six (6) months of entry into force of this Agreement:

- (i) To provide evidence of the establishment of a Programme Steering Committee, whose composition and operational arrangements have been submitted to the Bank for prior approval;

- (ii) to submit the Agreements with Government Structures, the Institute of Rural Economics (IER), the Agency for the Promotion of Private Investments in Mali (API Mali), the Agency for the Development and Management of Industrial Zones (AZI-SA), the National Directorate of Waters and Forests (DNEF), the Centre for the Development of Agro-Industrial sector (CDA-EPA), and the Ministries and Technical Agencies that shall be involved in the programme;
- (iii) to complete the procurement, setting up and training of staff for the use of administrative, accounting and financial management software; and
- (iv) to submit to the Fund an administrative, accounting and financial procedures Manual.

Compliance with Bank Policies

This programme complies with all applicable Bank policies. It falls within the Bank's intervention strategy in Mali as defined in CSP (2015-2019).

VI. RECOMMENDATION

Management recommends that the Boards of Directors approve the proposal of a **TSF Loan of UA 10.50 million, a TSF Grant of UA 2.262 million (including the additional contribution the Italian Republic to TSF Pillar I of Euros 1.38 million, i.e. UA 1.102 million), and an ADF Grant of UA 1.42 million on the ADF and FAT country allocation to the Republic of Mali**, for the purpose and under the conditions set forth in this report.

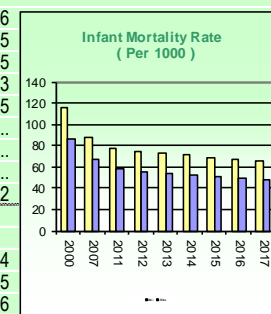
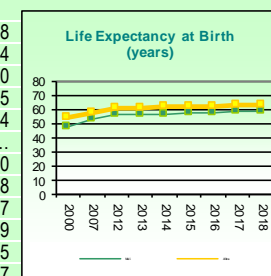
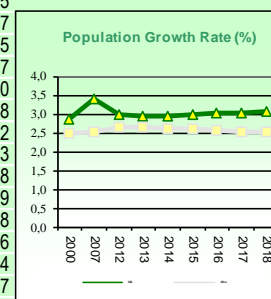
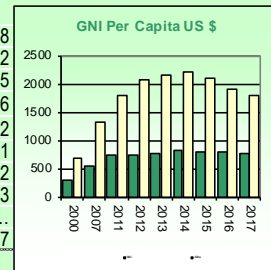
Mali

COMPARATIVE SOCIOECONOMIC 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+)

TABLE OF THE BANK'S PORTFOLIO IN MALI

(as at 31 March 2019)

PROJECT NAME	APPROVAL DATE	CLOSING DATE	LOAN/GRANT AMOUNT COMMITTED (UA)	DISBURSEMENT RATE
AGRICULTURE			155 782 859	
Irrigation Development Programme in Bani and Sélingué Basins (PDI-BS)	27.05.2009	31.12.2018	44 000 000	92.07
Programme for building resilience to food and nutrition insecurity in the Sahel (P2RS)	15.10.2014	30.06.2020	36 390 000	18.88
Project for strengthening food security through the development of irrigated crops (PRESA-DCI)	27.05.2009	31.12.2019	36 000 000	36.05
Food and Nutrition Security Enhancement Project for Koulikoro Region (PRESAN-KL)	17.09.2014	31.12.2019	36 056 289	35.75
Climdev Mali Météo Project		31.12.2019	782 705	
Study on integrated development and resilience of local communities to climate change in Delta 2 plains (PDIR-PD2)	11.09.2017	31.03.2020	1 564 865	6.95
PPF- Agricultural Transformation and Youth Employment Project	18.08.2017	31.12.2018	989 000	5.25
INFRASTRUCTURE			104 520 000	
Transport Facilitation Project between Mali and Côte d'Ivoire	26.11.2015	30.06.2021	70 770 000	38.64
Trans-Saharan Road Development Project between Kidal and Bourem (RTS2)	11.12.2018	31.12.2024	33 750 000	0
WATER AND SANITATION			80 000 000	
Drinking Water Supply Project for Bamako	09.10.2013	31.12.2018	50 000 000	45.24
CLIMATE CHANGE			7 500 000	
Integrated Climate Change Development and Adaptation Programme in Niger Basin (PIDACC)	7.11.2018	15.07.1905	7 500 000	0
ENERGY			53 344 410	
Renewable Energy Promotion Support Project	22.10.2014	31.01.2019	965 860	46.34
Mini Hydropower Plants Development Project	4.12.2017	31.12.2022	20 000 000	0.49
225 kV Guinea-Mali Power Interconnection Project	13.12.2017	31.12.2021	32 378 550	0,6
SOCIAL DEVELOPMENT			15 134 846	
Socio-economic Reintegration Support Project for the population of North Mali	30.11.2016	30/06/2021	10 000 000	1.1
Women's Economic Empowerment Project in the Shea Sector (PAEFFK)	03.12.2018	31/07/2023	5 000 000	0
GOVERNANCE			19 970 000	
Economic Competitiveness Support Programme for Mali	15.12.2017	30/06/2018	9 000 000	0,88
National Regional Development Plan	28.02.2017	31/12/2019	1 000 000	59,26
Overall disbursement rate of the active public sector portfolio				33,8
PRIVATE SECTOR			56 828 413	

PROJECT NAME	APPROVAL DATE	CLOSING DATE	LOAN/GRANT AMOUNT COMMITTED (UA)	DISBURSEMENT RATE
Line of credit to “Banque Malienne de Solidarité”	06.07.2011	01/08/2019	4 510 896	
Trade finance line of credit to BSIC Mali	16.05.2018	31.10.2021	6 716 424	
Development Bank of Mali	18.10.2018	8.12.2028	24 974 817	
Moulin Moderne of Mali	17.09.2014	30.11.2021	13 778 736	
Mali Ségou Solar	31.10.2016	01.06.2033	6 847 540	
TOTAL PORTFOLIO PROJECTS			562 156 535	

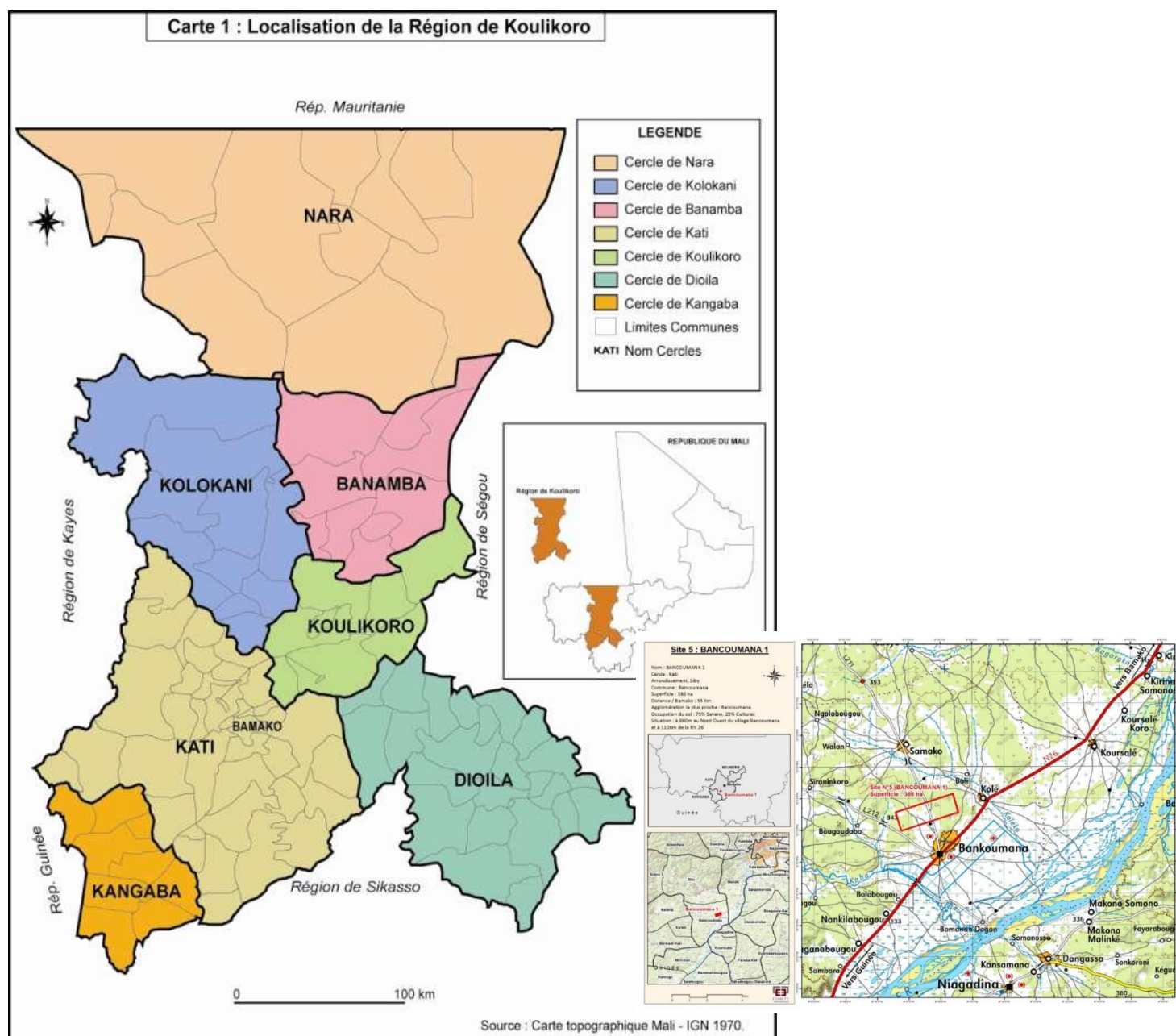
PROJECTS FINANCED BY THE WORLD BANK GROUP

No.	Project Name	Financing Reference	TYPE	Amount	CURR ENCY	Amount in USD	Approval Date	Closing Date	Amount disbursed in commitment currency	% disbu rased	Amount Disbursed in USD
National Projects											
1	PAPAM	GEF/TF 97183	Grant	6 200 000	USD	6 200 000	03/06/2010	31/07/2019 / 31/07/2018	4 391 434.92	70.83	4 391 434.92
		IDA 4751-ML	Credit	46 200 000	XDR	70 000 000	03/06/2010	31/07/2019 / 31/07/2018/ 30/09/2016	44 666 222.01	96.68	67 676 093.95
2	PACUM (Urban Municipalities Support Project)	IDA 4966-ML	Credit	43 200 000	XDR	70 000 000	07/06/2011	31/12/2019 (31/12/201 8[30/06/201 7	42 692 974.80	98.83	69 178 431.39
3	PROCEJ (Youth Skills and Employment Development Project)	IDA H971-ML	Grant	17 400 000	XDR	26 900 000	27/06/2014	30/06/2020	16 827 286.43	96.71	26 014 597.99
		IDA 5513	Credit	23 300 000	XDR	36 100 000	27/06/2014	30/06/2020	15 929 233.26	68.37	24 680 056.68
4	PUFS (Social Safety Net Emergency Project)	IDA H835-ML	Grant	46 300 000	XDR	70 000 000	30/04/2013	31/12/2019	46 224 885.77	99.84	69 886 436.37
		TF A2384	Grant	10 000 000	USD	10 000 000	01/09/2016	30/09/2019 [30/06/2018	6 742 323.10	67.42	6 742 323.10
		TF0A7655	Grant	2 400 000	USD	2 400 000	05/07/2018	30/09/2019	0.00	0.00	0.00
		IDA D348-ML	Grant	36 200 000	XDR	52 000 000	05/07/2018	30/12/2022	3 195 654.44	8.83	4 590 442.84
5	Kabala /Drinking Water Supply Project for Bamako from Kabala (PAEP-Kabala)	IDA 5317-ML	Credit	52 200 000	XDR	80 000 000	21/11/2013	31/12/2018	36 303 300.83	69.55	55 637 242.65

No.	Project Name	Financing Reference	TYPE	Amount	CURRENCY	Amount in USD	Approval Date	Closing Date	Amount disbursed in commitment currency	% disbursed	Amount Disbursed in USD
		IDA D1270	Grant	14 200 000	XDR	20 000 000	28/06/2016	31/12/2021	2 399 423.18	16.90	3 379 469.27
		IDA 5880	Credit	21 200 000	XDR	30 000 000	28/06/2016	31/12/2021	3 603 743.32	17.00	5 099 636.77
6	PRRE (Reconstruction and Economic Recovery Project)	IDA H901-ML	Grant	65 200 000	XDR	100 000 000	06/12/2013	01/12/2020; 01/12/2018	60 486 656.26	92.77	92 770 945.18
		D373	Grant	21 600 000	XDR	30 000 000	30/10/2018	01/12/2020	2 461 524.97	11.40	3 418 784.68
7	SHER (Hybrid Systems for Rural Electrification)	IDA 5356 ML	Credit	16 300 000	XDR	25 000 000	11/12/2013	15/09/2020	9 722 405.89	59.65	14 911 665.48
		TF 18873 001 ML	Grant	14 900 000	USD	14 900 000	11/12/2013	30/09/2020	7 843 179.61	52.64	7 843 179.61
8	PGRNCC (Natural Resource Management and Climate Change Project)	GEF/TF 016288	Grant	6 574 074	USD	6 574 074	06/12/2013	30/09/2019	5 883 585.76	89.50	5 883 585.76
		LDCF/TF 016307	Grant	1 851 851	USD	1 851 851	06/12/2013	30/09/2019	1 667 711.83	90.06	1 667 711.83
		H890-ML	Grant	7 900 000	XDR	12 000 000	06/12/2013	31/03/2019	7 315 549.59	92.60	11 112 227.23
9	PADES (Higher Education Development Support Project)	IDA 5606	Credit	10 000 000	XDR	14 000 000	07/05/2015	31/12/2020	5 987 447.53	59.87	8 382 426.54
		D043	Grant	13 500 000	XDR	19 000 000	07/05/2015	31/12/2020	11 171 772.49	82.75	15 723 235.36
10	PEPPO (Obsolete Pesticides Elimination and Prevention Project)	TF0A0665/GEF	Grant	3 190 000	USD	3 190 000	24/07/2015	31/01/2020	3 184 911.96	99.84	3 184 911.96
		TF0A0686	Grant	950 000	USD	950 000	24/07/2015	31/01/2020	939 495.62	98.89	939 495.62
11	PACAM (Agro-industrial Competitiveness Support Project)	IDA 5919	Credit	21 500 000	XDR	30 000 000	22/11/2016	31/07/2022	9 575 216.90	44.54	13 360 767.77
12	PREC (Ex-Combatants Reintegration Project)	IDA D1680	Grant	11 200 000	XDR	15 000 000	28/02/2017	30/11/2020	1 284 752.61	11.47	1 720 650.82
13	PAAR (Rural Accessibility Improvement Project)	IDA 6124	Credit	64 000 000	EUR	70 000 000	17/07/2017	30/12/2022	26 772 274.83	41.83	29 282 175.60
14	PASSNM (National Statistics System Improvement Project)	IDA D2210-GRTD	Grant	14 600 000	XDR	20 000 000	06/07/2017	31/05/2022	3 617 613.74	24.78	4 955 635.26
15	PREEFN (River Niger Economic and Environmental Rehabilitation Project)	IDA D2810-GRTD	Grant	9 600 000	XDR	13 900 000	16/03/2018	15/09/2023	1 178 029.69	12.27	1 705 688.82
		IDA 6204	Credit	11 200 000	EUR	13 900 000	16/03/2018	15/09/2023	1 425 078.38	12.72	1 768 624.06
16	PADELM (Livestock Development Support Project)	IDA 6188	Credit	25 100 000	EUR	30 000 000	28/02/2018	28/06/2024	0.00	0.00	0.00
		IDA D2740-GRTD	Grant	21 100 000	XDR	30 000 000	28/02/2018	28/06/2024	3 507 438.42	16.62	4 986 879.27
17		IDA 6283 ML	Credit	24 900 000	EUR	30 000 000	05/07/2018	30/09/2023	762 245.09	3.06	918 367.58

No.	Project Name	Financing Reference	TYPE	Amount	CURR ENCY	Amount in USD	Approval Date	Closing Date	Amount disbursed in commitment currency	% disbu rsed	Amount Disbursed in USD
	PDAZAM (Agricultural Productivity and Diversification Development Project for arid areas of Mali)	IDA D340 ML	Grant	20 900 000	XDR	30 000 000	05/07/2018	30/09/2023	1 242 640.35	5.95	1 783 694.28
Regional Projects											
1	PRAPS (Regional Pastoralism Support Project in the Sahel)	IDA 5650	Credit	32 700 000	XDR	45 000 000	26/05/2015	31/12/2021	21 732 955.60	66.46	29 907 737.06
2	PAFDD (Women's Empowerment and Demographic Dividend Project in the Sahel)	IDA 5570-ML	Credit	27 100 000	XDR	40 000 000	18/12/2014	30/06/2019 [31/12/2018]	19 254 537.10	71.05	28 419 980.96
3	PMTNS (Malaria and Neglected Tropical Diseases in the Sahel)	IDA 56670	Credit	26 400 000	XDR	37 000 000	11/06/2015	31/12/2019	18 288 814.75	69.28	25 632 050.98
4	PGIRE2 (Integrated Water Resources Management and Multiple Uses Development Project in the River Senegal Basin)	IDA 5322-ML	Credit	35 600 000	XDR	54 500 000	05/12/2013	30/06/2021	20 120 520.54	56.52	30 802 482.29
5	PARIIS (Regional Support Project for the Irrigation Initiative in the Sahel)	IDA 6161	Credit	14 200 000	EUR	16 670 000	05/12/2017	31/03/2024	1 124 316.52	7.92	1 319 884.25
		IDA D2530-GRTD	Grant	5 900 000	XDR	8 330 000	05/12/2017	31/03/2024	782 789.59	13.27	1 105 192.76
6	REDISSE III (Regional Diseases Surveillance Systems Improvement Project)	IDA6235	Credit	12 300 000	EUR	15 000 000	07/05/2018	31/03/2024	876 581.85	7.13	1 069 002.26
		D3130 GRTD	Grant	10 400 000	XDR	15 000 000	07/05/2018	31/03/2024	713 457.35	6.86	1 029 025.02
7	PIEGM (Guinea-Mali 225 KV Electricity Interconnection Project)	IDA 6262	Credit	3 800 000	EUR	4 500 000	13/07/2018	30/06/2024	0.00	0.00	0.00
		D337	Grant	3 200 000	XDR	4 500 000	13/07/2018	30/06/2024	0.00	0.00	0.00
8	ECOWAS Regional Electricity Access Project	IDA 5363	Credit	51 900 000	EUR	60 000 000	13/12/2018	31/12/2025	0.00	0.00	0.00
		D409	Grant	21 600 000	XDR	30 000 000	13/12/2018	31/12/2025	0.00	0.00	0.00
TOTAL						1 314 365 925				51.96	682 882 174.21

MAP OF THE PROGRAMME AREA



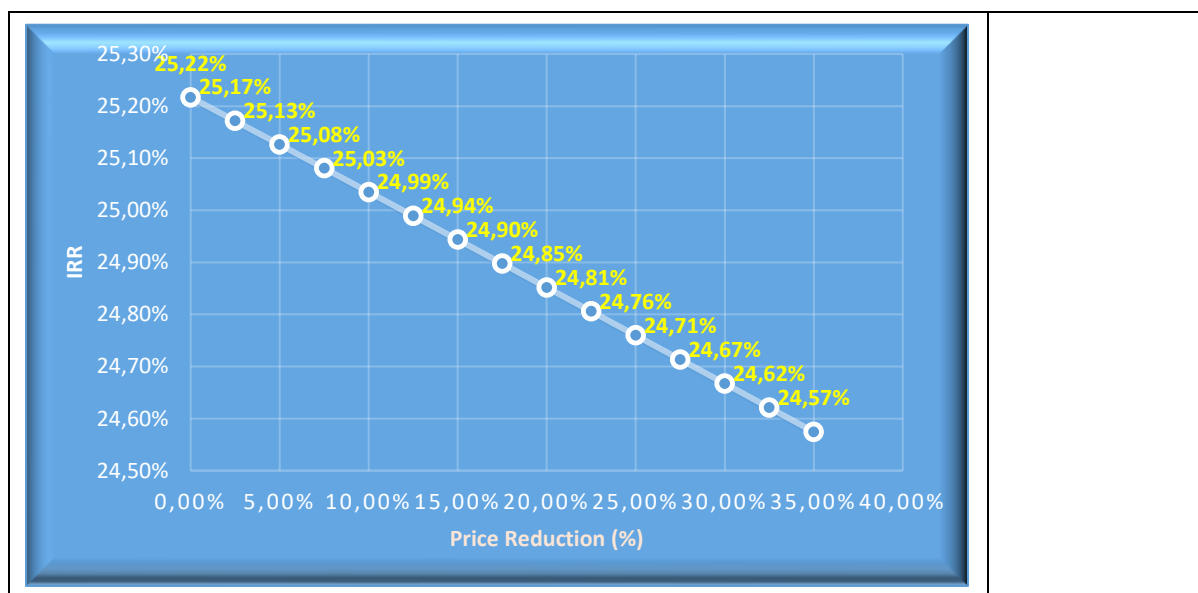
This map has been drawn by the staff of the African Development Bank exclusively for use by readers of the report to which it is attached. The names used and the borders shown do not imply on the part of the Bank Group and its members any judgement concerning the legal status of a territory or any approval or acceptance of its borders.

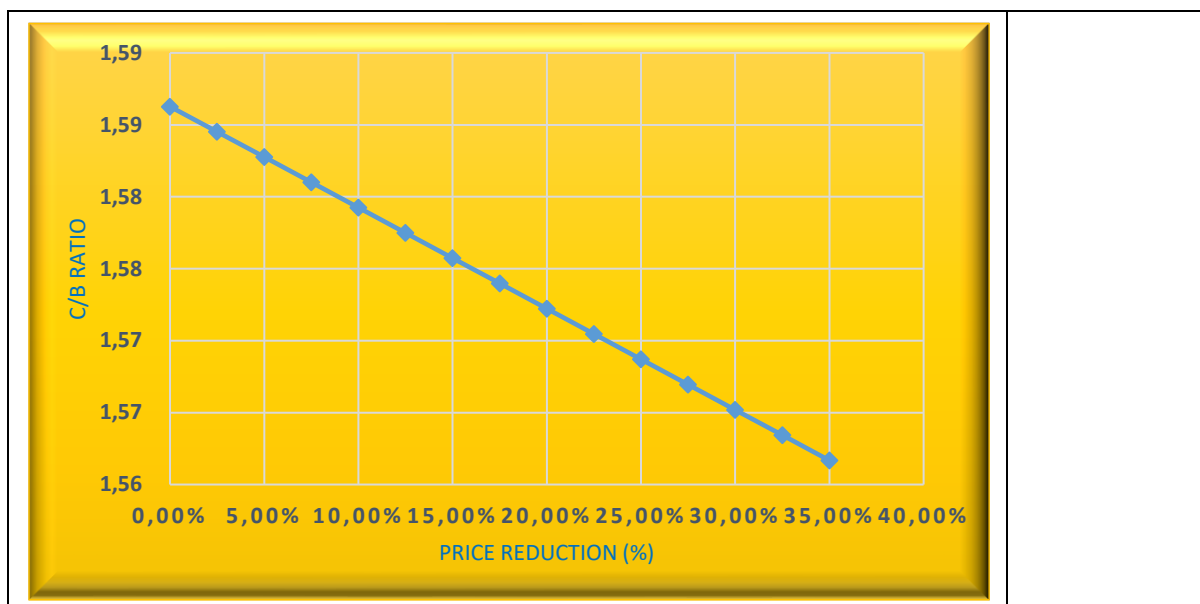
REPUBLIC OF MALI

SUMMARY OF THE FINANCIAL AND ECONOMIC ANALYSIS

Summary of Scenarios						
Variable cells:	Current values: Fall in prices -2.5% Fall in prices -5% Fall in prices -27.5% Fall in prices -32.5% Fall in prices -35%					
Price Variation	0.00%	2.50%	5.00%	27.50%	32.50%	35.00%
Resulting cells:						
NPV	254 418 788.01	253 656 357.23	252 893 926.44	246 032 049.36	244 507 187.79	243 744 757.00
IRR	25.22%	25.17%	25.13%	24.71%	24.62%	24.57%
C/B RATIO	1.59	1.58	1.58	1.57	1.56	1.56

The current values column shows the variable cell values during preparation of the summary report. The variable cells of each scenario are in the grey columns.





COUNTRY FRAGILITY SITUATION

REPUBLIC OF MALI

DEVELOPMENT PROGRAMME FOR THE SPECIAL AGRO-INDUSTRIAL PROCESSING ZONES (PDZSTA-KB)

Fragility Factors Mainstreaming Matrix

Fragility Factors	Situation, challenges and resilience measures supported by the General State Policy with the support of Technical and Financial Partners (TFPs)	Measures supported by AfDB intervention under PDZSTA-KB (2020-2025)
Political inclusion	<p>Since independence, Mali has experienced four major rebellions. The rebellions have left Mali in perpetual political, humanitarian and social conflict. The most recent conflict, which occurred in 2012, is continuing today although the international community is continuously striving to find solutions to problems preventing Mali from achieving lasting peace. Indeed, Mali became a democratic country in 1990, but the democratic transition seemed to be just a sham because, after two decades of peaceful elections, the democratic process was no longer justified given that it was marred by corruption and political influence instead of engaging in organising really democratic elections. Such a turn eventually created a sense of unfair political representation for Malians. In addition, the laws passed on electoral districts portray the political leaders' intention to exclude some minority groups from political influence.</p>	<p>PDZSTA-KB activities will not have a direct impact on political inclusion, but community resilience created by the programme will bring a new perspective on representation and participation in the political process.</p>
Security	<p>Despite hopes for security, it must be said that complete elimination of insecurity remains illusory. While the Government, UNMISMA and the signatory parties have made efforts to stop the fighting for several months, jihadist fighters have become stronger, with more capacity for nuisance. Following a series of attacks, ambushes, mines, mortar fire and other attacks, they have made their way right to the capital. Even heavily armed foreign and Malian camps are attacked by the raging terrorists. Inter-community tensions with land disputes, cattle rustling and clashes have also resulted in several deaths and injuries, and demonstrate the fragility of the social fabric. It should be noted that delays in implementing the Algiers Agreement justify the reluctance of the population of some localities to reject jihadist rhetoric and continue refraining from cooperating in efforts to eliminate them. All these actions by Malian stakeholders and the international community do not augur well for the restoration and consolidation of peace and security throughout Mali. Security standards assess peace-building success by determining whether violence in total armed conflict has persisted in a country; they also consider the chances of a country with a history of intra-State conflict will experience it again. The standards give priority to the maintenance of internal peace and order, as well as prevention of civil conflict. With the long and frequent history of violence in Mali, it is likely that in its current stage the country will return to full armed conflict.</p>	<p>PDZSTA-KB does not contribute directly to the security factor, but it does have activities for food security while mitigating some risks that could worsen the security situation.</p>
Justice	<p>Mali has a relatively structured judicial system with 1 Supreme Court, 3 Courts of Appeal, 16 Courts of First Instance, 3 Commercial Courts, 3 Administrative Courts, 42 Extended Courts of Justice, 11 Labour Courts, 8 Juvenile Courts, and 3 Military Courts. However, despite this organisational structure, some of the courts are not operational, or when they are operational, they do not have adequate human resources in quantity and quality to meet the expectations of Malian citizens. Furthermore, despite efforts by public authorities to reform and increase the number of judges, the judge-to-inhabitant ratio remains well below international standards, with Mali having only</p>	<p>PDZSTA-KB does not contribute directly to the justice system but addresses the issue of social and spatial inclusion, which is a source of social injustice, taking into account the vulnerable groups, particularly women and young people, in the project activities.</p>

	one judge per 7,000 inhabitants. Such shortage of staff, combined with their precarious working conditions, significantly help to make procedures more cumbersome and lengthy and, as a result, create mistrust among the population towards the institution. Malians' lack of trust and the judicial system's restrictive access make it one of the institutions to which people resort as little as possible in the event of conflict.	
Economic and social inclusiveness	Although the country has recovered, economic activity and natural resources are largely concentrated in the south of the country. Therefore, it is possible that the projected growth path may have only a minimal impact on the particularly troubled northern regions. Agriculture and industry account for 36.8% and 23.4% respectively in Mali's GDP. The main agricultural crops are cotton, millet and rice. Industrial production consists mainly of gold as a raw material. The growth of agriculture and gold mining industry sectors can only benefit the North if the Government reinvests its increasing revenue in these regions. The North should also benefit from the return of aid flows and the activities of international, humanitarian and non-governmental organisations. However, these two sources of secondary benefits do not directly address the main grievances of the northern populations: the lack of economic opportunities and the high unemployment rate.	The various sectors selected for PDZSTA-KB, such as infrastructure development, youth employment and food security, have far-reaching activities that are economically and socially inclusive.
Social Cohesion	In addition to the issue of equity in access to economic resources and opportunities, the poor quality of public goods and services, particularly in justice, education, health and security, has been widely cited as one of the obstacles to peace in Mali. Indeed, structural deficiencies in health, education, security and justice services, which should be accessible to all and of acceptable quality throughout Mali, fuel people's deep feelings of inequality, particularly between the northern and southern regions, and between the regions and the capital, Bamako. Indeed, each of the regions feels that the others are more privileged in development financing by the Government and Technical and Financial Partners (TFPs), construction of infrastructure and, more generally, consolidation of the Government's presence. The delivery of public services remains highly unequal and in short supply despite efforts made by the public authorities. These structural shortages are both in quality and quantity, with significant imbalances between urban and rural areas, as well as between Bamako and the rest of the country. Poverty indicator trends vary considerably across the regions, with progress in the West and South regions against persistence or even deterioration in the North. These inequalities were exacerbated by the 2011 food crisis, which negatively and disproportionately affected households. In the North, for example, there was a 41% increase in the proportion of people living in food-poor households as a result of the 2011 price and production shocks. Even though budget spending in the education and health sectors is in line with the averages of other WAMU countries, it remains very uneven and unfair: it does not benefit the most disadvantaged segments of the population. In addition, public spending on social safety nets to support the poor remains very low and is not always well targeted (a significant proportion of the resources do not reach the poorest households).	The geographical location of PDZSTA-KB is a first step towards addressing the imbalance in the delivery of services between urban and rural areas. As regards the programme activities, a number of the proposed components will help to establish public servitude required to ensure the successful socioeconomic integration of communities.
External effects / regional ripple effects	With the political and military crisis, Mali's capacity to diversify its economy fell to its lowest level as its exports fell from 13.9% to 1.9% between 2009 and 2017. However, this shortcoming is offset by Mali's strong capacity for regional integration and economic cooperation. Given this imbalance in terms of capacity, Mali continues to face enormous pressure from its geographical position in the Sahel-Saharan region. Regional and international diplomatic interference in Sahel's political transformation seeks to advance their agenda at the expense of their neighbours. In addition to this external interference, there is also interference by jihadists - originally external since AQIM historically originated in Algeria - who are combining with a purely Sahelian jihad. Another external factor concerns the influence of market economic resources (control of cross-border traffic) which has triggered and is perpetuating	PDZSTA-KB's support has no direct impact on external effects, but various interventions by the Bank and other TFPs are aimed at creating an environment conducive to the diversification of the Malian economy, more than 45% of whose export earnings come from the agricultural sector alone. To mitigate the effect of exogenous shocks,

	the rebellion. Trafficking interests are the main source of rebel financing; they exacerbate inter-community relations and atomise armed groups. Far from being the preserve of the rebels alone, trafficking also causes competition with State actors. This makes the search for peace complicated.	there are emergency social activities in areas with displaced people; this is a new opportunity to discourage young people from embarking on dangerous adventures such as terrorism and illegal immigration.
Climatic/environmental impacts	Although Mali has experienced accelerated deterioration of its environmental policy over two years (2015-2017) to the point where its score is below the African average, it has been able to strengthen its capacity in environmental protection to prepare for emergencies with Government resources allocated to natural disaster prevention and food price volatility. The humanitarian crisis has been a major challenge for peace-building in Mali because it is also environmental due to severe recurring drought that has made farming difficult and created a food crisis. The local economy, which is highly dependent on stockbreeding and agriculture, has forced Malian northerners to migrate to other countries where economic and living conditions could be better, but many of them have returned quickly due to the deteriorating situation in these other countries. In addition, UN reports in 2011 indicate that there are nearly 200,000 displaced people in Mali, not to mention the more than 200,000 people who have fled Mali to countries such as Burkina Faso, Mauritania and Niger. Worse still, at least 4.6 million people in Mali have experienced severe food insecurity, which has prompted the UN to help mitigate the deterioration in living conditions. By 2013, the number of internally and externally displaced persons had increased significantly from about 410,000 to 475,000.	PDZSTA-KB activities will implement the ESMFP measures recommended to avoid creating negative impacts on environmental protection.

VII. MIGRATION DATA FOR MALI

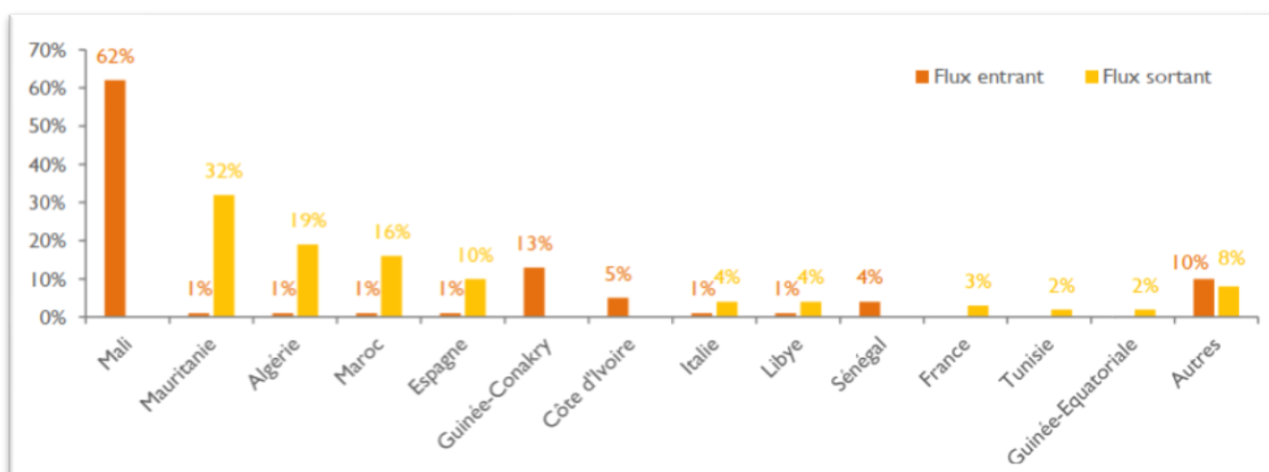


Fig.1: Main destination countries for migrants - February 2019

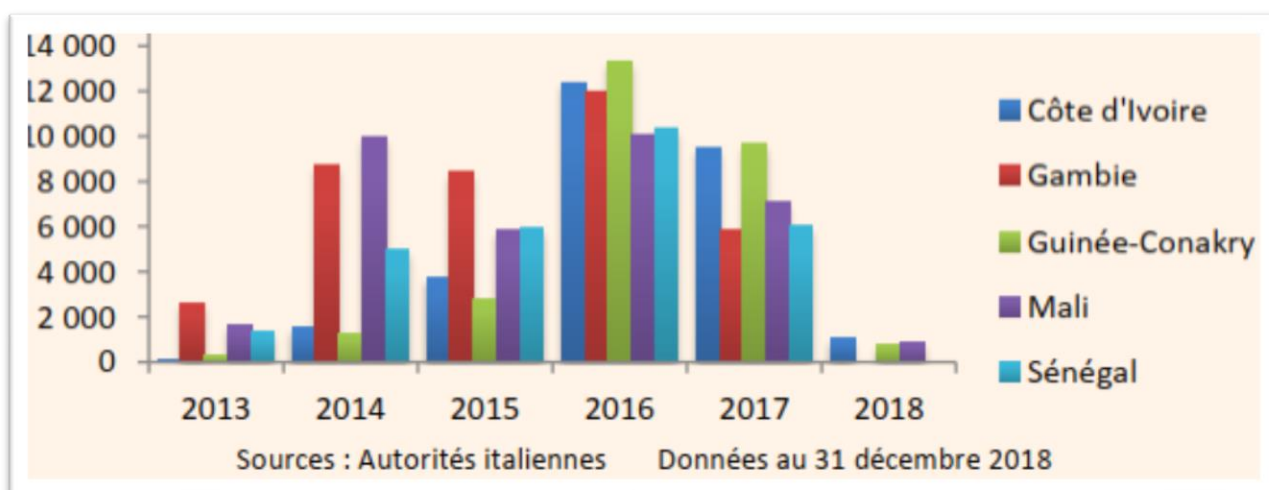


Fig. 2: Number of migrants from Mali to Italy by sea per year and by nationality

Source: IMO, Population flow monitoring points – Dashboard # 37 – February 2019.