Document of
The World Bank

Report No: ICR00004189

IMPLEMENTATION COMPLETION AND RESULTS REPORT

ON A CREDIT AND GRANT (IDA-54620, IDA-H9540, IDA-57480)

IN THE AMOUNT OF US$ 113 MILLION

TO THE

REPUBLIC OF MALI

FOR THE

FIRST AND SECOND RECOVERY AND GOVERNANCE REFORM

SUPPORT OPERATIONS (RGRSO 1 and 2)

November 27, 2017

Macroeconomics and Fiscal Management Global Practice
AFCW3 Country Management Unit
Africa Region

CURRENCY EQUIVALENTS
(Exchange Rate Effective September 11, 2017)
Currency Unit = Communauté financière d'Afrique Franc (CFAF)

CFAF 1.00 = US$ 0.0018
US$ 1.00 = CFAF 547.34

GOVERNMENT FISCAL YEAR
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

ARMP	Autorité de Régulation des Marchés Publics
CFAF	CFA Franc
CPF	Country Partnership Framework
CREDD	Cadre Stratégique pour la Relance Economique et le Développement Durable
DPO	Development Policy Operation
EDM	Electricité du Mali
EITI	Extractive Industry Transparency Initiative
GDP	Gross Domestic Product
GoM	Government of Mali
IDA	International Development Association
IMF	International Monetary Fund
MEF	Ministry of Economy and Finance
ODA	Official Development Assistance
PDO	Program Development Objectives
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
SCD	Systematic Country Diagnostic
SDR	Special Drawing Rights
TA	Technical Assistance
UN	United Nations
WAEMU	West African Economic and Monetary Union

Senior Global Practice Director:	Carlos Felipe Jamarillo
Director:	Paloma Anos Casero
Practice Manager:	Lars Christian Moller
Project Team Leader:	Arsene Richmond Kaho
ICR Team Leader:	Olivier Beguy, Arsene Richmond Kaho
ICR Primary Author:	Richard J. Carroll

REPUBLIC OF MALI

FIRST AND SECOND RECOVERY AND GOVERNANCE REFORM

SUPPORT CREDITS (RGRSO 1 AND 2)

CONTENTS

A. Basic Information			
Program 1			
Country	Mali	Program Name	Mali - First Recovery and Governance Reform Support Credit (RGRSO-1)
Program ID	P145275	L/C/TF Number(s)	IDA-54620, IDA-H9540
ICR Date	11/24/2017	ICR Type	Core ICR
Lending Instrument	DPL	Borrower	REPUBLIC OF MALI
Original Total Commitment	XDR 40.70M	Disbursed Amount	XDR 40.70M US$ 56.88M
Implementing Agencies: Ministry of Economy and Finance			
Cofinanciers and Other External Partners			
Program 2			
Country	Mali	Program Name	ML- Second Recovery & Governance Reform Support Credit (RGRSO-2)
Program ID	P151409	L/C/TF Number(s)	IDA-57480
ICR Date	11/24/2017	ICR Type	Core ICR
Lending Instrument	DPL	Borrower	REPUBLIC OF MALI
Original Total Commitment	USD 50.00M	Disbursed Amount	USD 48.73M
Implementing Agencies: Ministry of Economy and Finance (MEF)			
Cofinanciers and Other External Partners: n.a.			

B. Key Dates				
Mali - First Recovery and Governance Reform Support Operation (RGRSO-1) - P145275				
Process	**Date**	**Process**	**Original Date**	**Revised / Actual Date(s)**
Concept Review:	11/18/2013	Effectiveness:		02/18/2015
Appraisal:	04/08/2014	Restructuring(s):		
Approval:	11/18/2014	Mid-term Review:		
		Closing:	06/30/2015	06/30/2015

Mali- Second Recovery & Governance Reform Support Credit (RGRSO-2) - P151409				
Process	**Date**	**Process**	**Original Date**	**Revised / Actual Date(s)**
Concept Review:	06/23/2015	Effectiveness:		12/31/2015
Appraisal:	09/30/2015	Restructuring(s):		
Approval:	12/10/2015	Mid-term Review:		
		Closing:	12/31/2016	12/31/2016

C. Ratings Summary	
C.1 Performance Rating by ICR	
Overall Program Rating	
Outcomes	Moderately Satisfactory
Risk to Development Outcome	Significant
Bank Performance	Moderately Satisfactory
Borrower Performance	Moderately Satisfactory

C.2 Detailed Ratings of Bank and Borrower Performance (by ICR)			
Overall Program Rating			
Bank	**Ratings**	**Borrower**	**Ratings**
Quality at Entry	Moderately Satisfactory	Government:	Moderately Satisfactory
Quality of Supervision:	Moderately Satisfactory	Implementing Agency/Agencies:	Moderately Satisfactory
Overall Bank Performance	Moderately Satisfactory	Overall Borrower Performance	Moderately Satisfactory

C.3 Quality at Entry and Implementation Performance Indicators			
Mali - First Recovery and Governance Reform Support Operation (RGRSO-1) - P145275			
Implementation Performance	**Indicators**	**QAG Assessments (if any)**	**Rating:**
Potential Problem Program at any time (Yes/No):	No	Quality at Entry (QEA)	None
Problem Program at any time (Yes/No):	No	Quality of Supervision (QSA)	None
DO rating before Closing/Inactive status			

ML - Second Recovery & Governance Reform Support Operation (RGRSO-2) - P151409			
Implementation Performance	**Indicators**	**QAG Assessments (if any)**	**Rating:**
Potential Problem Program at any time (Yes/No):	No	Quality at Entry (QEA)	None
Problem Program at any time (Yes/No):	No	Quality of Supervision (QSA)	None
DO rating before Closing/Inactive status			None

D. Sector and Theme Codes

Mali - First Recovery and Governance Reform Support Operation (RGRSO-1) - P145275		
	Original	**Actual**
Major Sector		
Public Administration		
Other Public Administration	29	29
Central Government (Central Agencies)	57	57
Energy and Extractives		
Mining	14	14
Major Theme/Theme/Sub Theme		
Public Sector Management		
Public Administration	79	79
Transparency, Accountability and Good Governance	79	79
Public Finance Management	22	22
Public Expenditure Management	22	22

ML- Second Recovery & Governance Reform Support Operation (RGRSO-2) - P151409		
	Original	**Actual**
Major Sector		
Public Administration		
Central Government (Central Agencies)	78	78
Energy and Extractives		
Other Energy and Extractives	11	11
Mining	11	11

Major Theme/Theme/Sub Theme		
Public Sector Management		
Public Administration	79	79
Municipal Institution Building	11	11
Transparency, Accountability and Good Governance	79	79
Public Finance Management	22	22
Public Expenditure Management	22	22

E. Bank Staff

Mali - First Recovery and Governance Reform Support Operation (RGRSO-1) - P145275

Positions	At ICR	At Approval
Vice President:	Makhtar Diop	Makhtar Diop
Country Director:	Soukeyna Kane	Paul Noumba Um
Practice Manager/Manager:	Lars Christian Moller	Miria Pigato
Task Team Leader:	Arsene Richmond Kaho	Sebastien Dessus
ICR Team Leader:	Olivier Beguy, Arsene Richmond Kaho	
ICR Primary Author:	Richard Carroll	

ML- Second Recovery & Governance Reform Support Credit (RGRSO-2) - P151409

Positions	At ICR	At Approval
Vice President:	Makhtar Diop	Makhtar Diop
Country Director:	Soukeyna Kane	Paul Noumba Um
Practice Manager/Manager:	Lars Christian Moller	Seynabou Sakho
Task Team Leader:	Arsene Richmond Kaho	Sebastien Dessus, Co-TTL Arsene Kaho
ICR Team Leader:	Olivier Beguy, Arsene Richmond Kaho	
ICR Primary Author:	Richard Carroll	

F. Results Framework Analysis

Program Development Objectives (from Program Document)

The first Program Development Objective (PDO 1) is to deepen executive accountability and transparency; the second Program Development Objective (PDO 2) is to improve public finance performance.

Revised Program Development Objectives (as approved by original approving authority)

Not revised.

Indicator(s)

Mali - First Recovery and Governance Reform Support Operation (RGRSO-1) - P145275				
Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years

ML- Second Recovery & Governance Reform Support Operation (RGRSO-2) - P151409				
Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
	I. Deepening Executive Accountability and Transparency			
Indicator 1:	Share of directors of projects, programs, public agencies and state-owned enterprises recruited through a competitive process by external posting of vacancies.			
Value (quantitative or Qualitative)	n.a.	100%		100%
Date achieved	2013	2016		12/31/2016
Comments (incl. % achievement)	Target achieved. (Ministry of Civil Service). All directors of projects, programs, public agencies and state-owned enterprises have been recruited through a competitive process by external posting of vacancies.			
Indicator 2:	PEFA 18-IV: Existence of payroll audits to identify control weaknesses and/or ghost workers.			
Value (quantitative or Qualitative)	C	B		C
Date achieved	2010	2016		October 2016
Comments (incl. % achievement)	Target not achieved. (PEFA Secretariat). A census of civil servants was conducted in 2014 for all central government entities and local government. The power to modify files and payrolls is restricted, and any change results in an auditable trace. Control measures are in place but not sufficient to ensure the integrity of the data. Thus, the census has not significantly reduced the fiduciary risks related to the effectiveness of			

	payroll controls.			
Indicator 3:	Number of local governments' accounts to be judged every year by the Audit Section of the Supreme Court.			
Value (quantitative or Qualitative)	0	>250		402
Date achieved	2013	2016		12/31/2016
Comments (incl. % achievement)	Target achieved and exceeded. Value exceeds last supervision value of 370. (Supreme Court Audit)			
Indicator 4:	Proportion of demands of information addressed to MEF regarding public finance in accordance with Transparency code provisions which were satisfactorily addressed.			
Value (quantitative or Qualitative)	n.a.	>75%		Not available
Date achieved	2013	2016		12/31/2016
Comments (incl. % achievement)	No available information to determine target achievement. (Ministry of Economy and Finance). The Ministry of Finance did not keep records of this indicator.			
Indicator 5:	Proportion of assets declarations submitted in time to the Supreme Court. Baseline 2013: n.a.; Target 2016: > 75%.			
Value (quantitative or Qualitative)	n.a.	>75%		100%
Date achieved	2013	2016		12/31/2016
Comments (incl. % achievement)	Target achieved in target year. (Supreme Court). All assets declarations have been submitted in time during the program implementation. However, the law prohibiting illicit enrichment has been suspended.			
Indicator 6:	Number of audit reports on non-lethal military equipment and airplane acquisitions published.			
Value (quantitative or Qualitative)	0	2		2
Date achieved	2013	2016		12/31/2016
Comments (incl. % achievement)	Target achieved. (Auditor General Office and Audit Section of the Supreme Court). With the support of the program, Auditor General Office and Audit Section of the Supreme Court have prepared and published the audits on non-lethal military equipment and airplane acquisitions.			
Indicator 7:	Number of EITI reports validated, published in time and according to most recent EITI standard.			
Value (quantitative or Qualitative)	1	1		1
Date achieved	2013	2016		12/31/2016
Comments (incl. % achievement)	Target achieved. (EITI Secretariat). Mali 2015 annual progress report has been published in June 2016.			

Indicator 8:	Proportion of mining conventions audited for compliance with respect to the mining code.			
Value (quantitative or Qualitative)	0%	>75%		100%
Date achieved	2013	2016		12/31/2016
Comments (incl. % achievement)	Target achieved and exceeded. (Ministry of Mines). All mining conventions have been audited for compliance with respect to the mining code.			
Indicator 9:	Budget Law annexes on electricity subsidies published.			
Value (quantitative or Qualitative)	0	1		1
Date achieved	2015	2016		12/31/2016
Comments (incl. % achievement)	Target achieved. (MEF).			
	II. Improving Public Finance Performance			
Indicator 10:	Funds released to local governments in accordance with signed performance contracts (in % of total public expenditure).			
Value (quantitative or Qualitative)	0%	>2.5%		0.2%
Date achieved	2014	2016		12/31/2016
Comments (incl. % achievement)	Target not achieved. (MEF). In addition to first two regions targeted, in 2016, the Government signed performance contracts with three other regions, resulting in a total of five contracts in force. The budgetary resources allocated in 2016 to each contract amounted to CFAF 2 billion. Compared with RGRSO1, the outcome indicator related to performance contracts was modified to reflect the direct contribution of such contracts to the transfers from the central government to local governments.			
Indicator 11:	Average public procurement delays (working days).			
Value (quantitative or Qualitative)	94	<80		70
Date achieved	2013	2016		March 31, 2017
Comments (incl. % achievement)	Target achieved. (MEF). Supervision on March 31st, 2017 indicated a delay of 70 working days.			
Indicator 12:	Share of public investment projects in budget law selected by the Investment Committee.			
Value (quantitative or Qualitative)	Budget Law 2013 n.a.	Budget Law 2017 100%		100%
Date achieved	2013	2017		12/31/2016
Comments (incl. % achievement)	Target achieved. (MEF). The investment committee is really operational and evaluate all investment projects.			

Indicator 13:	Deviation in ODA budget execution.			
Value (quantitative or Qualitative)	16%	<10%		3.4%
Date achieved	2013	2016		12/31/2016
Comments (incl. % achievement)	Target achieved and exceeded. (MEF)			

G. Ratings of Program Performance in ISRs

Mali - First Recovery and Governance Reform Support Operation (RGRSO-1) - P145275				
No.	**Date ISR Archived**	**DO**	**IP**	**Actual Disbursements (USD millions)**
1	07/13/2015	Moderately Satisfactory	Moderately Satisfactory	56.88

H. Restructuring (if any)

Not applicable.

1. Program Context, Development Objectives and Design

1. **This Implementation Completion Results Report (ICRR) assesses the First and Second Recovery and Governance Reform Support Operation (RGRSO 1 and 2), to the Republic of Mali, approved in November 2014 and December 2015, respectively**. This programmatic series provided total funding of US$113 million and supported the Government of Mali's (GoM) efforts to (i) deepen executive accountability and transparency, and to (ii) improve public finance performance. This operation intended to help reposition the Malian economy on a strong and sustainable growth trajectory and address pressing governance issues.

1.1 Context at Appraisal

2. **Mali is a relatively poor, landlocked, West African country**. It has a population of nearly 18 million and a per capita gross domestic product (GDP) of US$760. The population has been growing rapidly at 3.0 percent and the fertility rate is 6.4 live births per woman. Malian's have an average life expectancy of 57 years, for both men and women (United Nations, UN 2010-15).

3. **Prior to appraisal of the first operation, Mali had suffered significant instability.** And while the political situation has improved since 2013, there remains acute security concerns, mainly in the country's North and center regions. In 2012, armed separatist groups occupied the Northern regions of Mali. In the same year, a military coup in March overthrew the elected Government. Constitutional order was restored with the formation and international recognition of a Transitional Government of National Unity.

4. **In January 2013, with the help of international allies,[1] the Malian army restored the authority and integrity of the State in the northern regions of Mali**. In August 2013, a new President was elected through fair and transparent elections, which were followed by legislative elections in December 2013. At the time of appraisal of the first operation, the North of Mali still faced recurrent violence with armed groups controlling some cities. Despite the security situation in the north the establishment of a UN peacekeeping force since July 2013 has improved stability, principally in Bamako, the capital city. Peace talks and negotiations on the decentralization framework for Northern regions were launched in July 2014 between the Government and separatist groups. These inter-Malian talks, conducted under the auspices of the Republic of Algeria, led to the signature of the peace and reconciliation accord of June 20, 2015 and the resumption of development partners' support to the country.

---

[1] Chadian army soldiers, French forces, the European Union Training Mission, as well as soldiers from several countries making up the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA).

5. **The political crisis of 2012 had a significant social impact**. 350,000 persons were internally displaced, occurring in successive waves to flee conflicts, reprisals and the imposition of harsh fundamentalist social rules in Northern Mali; the suspension of aid leading to an immediate freeze of most public investment projects; the destruction of physical assets and trade links in the North; and the complete disappearance of foreign tourist inflows. The economic slowdown that followed the security and political crises in 2012-13 led to an estimated 1.5 percentage point rise in the extreme poverty rate to 50.9 percent in 2013.

6. **The re-establishment of a functioning government required the strengthening of executive accountability through better controls in the use of public financial resources and greater transparency**. Governance indicators of political stability, rule of law and control of corruption significantly deteriorated in years leading up to appraisal. Between 2007 and 2012, according to the Worldwide Governance Indicators, the percentile rank of Control of Corruption dropped from 40 in 2008 to 25 in 2012; Rule of Law: from 46 to 30; Voice and Accountability: from 54 to 31. While corruption, rule of law and regulatory quality assessments continued to worsen in 2013, voice and accountability improved but remained far below pre-crisis levels. Trends in political stability and rule of law were likely contributing factors to the developments in the North, where the authority and legitimacy of the State have traditionally been weak. Recognizing its critical importance for peace and stability, the new President sworn in on September 2013 made the fight against corruption one of the top priorities – the other two being economic recovery, and return to normalcy and security in the Northern regions.

7. **The Government faced twin challenges of moving the economy to a faster, sustainable growth trajectory while addressing serious governance issues**. To help with these challenges, development partners pledged US$4.2 billion, or 40 percent of GDP at the May 2013 international conference “Together for a New Mali.” One third of total pledges had already been disbursed by end-2013. This surge in funding also increased the pressure on a public financial management system which already had weak capacity – even more so at the local level where capacity is weaker.

8. **The RGRSO series was designed to help address these challenges and supported the objectives of the World Bank (WB) Group’s Interim Strategy Note (ISN) for FY14-15 (discussed by the Board on June 18, 2014)**. The operation included actions to improve transparency, strengthen fiduciary and establishment controls, reduce opportunities for corruption and inefficient subsidies, as well as to improve public investment management, accelerate public procurement and build local government budget management capacity.

9. **The macroeconomic framework was adequate at the time of appraisal of both operations.** GDP growth increased from 2.3 percent in 2013 to 7.0 percent in 2014, while inflation remained at less than 1 percent. The general government balance including grants remained compliant with the West African Economic and Monetary Union (WAEMU) convergence criterion at 2.4 percent and 2.9 percent in 2013 and 2014. The current account deficit increased from 2.9 percent in 2013 to 4.8 percent in 2014. At

the macroeconomic level, challenges still lie in the Authorities' ability to manage unpredictable aid inflows from a fiscal and monetary perspective; and to adjust to the post aid boom to ensure fiscal sustainability. Given structural difficulties to rapidly enlarge the tax base, efforts were needed to focus on improving the efficiency of current public expenditure, including subsidies and tax exemptions.

10. **During the implementation of the series, economic performance remained strong, but the fiscal deficit and current account balance widened.** Good agriculture and services sector performances led to an estimated growth rate of 5.8 percent in 2016 against 6.0 per-cent in 2015 despite volatile security conditions. Regardless of the peace agreement signed in 2015, the North remains difficult to control and insecurity has also spread to the center and south regions. In this unfavorable context, economic activities remained defiantly strong sustaining the economic recovery observed in recent years. Inflation has dropped to -1.8 percent, despite strong growth, mainly due to falling food prices following the good agriculture production and low international oil prices. The latter and increased imports for public investment contributed to widen the current account deficit from 5.3 percent of GDP in 2015 to 7.3 percent in 2016. The overall fiscal balance (including grants) widened from -1.8 percent of GDP in 2015 to -3.9 percent in 2016 due to increased public spending, despite significant improvements in domestic revenues. The debt distress remains moderate however the public debt increased by 3 percent of GDP from 2014 to 2016.

11. **The macroeconomic framework has been supported by a satisfactory implementation of the IMF Program.** According to the most recent IMF review (June 2017), all continuous and end-December 2016 performance criteria (PCs) and indicative targets (ITs) were met. Revenue growth was slightly above target, supported mainly by measures to strengthen tax administration, broaden the base and increase compliance. The adjusted ceiling on net bank and market financing of the government was met with significant margin. The cumulative ceiling on new external debt on non-concessional terms was also met; and no external arrears were accumulated. However, the end-December structural benchmarks were missed but the authorities have taken actions in early 2017 to implement three of the planned reforms. Senior government officials have started transmitting their financial disclosures to the Supreme Court, pursuant to the law against unlawful enrichment. The bill prohibiting granting new discretionary exemptions was approved by the Parliament. The members of the anti- corruption commission have been nominated, and the commission is expected to become operational in June 2017.

Table 1: Key Macroeconomic Indicators, 2013–17

	2013	2014	2015	2016	2017
Real economy	Annual change in percentage, unless otherwise indicated				
GDP (nominal, CFAF Billions)	6,544	7,114	7,748	8,322	8,868
Real GDP	2.3	7.0	6.0	5.8	5.3
Contributions					
Consumption	2.9	6.1	5.6	3.7	4.2
Investment	1.1	2.8	1.6	4.6	2.3
Net exports	-1.7	-1.9	-1.2	-3.0	-1.3
Imports	5.9	5.5	5.7	7.0	5.7
Exports	2.5	1.1	4.7	-1.9	4.6
GDP deflator	0.7	1.6	2.8	1.9	0.9
Consumer price inflation (average)	-0.6	0.9	1.4	-1.8	1.6
Fiscal accounts					
Expenditures	19.7	20.0	20.9	22.2	24.0
Revenues	14.5	14.9	16.4	16.7	18.3
Grants	2.8	2.2	2.7	1.6	2.3
General Government Balance	-2.4	-2.9	-1.8	-3.9	-3.5
Public Debt	26.4	27.8	30.2	30.7	31.8
Selected Monetary Accounts					
Credit to the government	-2.7	0.8	1.6	8.7	6.3
Credit to the economy	11.7	18.7	19.9	18.8	12.5
Broad money (M2)	7.4	7.1	13.2	6.4	7.8
Balance of Payments					
Current Account Balance	-2.9	-4.8	-5.3	-7.3	-8.4
Imports	39.9	38.0	39.6	39.5	41.2
Exports	24.9	22.5	24.0	22.9	23.1
Foreign Direct Investment	2.3	1.0	0.9	0.9	0.9
External Debt	21.5	21.0	22.6	24.9	25.3
Terms of Trade	-16.6	5.5	18.6	16.7	-6.4
Other memo items					
GDP nominal in US$ (Billions)	13.2	14.4	13.1	14.1	15.1

Sources: Ministry of Finance, IMF and Bank staff estimates (2013-16) and projections (2017), June 2017.

12. **There was substantial analytic work to support the program.** The analytical basis for the individual prior actions and the choice of the sectors of intervention were sound and well-documented (Table 5). Furthermore, the SCD identified key obstacles to poverty education in the long run,[2] while according to analytical works, in the short run, poverty reduction efforts needed to focus on (i) restoring security in the north; (ii) increasing the incomes of the rural poor; and (iii) redistributive efforts to reduce extreme vulnerability. However, if governance problems are not addressed insecurity is likely to persist, service provision would stay inadequate and levels of human capital would be too low to realize "between-sector" economic transformation and a demographic transition.

[2] World Bank (2015), "Republic of Mali: Priorities for Ending Poverty and Boosting Shared Prosperity", Report 94191-ML, Washington D.C.

The analytical works thus underlined the need to strengthen public financial management for higher and better public expenditure efficiency, and to foster transparency for greater executive accountability and allocation of public resources to pro-poor interventions, at the central and local levels. Thus, the team considers that the individual prior actions were well appropriate to contribute tackle the issues faced by the country during the appraisal of the first operation.

1.2 Original Program Development Objectives (PDO) and Key Indicators

13. The first Program Development Objective *(PDO 1) was to deepen executive accountability and transparency*; the second Program Development Objective *(PDO 2) was to improve public finance performance*. Table 2 provides the original and revised PDO indicators.

1.3 Revised PDO and Key Indicators, and Reasons/Justification

14. **The PDO was not revised, but there were a number of modifications to the key results indicators as described in Table 2**. Several indicators were changed during the preparation of the second operation: (i) two indicators were reformulated and; (ii) one was replaced. Most of the changes were made to better specify the indicator and/or to adjust the targets. None of the targeted improvements in indicators were adjusted to make them easier to achieve.

Table 2: PDO Indicators and Revisions

RGRSO 1	RGRSO 2	Change
Deepening Executive Accountability and Transparency		
1. Proportion of directors of projects, programs, public agencies and state-owned enterprises recruited through a competitive process by external posting of vacancies. Baseline 2013:0%; Target 2015: 100%. Source: Ministry of Civil Service.	1. Share of directors of projects, programs, public agencies and state-owned enterprises recruited through a competitive process by external posting of vacancies. Baseline 2013: n.a.; Target 2016: 100%.	Minor change in wording
2. PEFA PI-18: effectiveness of payroll controls: Baseline 2010: C+; Target 2014: B+. Source: PEFA secretariat.	2. PEFA 18-IV: Existence of payroll audits to identify control weaknesses and/or ghost workers: Baseline 2010: C; Target 2016: B.	Minor changes in wording and target to track new baseline
3. Number of regional governments' accounts to be judged every year by the Audit Section of the Supreme Court: Baseline (2013): 0; Targets: 2014: 4; 2015: 6. Source: Supreme Court.	3. Number of local governments' accounts to be judged every year by the Audit Section of the Supreme Court: Baseline (2013): 0; Target 2016: > 250.	Change from regional to local governments and increase in target level.
4. Proportion of demands of information addressed to MEF regarding public finance which were satisfactorily addressed. Baseline 2013: 0%; Target 2015: 75%. Sources: Budget Monitoring Group; and Ministry of Economy and Finance.	4. Proportion of demands of information addressed to MEF regarding public finance in accordance with Transparency code provisions which were satisfactorily addressed. Baseline 2013: n.a.; Target 2016: > 75%.	Minor change in wording to be more specific to Transparency code
5. Proportion of assets declarations submitted in time to the Supreme Court. Baseline 2013: 0%; Target 2015: 75%.	5. Proportion of assets declarations submitted in time to the Supreme Court. Baseline 2013: n.a.; Target	No change

Source: Supreme Court	2016: > 75%.	
	6. **New:** Number of audit reports on non-lethal military equipment and airplane acquisitions published. Baseline 2013: 0; Target 2014: 2.	New indicator added for RGRSO 2
6. Number of EITI reports validated, published in time and according to most recent EITI standards: Baseline (2013):1; Target 2014:1. Source: EITI secretariat.	7. Number of EITI reports validated, published in time and according to most recent EITI standards: Baseline 2013: 1; Target 2016: 1.	Target year changed, otherwise no change
7. Proportion of mining conventions audited for compliance with respect to the mining code. Baseline (2013):0%; Target 2015:25%. Source: Ministry of Mines.	8. Proportion of mining conventions audited for compliance with respect to the mining code. Baseline 2013: 0%; Target 2016: >75%.	No change, target for 2016 set at >75%
8. Government subsidies to EDM (FCFA Billions). Baseline (2013): 57.5; Targets: 2014 <50.0; 2015 <20.0; Source: Ministry of Economy and Finance.		Not continued in RGRSO 2
	9. **New:** Budget Law annexes on electricity subsidies published. Baseline 2015:0; Target 2016: 1.	Indicator added for RGRSO 2
9. Proportion of public funds released to local governments (in % of public expenditure); Baseline (2013):10%; Target 2015:15%. Source: Ministry of Economy and Finance.	10. Funds released to local governments in accordance with signed performance contracts (in % of total public expenditure); Baseline (2014): 0%; Target 2016: >2.5%.	Indicator changed to link to signed performance contracts along with lower target for 2016.
10. Average public procurement delays (working days). Baseline (2013): 94. Targets: 2014: 90, 2015: 80. Source: Ministry of Economy and Finance.	11. Average public procurement delays (working days). Baseline 2013: 94; Target 2016: <80.	No change, except target added for 2016.
11. Share of public investment projects in budget law selected by the Investment Committee: Baseline: Budget Law 2013: 0%; Target: Budget Law 2016: 100%. Source: Ministry of Economy and Finance.	12. Share of public investment projects in budget law selected by the Investment Committee: Baseline: Budget Law 2013: n.a.; Target: Budget Law 2017: 100%.	No change
12. Absolute value of relative deviation in ODA budget execution. Baseline 2013:12%; Targets: 2014: 9%; 2015: 7%. Source: Ministry of Economy and Finance.	13. Deviation in ODA budget execution. Baseline 2013: 16%; Target 2016: <10%.	Minor change in wording and baseline and target revision.

1.4 Original Policy Areas Supported by the Program:

15. **The RGRSO series had two policy Pillars:** Deepening Executive Accountability and Transparency, and Improving Public Finance Performance which are described in detail below. These pillars aimed at mitigating a harmful lack of governance in the context of a fragile state.

Pillar I: Deepening Executive Accountability and Transparency

16. **The re-foundation of the State of Mali.** In the face of declining governance, the Government committed to strengthen both transparency and controls in the use of public resources (human, financial, mineral), with a view to restore State legitimacy through greater executive accountability.

17. **The RGRSO series supported the Government efforts to promote open and transparent recruitment processes for civil servants through the revision of the legislative framework and conduct of a census of public sector employees.** The series (RGRSO1) supported the adoption and enactment of the Law on the fundamental principles for creating, organizing, managing and controlling public services, which required that all directors of projects, programs, public agencies and state-owned enterprises be recruited through a competitive process by external posting of vacancies. RGRSO 2 further supported conducting a census of public sector employees. A transparent and competitive selection process has been reinforced through the adoption of the Decree No. 2014-0764 / P-RM in October 2014, which frames inter alia the recruitment process..

18. **The RGRSO series supported the Government's measures to strengthen the capacity of the Supreme Court to conduct external audits, of local governments' accounts in particular.** External audits remained weak and arrangements for scrutiny of public finance (at central and local levels) and follow-up by the executive are not operational. The Government adopted a draft organic law whose adoption by Cabinet was supported by RGRSO1, which brings together in a single text all the provisions applicable to the Supreme Court regarding its organization, operation, and procedures. In particular, the provisions enhance the capacity, competency and autonomy of the Audit Section as the supreme audit institution.

19. **The adoption of a Transparency Code (2013) by the National Assembly aimed to improve budget transparency and strengthen executive accountability.** Thus, the series supported under RGRSO1 the adoption of the implementation decree of the Transparency Code. RGRSO 2 supported the adoption by the Government of the draft implementation decree of the Law against Illicit Enrichment and template for assets declaration.

20. **The RGRSO supported the Government decision to publish all ongoing mining exploitation contracts, within the Extractive Industry Transparency Initiative (EITI) framework, for which Mali was declared compliant in 2011**. The purpose was to promote the development of the extractive industry (accounting for 68.7 of export revenues pre-appraisal), while reducing opportunities for corruption. Mali's extractive sector is dominated by gold, but potential for development of other mineral resources including bauxite, iron ore, diamond, limestone, manganese, nickel, petroleum, phosphates, tin, uranium and petroleum, is promising and exploration has started for some. This has put pressure on the authorities to transparently monitor and report developments in these sectors.

21. **The series supported the Government to develop a recovery plan to eliminate the need for subsidies by 2018 for the state-owned electricity utility (Energie du**

Mali, EDM). Electricity subsidies to amounted to FCFA 57.5 billion (1.0 percent of GDP) in 2013. The government also wanted EDM to accommodate rapidly growing demand. Subsidies compensated for large losses (a negative net result of FCFA 38.6 billion in 2013) in the absence of sufficient tariff adjustment since 2003. Between 2003 and 2013, there were 2 tariff decreases and 3 tariff increases, cumulatively leaving nominal tariffs in 2013 about 3 percent below their 2003 level. Meanwhile, consumer prices increased by 46 percent and oil prices tripled. Operational subsidies received by EDM are not targeted to the poor and complicate budget management in the face of unpredictable oil prices and climate shocks. Only 5 percent of the poor have access to electricity, and it can be conservatively estimated that at least 90 percent of electricity subsidies go to non-poor households. Moreover, EDM's precarious operational and financial situation prevents proper maintenance and discourages EDM to invest in additional capacity. Thus, it proved difficult for the Government to substantially decrease the amount of subsidies to EDM.

Pillar II: Improving Public Finance Performance

22. **The RGRSO series supported the Government's efforts to improve public finance performance** through: (i) larger transfers to local governments and accelerated investment budget execution; (ii) improved public investment selection, implementation and evaluation; and (iii) better integration of domestic and foreign financed government budgets.

23. **Performance contracts between the Regional Councils of Segou and Sikasso and the Ministry of the Decentralization and State Reform were intended to improve service delivery and ensure national cohesion.** These contracts help overcome the weak capacity of local governments to deliver services. The contracts are meant to engage signatories in a mutually-accountable relationship based on a clear division of responsibilities in the design, financing, development, and monitoring and evaluation of multi-year investment projects within the overall legal framework for decentralization.

24. **The program also addressed the long delays in procurement processes.** These delays slow down economic growth, create suspicion and force contractors to add risk premia in anticipation of bribes and unpredictable payment dates.

25. **To improve the use of the high levels of official development assistance to Mali (pledged in 2013) the program supported the preparation of a medium term external resource framework.** A total amount of US$4.2 billion (40 percent of GDP) was pledged for 2013-14, combining new financing with renewed commitments and merging aid and military assistance. Out of the pledged US$4.2 billion, a total of US$3.1 billion was disbursed in 2013-14. The Government intended for all Development Partners (DPs) to adopt national public accounting norms when pledging, committing and disbursing aid, in order to facilitate the integration of domestic and foreign financed budgets.

1.5 Revised Policy Areas

26. **The original electricity tariff reform was scaled back.** This risk was identified in RGRSO 1, and the Malian authorities decided that more progress in governance of the electricity utility was needed to create the political opportunity to raise tariffs. To mitigate this reform scale back, the government invested in capacity to reduce average production costs, and increase transparency of EDM. The Government also outsourced the procurement and supply of fuel in 2015, in light of strong perceptions of poor governance in this area.[3] To promote transparency in public resource allocation, and in order to build public consensus on the need for a progressive alignment of tariffs to costs, the authorities included an annex on the policy rationale for public subsidies to the electricity utility in the project Budget Law 2016 submitted to the National Assembly. This annex became the new prior action for RGRSO 2 and reports the evolution of past and projected subsidies, their estimated distribution within the population, and measures of the utility's economic efficiency. The rationale is that this information would raise public awareness on the consequences of subsidies on equity and the opportunity costs in the use of public resources.

1.6 Other significant changes

Not applicable.

2. Key Factors Affecting Implementation and Outcomes

2.1 Program Performance

27. **The RGRSO series provided total financing of US$ 113 million for the two operations and achieved significant progress toward the PDO, but with delays.** Table 3 provides key milestones for the programmatic series. All prior actions (Table 4) were completed as required before the RGRSO 1 and 2's Board approval. There was a long lag time between appraisal and board for RGRSO 1, because of the delay of the first review of the ECF arrangement, initially scheduled in June 2014. The review was postponed following the discovery of serious lapses in PFM practices incompatible with the authorities' commitment to sound PFM (though not specifically part of the RGRSO program.)[4]

---

[3] In 2014, EDM procurement of fuel amounted to FCFA 70 billion, or 44 percent of EDM total operational costs and 1.2 percent of GDP. Conversion to heavy fuel also intended to reduce risks of diversion of fuel to non-intended uses.

[4] The government bought a presidential plane for CFAF 19 billion ($40 million or 0.3 percent of GDP) off-budget. In addition, it guaranteed the commercial bank debt of a private supplier up to CFAF 100 billion ($200 million or 1.7 percent of GDP) to buy supplies other than weapons and ammunition for the army with single source contracts. This led off-budget spending by the Ministry of Defense in an amount of 0.8 percent of GDP in 2014. It also created the opportunity for overbilling by the Malian supplier. Donors

Table 3: Basic Data for the RGRSO Series

Operation	Approval Date	Effectiveness Date	Disbursed Amount (million)	Closing Date
RGRSO 1-IDA 54620 (credit), IDA H9540 (grant)	11/18/2014	02/18/2015	US$56.88	06/30/2015
RGRSO 2-IDA 57480 (credit)	12/10/2015	12/31/2015	US$48.73	12/31/2016

Table 4: Prior Actions of the Recovery and Governance Reform Support Operation

RGRSO 1 Prior Action	RGRSO 2 Prior Actions
1. The Recipient, through the Council of Ministers, adopts the draft Law on the fundamental principles for creating, organizing, managing and controlling public services.	1. The Recipient, through the Ministry of Civil Service, has conducted a census of public sector employees.
2. The Recipient, through the Council of Ministers, adopts the draft Law on the organization, functioning and procedure of the Supreme Court strengthening the autonomy and capacity of the Audit Section of the Supreme Court.	2. The Audit Section of the Supreme Court has completed the audit of at least one hundred local governments' accounts from at least six regions, including the Bamako District, and issued the appropriate opinions.
3. The Recipient, through the Council of Ministers, adopts the draft implementation decree of the Transparency Code.	3. The Recipient, through the Council of Ministers, has adopted the draft Decree on the implementation of the law on the prevention and sanctioning of illicit enrichment which includes an annex with a template for asset declaration.
4.The Recipient enacts the Budget Law for 2014 including in the budget, inter alia, a budget line for financing extractive industry transparency initiative activities.	4. The Recipient, through the Prime Minister's office, has published the two transaction audits conducted by the Auditor General Office and by the Audit Section of the Supreme Court on the acquisition, in 2014, of equipment, including an airplane
5.The Recipient, through the Council of Ministers, adopts the draft implementation decree establishing performance contracts between the State and Regional Governments.	5. The Recipient, through the Ministry of Mines, has published the current mining exploitation contracts.
6.The Recipient implements measures to reduce delays in public procurement.	6. The Council of Ministers, through the General Secretariat of the Government, has submitted to the National Assembly the draft Annex on the policy rationale for public

(including the World Bank and the EU) delayed their budget support totaling $200 million (1.7 percent of GDP) in reaction to this lapse in PFM.

	subsidies to the electricity utility, as part of the draft 2016 Budget Law.
7. The Recipient enacts the Budget Law 2014 including in the budget, inter alia, a budget line for financing public investment projects feasibility studies.	7. The Recipient, through the Ministry of the Decentralization and State Reform, has signed two performance contracts with the Regional Councils of Segou and Sikasso.
	8. The Recipient has adopted, (i) through the Council of Ministers, the decree on the procurement code that, inter alia: (a) integrates most recent WAEMU directives; (b) reinforces the powers of the independent Procurement Regulatory Authority in terms of dispute settlement; and (c) revises the treatment of simplified contracts; and (ii) through the Minister of Finances, its regulation.
	9. The Recipient, through its Secretary of Aid Harmonization, has timely published, within the budget preparation cycle, a medium term external resource framework acceptable to the Association.

Details of Program Performance

Pillar I: Deepening Executive Accountability and Transparency

28. **Audits were conducted in response to the uncovering of severe public financial management irregularities in the procurement of non-lethal military expenditures.** With program support, the Government conducted and published two transaction audits on acquisition of equipment in 2014 (prior action 1). The Government committed the two major oversight institutions to conduct audits on these transactions. These audits increased the transparency of non-lethal military expenditures, however, they did not have a significant impact because they have not led to prosecutions or administrative and/or judicial sanctions against those involved in the misuse of public funds. The positive effects of the Transparency Code (see below) are also reduced.

29. **The Law on the fundamental principles for public services and the civil service census were important achievements...** The new law was necessary for the management of public services and is expected to improve public sector management. The 2014 census updated the 2003 census and aimed to reduce the significant fiduciary risks related to the effectiveness of payroll controls (Public Expenditure and Financial Accountability - PEFA, 2011), complementing the recent integration of payroll and personnel data bases. While the census of 2003 did not uncover large numbers of “ghost workers”, the census conducted from October 2014-March 2015 recorded the absence of more than 13,000 officials from central and local governments and the security sector, leading to their suspension from the payroll following the validation of the report’s conclusions by the Prime Minister. According to the 2016 PEFA, a significant evolution has been observed in Mali regarding (i) competitive procurement methodologies (including recruitment), and (ii) transparency through better public access to

comprehensive, reliable and timely information. The websites http://www.dgmp.gov.ml and http://www.armds.gouv.ml are operational. They contain information, documents and statistics on public procurement including recruitments, the laws and regulations, procurement plans, calls for tenders, provisional allocations, annual activity reports, annual audit reports, etc.

30. **…but implementation of civil service reforms had shortcomings in a couple of other areas.** Despite the accomplishments, the PEFA (18-IV) target was not met (remaining at C level). The PEFA report also states that the control measures that are in place are not sufficient to ensure the integrity of the data. The civil service census has also not been published and has not yet led to a significant reduction in the fiduciary risks related to the effectiveness of payroll controls. Thus, while there was progress in civil service reform, these deficiencies will need to be addressed to achieve the full intended impact of the reforms.

31. **The capacity of the Audit Section of the Supreme Court through a range of actions**. These included increased staffing, a specific budget allocation to enhance the financial autonomy of the section, creation of regional audit entities, and the enlargement of competencies to cover the evaluation of public policies. RGRSO 2 supported the Supreme Court's Audit Section in completing audits of at least one hundred local governments' accounts from at least six regions in 2014 and issuing appropriate opinions. As the authorities intend to accelerate fiscal decentralization, it is therefore critical to strengthen external controls of local governments' public financial management. Compared with the proposed trigger in RGRSO 1, the prior action was revised to reflect the higher ambition of the Audit Section to cover all the major local governments in the six southern regions (Segou, Sikasso, Kayes, Mopti, Koulikoro and the Bamako District). Accounts in the northern regions were destroyed during the 2012 crisis.

32. **The Transparency Code clarifies the institutional responsibilities, format and frequency for the publication of information related to public finance (central and local levels)**. It also includes responsibilities for audits, public contracts (including for natural resource management) and procurement, public private partnerships, as well as access rights to such information and related obligations for the administration. The Code stipulates legal obligations for officials (all civil servants and elected officials) to declare their assets (including that of their families), and to denounce any fraud in the management of public resources they could be made aware of through their official functions. The main limitation of the assets declarations is that, the law did not require that these declarations are made public. Furthermore, the Government has suspended this law in October 2017, raising concerns on the sustainability of this achievement. To maximize transparency, the Government should cancel the suspension of the law and revise it to make public asset declarations.

33. **In improving transparency in the mining sector, the series provided support under RGRSO 1 for the adoption of the 2014 Budget Law including financing of**

EITI activities. RGRSO 2 supported the publication on the Ministry of Mines website[5] of all existing mining exploitation contracts.[6] This action is fully consistent with the implementation of the Transparency Code and with the new EITI standards, and was expected to encourage greater compliance with fiscal and environmental regulations of the mining code. Compliance was assessed through the 2016 technical, financial and environmental technical diagnostic of all ongoing exploitation contracts. This validation study, showed to the EITI Board that Mali has made meaningful progress in implementing the 2016 EITI Standard and is currently compliant. Furthermore, the Government continues to pursue the efforts of transparency in this sector by regularly publishing the EITI Report[7].

34. **The series attempted to address the excessive reliance by the electricity sector on public subsidies.** In 2014, the authorities put in place a Task Force jointly chaired by the Ministers of Energy and Budget with the aim to identify and implement key actions to address the sector's subsidy practices. The initial prior action that would have resulted in higher electricity tariffs was postponed because of the politically fragile conditions in 2014, in favor of a weaker action of including an annex on the policy rationale for public subsidies to the electricity utility in the 2016 project Budget Law submitted to the National Assembly. That said, there was progress in reducing electricity subsidies. Total subsidies fell from a baseline of CFAF 50 billion to CFAF 33 billion by 2016 (IMF).

35. **The financial situation of EDM continues to be difficult with losses on average of 49 FCFA (about 9 US cents) for each kWh sold**. These losses translated into a cash deficit of more than CFAF31 billion in 2016. In response, the World Bank is supporting the Government with the implementation of a revenue protection program, which aims to improve the operational and commercial performance of the EDM through the installation six thousand (6,000) smart meters among the largest consumers (accounting for nearly 40 percent of EDM revenues). The Government is also initiating a study on tariffs to restore the financial balance of the company. The results of this study are expected to be implemented after the presidential election planned in July 2018.

Pillar II: Improving Public Finance Performance

36. **The series attempted to make progress in performance contracts with Subnational Governments to improve service delivery at local level,** However, budgetary allocations to these contracts were modest. RGRSO 1 supported the adoption of the draft implementation decree, establishing performance contracts between the State

---

[5] www.mines.gouv.ml.

[6] Compared with the proposed trigger in RGRSO1, the prior action was revised to specify Government's intentions to primarily focus on ongoing exploitation and reflect the fact that there is no petroleum exploitation.

[7] The 2016 EITI report has been published in July 2017.

and Regional Governments. RGRSO 2 supported the signature of such contracts between the State and two Regional Governments, Sikasso and Segou. The GoM plans to strengthen this approach through the transfers target of 30 percent of central government budget to local governments by 2018 set forth by the Peace and Reconciliation Agreement. One problem with this measure is that the M&E of these contracts is not effective, because no report has been prepared making impossible to draw a conclusion on their contribution in improving service delivery in concerned localities.

37. **Progress was made in the area of procurement efficiency.** RGRSO1 supported measures to reduce delays in public procurement including the adoption of a procurement code and its regulation (arrêté d'application). The new code clarifies a number of clauses subject to various interpretations, integrates the most recent West African Economic and Monetary Union (WAEMU) Commission directives, reinforces the attributions of the independent Procurement Regulatory Authority (ARMP, *Autorité de Régulation des Marchés Publics*) in terms of dispute settlement, and revises the treatment of simplified contracts (for amounts below certain thresholds), which have been the source of important fiduciary risks through the deployment of procurement units in contracting institutions. Meanwhile, the procurement chain was computerized and all ministries were connected, giving private operators and concerned institutions the possibility to trace all active procurement files.

38. **The series supported the preparation and publication of a Medium Term External Resource Framework (MTERF), with a view to strengthen aid predictability and integrate it with the national budget preparation cycle.** The MTERF report is published annually on the website of the Ministry of Economy and Finance, through a questionnaire addressed to technical and financial partners. The report outlines disbursements and projections of aid. Furthermore, building on this, the Government is developing an interface between the datasets of the Direction for Planning and Development (public investment plan), the Direction of Public Debt (credits to Government), and the Ministry of Foreign Affairs (grants) should also contribute to the better integration of domestic and aid budgets.

2.2 Major Factors Affecting Implementation:

Government Commitment and capacity

39. **The government was committed to the implementation of the program, but there is the need to sustain these efforts to realize fuller impact of the reforms.** Despite initial momentum to implement critical reforms to recover after the 2012 crisis, significant reform resistance has been observed. For instance, the reforms in the electricity sector were too challenging politically and had to be scaled back. This weaker performance can primarily be attributed to a number of exogenous shocks (insufficient electricity supply from external suppliers, technical incidents, difficulties to bill and collect in the Northern regions given security conditions), as well as the authorities' decision not to implement the tariff increase retained for 2014 in the recovery plan, inducing a loss of FCFA 6.6 billion.

40. **Nevertheless, the Government took advantage of the newly elected president context to push for reforms in key areas.** The need for transparency and accountability was a priority for all government stakeholders who committed to a meaningful reform program by enacting regulations and laws. However, their implementation remains low to ensure an effective impact. In some areas, such as civil service reform, there has been a lack of follow through with the completed census, including a lack of payroll audits that would identify control weaknesses and/or ghost workers.

41. **One political risk that did complicate program implementation was government turnover**. The cabinet was reshuffled six times, including a change in the minister of Economy and Finance of three times in four years. This caused confusion at times in implementation, although the MEF still managed to carry out its role effectively.

42. **Security Risks continued but did not distress the program.** The risks identified during the appraisal of the first operation continue in Mali even though they did not actually materialize during implementation. The PD pointed out that lack of progress in the security situation in the North, and/or its extension to the South (through terrorist attacks) could distract government's attention and divert resources from its governance reform agenda and recovery. There were reports of growing levels of insecurity also in southern regions, regular protests in Bamako and increasing crime levels in general. The series could not directly mitigate such risks or their impact, although the focus put on accountability, transparency, decentralization and public expenditure efficiency was intended to reduce security shocks indirectly through the improvement of the quality of service delivery and the strengthening of social cohesion. These factors did not hamper the program, in any case.

Soundness of Background analysis and Technical Assistance Support

43. **The program was supported by a substantial amount of Bank TA, with six separate Bank TA projects contributing to the design and implementation of the program:**

- Governance and Fiscal Decentralization TA (P112821) and the Urban Local Government Support Project (P116602) support Government efforts to build (Public Financial Management) PFM capacity, and to encourage demand for good governance interventions.
- Post Compliance EITI Implementation (P143834) project supported greater participation from stakeholders in EITI activities
- Legal and Technical Negotiations Support Project (P149445) strengthened negotiation and oversight capabilities (including support on mining code, cadaster, legal and technical diagnostic).
- Energy Sector Support Project (P108440) to review the effectiveness and efficiency of public subsidies.

- Reconstruction and Economic Recovery Project (P144442) supported the recovery through improved basic infrastructure and socio-economic opportunities of communities impacted by the crisis in Mali.

Table 5: Analytical Underpinnings for the RGRSO Series Actions and Triggers

Prior Actions RGRSO 1	Triggers RGRSO 2	Analytical Underpinnings
Deepening Executive Accountability and Transparency		
The Recipient, through the Council of Ministers, adopts the draft Law on the fundamental principles for creating, organizing, managing and controlling public services.	Conduct a census of the civil service.	Mali: Policy Note on Governance Diagnostics (2012).
The Recipient, through the Council of Ministers, adopts the draft Law on the organization, functioning and procedure of the Supreme Court strengthening the autonomy and capacity of the Audit Section of the Supreme Court.	The Audit Section of the Supreme Court carries out the judgment of the five largest local governments' accounts.	Mali: Policy Note on Governance Diagnostics (2012), World Bank; TA for governance and fiscal decentralization related reports (since 2011).
The Recipient, through the Council of Ministers, adopts the draft implementation decree of the Transparency Code.	Adopt the draft implementation decree of the Law on Illicit Enrichment. Publish the transaction audits of off-budget expenditures incurred in 2014.	Mali: Policy Note on Governance Diagnostics, (2012), World Bank; PEFA 2011.
The Recipient enacts the Budget Law for 2014 including in the budget, *inter alia*, a budget line for financing extractive industry transparency initiative activities.	Publish the inventory of all existing mining and petroleum contracts.	IETI reports.
Improving Public Finance Performance		
	In line with the electricity sector recovery plan, the recipient's utility stabilizes losses (net result) before subsidies in 2014.	Mali: Task Force report on Electricity Sector Recovery 2014-2020, March 2014.
The Recipient, through the Council of Ministers, adopts the draft implementation decree establishing performance contracts between the State and Regional Governments.	Two performance contracts are signed between the State and Regional Governments.	Proceedings of the "Etats Généraux de la Décentralisation" (2013); TA for governance and fiscal decentralization related reports (since 2011).
The Recipient implements measures to reduce delays in public procurement.	Adopt the revised procurement code.	WAEMU Budget execution report (2013); IMF TA report (2014).
The Recipient enacts the Budget Law 2014 including in the budget, *inter alia*, a budget line for financing public investment projects feasibility studies.		IMF TA report (2011).
	Publish annually Medium Term External Resource Framework before April 30 and integrate it in joint budget	SHA report (2013).

Prior Actions RGRSO 1	Triggers RGRSO 2	Analytical Underpinnings
	reviews and high-level quarterly meeting between Government and DPs.	

Assessment of the Operation's Design, Risks Assessed and Their Mitigation

44. **The series drew lessons from the ICRs for the five previous Poverty Reduction Support Credits (PRSCs).** These lessons emphasized the need to account for country ownership and limited capacity in the selection of prior actions, in particular for sensitive sectors such as electricity and cotton. They also brought out the importance of close supervision and technical assistance to address bottlenecks and delays in implementation. Taking this into account, the RGRSO series concentrated on two main policy areas, anti-corruption (transparency and accountability actions) and decentralization (performance contracts and local government audits), which the government considered priorities, and where capacity was supported through technical assistance and investment projects. Cotton had been high on the agenda of past Development Policy Operations (DPO) but did not meet expectations, and was not considered in the RGRSO, mainly because the Government did not include it in the Government Action Plan (GAP) 2013-18. The RGRSO series did address electricity sector reform in light of its high priority in the plan.

45. **The RGRSO series also built on successful authorities' efforts initiated in 2013 with the support of the previous DPO.** It built on the satisfactory implementation of key reforms such as the computerization of all central government transactions; the implementation of a risk-based approach for internal controls in the Ministries of Health and Education; the adoption of the Budget Transparency Code; and the establishment of a selection committee for public investment projects.

46. **The Program Design benefited from focusing on a small set of issues related to transparency and accountability.** The program focused on civil service recruitment and census, audits by the Supreme Court, the Transparency Code (asset declaration), and publishing mining contracts under Pillar 1 (Deepening Executive Accountability and Transparency). Under Pillar 2 (Improving Public Expenditure Efficiency), the program focused on electricity subsidies, procurement delays, performance contracts between State and Regional governments, and publishing a Medium-Term External Resource Framework. The program was feasible despite limited implementation capacity and political instability in Mali. It was appropriate for the program to include reform electricity subsidies, because, despite political challenges, it was a priority issue for the economy (in 2013, the government was spending more on electricity subsidies than on health expenditures).

47. **The procurement scandal during program preparation, though not part of the RGRSO program, strengthened the hand of reformers, but also indicated that anti-corruption measures could be strongly opposed by entrenched officials.** The

scandal resulted from the discovery by two independent agencies in May 2014 of substantial off-budget expenditures (2.0 percent of GDP). This case involved severe public financial mismanagement lapses in the procurement of non-lethal military expenditures and the issuance of guaranties to private operators, leading to the resignation of the Minister of Finance. The incident had a significant effect on the program implementation through procurement reform. In September 2014, a decree was adopted to limit the use of the "national interest" Article 8 clause in the Procurement Code (notably via the inclusion of a positive list of goods and services eligible to a restricted bidding process), and to strengthen external ex-post fiduciary controls (by the General Controller of Public Services) on military expenditures. Transaction audits of such off-budget expenditures were conducted by the Auditor General and by the Audit Section of the Supreme Court. The Government committed to publish both (the RGRSO2 trigger and later prior action 1), creating an important precedent on transparency practices. The result was demonstrated with the publication of transaction audits in 2014 and improved transparency of procurement practices.

48. **Macroeconomic risks.** As assessed during appraisal, Mali continued to face macroeconomic risks related to commodity prices and climate shocks. Given Mali's limited fiscal buffers, the PD indicated that such risks could affect budget execution, and, in particular, domestically financed public investment, possibly generating the accumulation of expenditure arrears. However, Mali's fiscal situation and management remained sound during the crisis and benefited from i) the stabilizing effect of WAEMU membership; ii) PFM reforms undertaken in recent years; and iii) continued economic and financial surveillance from the IMF. Mali benefits from the pooling of WAEMU foreign currency reserves to cover its balance of payments needs during economic downturns, including debt service obligations. At the time of the ICR, macroeconomic risks did not translate into a deterioration of the macroeconomic framework.

49. **Risk from the technical design of the program was moderate.** The technical content and the existing national implementation procedures of the supported governance and economic recovery reforms were fairly complex. The risk was mitigated because the design of prior actions was informed by adequate analytical work and Bank TA that covered all the sectors targeted by the series.

50. **Risks related to institutional capacity for implementation and sustainability were rated moderate**. One design feature to reduce this risk was the limited number of ministries (Economy and Finance, Civil Service, Mines, Justice, and Territorial Administration and Decentralization) and institutions (Audit Section of the Supreme Court) in charge of the implementation of the supported reforms. This helped reduce coordination challenges. Capacity was built through technical assistance by the Bank (described above) and other development partners (DPs) in the sectors of public financial management, governance, decentralization and energy and further reduced this risk. One risk that was initially underestimated was related to electricity reforms as evidenced by the scaling back of the reform from actual subsidy reduction to merely reporting on the rationale for subsidies. In addition to political opposition several exogenous shocks made tariff reform more difficult, including insufficient electricity supply from external

suppliers, and difficulties to bill and collect in the Northern regions given security conditions. Although the signing of the Peace and Reconciliation Agreement in June 2015 with armed groups occupying northern regions of the country entailed a government reshuffle, this did not damage the capacity of implementing agencies to ensure the completion of prior actions.

51. **Fiduciary risks were rated substantial, but the program contributed to their mitigation.** One of the series' primary objectives was to improve fiduciary controls. Fiduciary risk was mitigated to some extent through the contribution of a set of reforms in audit, procurement efficiency and in strengthening controls on budget execution and transparency. Promotion of the Transparency Code also helped control fiduciary risks by requiring public officials to declare assets and thereby reveal potential conflicts of interest. Unfortunately, the code did not oblige to make public the asset declarations and asset declaration was also recently suspended.

2.3 Monitoring and Evaluation (M&E) Design, Implementation and Utilization:

Design

52. **The results framework contained relevant PDO indicators which were adequately linked to the prior actions of the series.** The indicators were monitorable, and measurable within the timeframe of the series. The expected results in the program results framework could be directly attributed to the set of actions supported by the RGRSO series including: (Pillar I) i) the recruitment process of high-level civil servants, ii) the effectiveness of payroll controls, iii) the judgment of local governments' accounts, iv) access to information at the MEF, v) assets declaration, vi) conventions' compliance with the mining code, vii) the publication of audit reports, viii) EITI reports, and ix) the Budget Law annex on electricity subsidies; and (Pillar II) x) transfers to local governments through performance contracts, xi) public procurement delays, xii) the selection of public investment projects, and xiii) budget execution related to aid predictability.

53. **An important change to an indicator in the results framework was made to reflect the revision of the electricity reform under the program.** It was modified (from RGRSO 1) from a cap on electricity subsidies to the publication of the annex on electricity subsidies, to reflect the new, less ambitious, policy taken by authorities.

Implementation and Utilization

54. **The MEF carried out its responsibility for overall coordination of supervision and monitoring of the reform program across the relevant ministries, departments and agencies.** The results framework identified the institutions responsible to provide the data to monitor outcomes. Capacity to improve access to public finance information, and assets declaration, was improved at the MEF and at the Audit Section of the Supreme Court, respectively. The PEFA, covering fiscal years 2013-2015 was finalized and made public in 2016 which complemented the results framework and helped in the assessment of the program. An ISRR was not done for RGRSO 2, but the

results data were available at the ICR stage, with the exception of the indicator for MEF information requests on public expenditures (related to the Transparency Code).

2.4 Expected Next Phase/Follow-up Operation:

55. **The First Poverty Reduction and Inclusive Growth Support Operation is the first operation in the next series of DPOs for Mali.** The main areas of follow up to the RGRSO series is in support for decentralized transfers, increasing own resources of local governments and improving balance sheets of all microfinance institutions. These measures are helping sustain and deepen some of the RGRSO supported reforms. The Bank is continuing the policy dialog in other areas of the RGRSO reform program.

3. Assessment of Outcomes

3.1 Relevance of Objectives, Design and Implementation

Overall rating: Substantial

56. **Objectives.** Coming out of a post conflict environment, the objectives of improved accountability and transparency were high priorities and substantially relevant. These objectives continue to be substantially relevant and are aligned with the 2016-19 Country Partnership Framework (CPF). Several of the reform areas (audits, electricity subsidies, performance contracts) still need stronger follow up to be sustained, but accountability and transparency continue to be high priorities of the government.

57. **Design.** The design of the program was also substantially relevant and pursued national priorities improving transparency through the Transparency Code and audits of agencies and local governments, budget execution and other areas. The focused nature of the program design facilitated timely implementation. The results framework was appropriate and contributed to the assessment of the PDO achievement and the outcomes of the prior actions. It was appropriate to attempt electricity tariff reform even though it did not succeed. This reform, however, remains relevant and the RGRSO program helped put it on the government agenda by supporting a publicly available analysis of the costs of the subsidies. The one weakness was that the program design was too short of a duration to fully implement some of the deeper reforms.

58. **Implementation.** The implementation of the program was also substantially relevant with the program adjusted where needed to reflect changing circumstances. The large amount of Bank TA was key to successful implementation because each program area had important TA support. In particular, the electricity reform originally envisioned was not politically feasible and so the trigger was scaled back to reflect the political context. Otherwise the program was implemented as originally intended.

3.2 Achievement of Program Development Objectives

Overall rating: Moderately Satisfactory

59. **Overall, of the 13 results indicators, 10 targets were achieved, two were not achieved and data for one was not available (Table 6)**. The assessment of the achievement of objectives in this section is divided between the two parts of the PDO.

Table 6: Summary of Targets Achieved/Not Achieved by PDO

Component	Achieved	Not Achieved	Not Available	Total
Deepening Executive Accountability and Transparency	7	1	1	9
Improving Public Finance Performance	3	1	0	4
Total	**10**	**2**	**1**	**13**

PDO 1: to deepen executive accountability and transparency—Substantial/Modest achievement

60. **Of the nine PDO indicators for this part of the PDO, seven targets were achieved, one not achieved and one was not available, which supports a rating of substantial achievement of PDO 1.** The target of 100 percent for competitive recruitment of directors of projects, public agencies and SOEs was reached which is consistent with greater transparency and which ensured that the more qualified candidates would become directors and this should improve executive accountability.

61. **There was progress in transparency as the target for public officials submitting assets declaration to the Supreme Court reached 100 percent, but there are concerns.** This achievement allowed improved transparency of public executives because potential conflicts of interests in officials carrying out their responsibilities could be determined. There are two concerns that weaken the impact of this measure: i) these declarations were not made public; and ii) the office in charge of these declarations has been recently suspended. Both actions have to be remedied in the near future for real transparency improvements to be sustained. On the LG level, the number of local government accounts certified by the Audit Section of the Supreme Court reached 402, exceeding the target of >250. This also contributed to transparency and accountability, complementing the efforts at the central government level.

62. **The issue of audits of non-lethal military equipment was also addressed as the two targeted audit reports were published.** In the mining sector, transparency was also improved by publishing the EITI report on time, which met the program target. 100 percent of mining conventions were also audited for compliance with the mining code which exceeded the target of >75 percent. Thus, the public could see what the scope of mining activities is and what the terms of leasing agreements are, which is evidence of improved transparency and accountability.

63. **The budget Law annexes on electricity subsidies were also published, thus meeting the revised indicator target.** While this was an important step forward, the larger objective of stabilizing EDM's losses before-subsidies in 2014 to 2013 levels, which had been retained in RGRSO 1 as a trigger for RGRSO 2 (with a related indicator in the results framework concerning subsidies to EDM), was not met. Total losses amounted to CFAF 56.6 billion. In retrospect, this weak performance can primarily be attributed to a number of exogenous shocks including insufficient electricity supply from external suppliers, technical incidents, difficulties to bill and collect in the Northern regions given security conditions, but also to the authorities' decision not to implement the tariff increase retained for 2014 in the recovery plan (leading to a loss of CFAF 6.6 billion). On the positive side, electricity subsidies were reduced from CFAF 50 billion to CFAF 33 billion in 2016 (IMF). The amount of direct subsidies has continued to decline in 2017.

64. **Two other areas of the program that were not strong concerned the payroll audits and monitoring the demands for information from the MEF.** In the latter case, it is important to measure this indicator because it affects compliance with the Transparency Code which the GoM had implemented to improve transparency in government. Regarding the payroll audits, the PEFA 18-IV indicator target was B, whereas the achievement was only C (October 2016), which was also the baseline value in 2010. Satisfactory implementation of a new civil service census was considered as a key factor to remedy the lack of payroll audits and improve the rating of the PEFA indicator 18-IV to B. However, the census, carried out by the GoM, did not include a complete audit of the payments system, so the rating for the related indicator remained at the C level.

PDO2: to improve public finance performance—Substantial/Modest achievement

65. **This second component of the PDO achieved concrete results.** The average public procurement delays fell from a baseline of 94 days to 70 days (March 2017) which met the target of <80 days. This was an important achievement because government activities were implemented in a timelier way (in terms of the procurement process), which improved public expenditure efficiency. All public investment projects in the budget law underwent review and were selected by the Investment Committee, thus, the target of 100 percent was met. This process means that investment projects have to meet higher levels of cost-benefit analysis than was previously the case. Successful implementation of the program in this area was supported by accompanying Bank TA (Governance and Fiscal Decentralization-P11281). The deviation in budget execution was greatly reduced from a baseline of 16 percent in 2013 to an actual of 3.4 percent by December 2016.

66. **The one target not met under this part of the PDO was funds released to Subnational Governments in accordance with signed performance contracts.** The latter was expected to be greater than 2.5 percent of total public expenditure. The realization, however was only 0.2 percent. Despite the Government commitment, the low

capacity of Subnational Governments to deal with this new approach delayed the process, therefore prevented reaching the targeted results. In 2016, the Government signed performance contracts with three other regions. CFAF 400 million were planned per year and per contract, typically of a 5-year duration. Compared with RGRSO1, the outcome indicator related to performance contracts was modified to reflect the direct contribution of such contracts to the transfers from the central government to local governments. Pillar 2 anticipated high-order results including the maintenance of high levels of public investment combined with lower overall deficits, which did not materialize.

67. **Additional evidence from the recent PIMA (Public Investment Management Assessment) indicates some improvement of the environment for PFM**. For example, a technical committee for the selection of programs and investment projects has been effective since 2014. A public investment planning and monitoring and evaluation procedure manual is established and provides a tool for the selection of projects submitted by sector ministries. It clearly specifies the roles and responsibilities (at national and regional levels) as well as the procedures to be followed at each stage of the public investment management cycle (identification, preparation / formulation, ex-ante evaluation, implementation / monitoring-evaluation, and ex-post evaluation).

3.3 Justification of Overall Outcome Rating

Ratings: Moderately Satisfactory

68. **The program achieved important results in term of transparency, accountability and public finance performance, but a number of concerns bring the program's outcome rating down to moderately satisfactory.** On the positive side, the resumption of political stability with the election of a new President, allowed the government to implement critical reforms to strengthen transparency, accountability and the public expenditure efficiency at a good pace. For the first time in Mali there was the requirement of the declaration of assets, the recruitment of higher officials through an open and competitive process, the certification of accounts of more than half of subnational Governments and the publication of all mining conventions. Furthermore, the PFM performance also has been improved thanks to the systematic evaluation of all investments projects, the reduction by 25 percent of the procurement delay and the regular publication of a MTERF, which improves aid predictability. As a result, the 2016 PEFA assessment, which covers the period 2013-2015, showed significant progress. These efforts allowed to reach 10 out of 13 indicator targets, which is relevant to program assessment. However, the Government did not pursue reforms in the electricity sector because of its high political sensitivity. Measures that fell short because of inadequate follow up are important ones: the small amount of resources that were transferred through performance contracts (which links to better service delivery at the local level) and the lack of adequate payroll audits (necessary to give full impact to the civil service reform). These shortcomings suggest a moderately satisfactory rating for outcome.

3.4 Overarching Themes, Other Outcomes and Impacts

(a) Poverty Impacts, Gender Aspects, and Social Development

69. **The program has helped lay the groundwork for pro-poor programs through strengthening of accountability and expenditure efficiency.** However, poverty impacts are limited in the short-run, because several of the reforms will require further deepening and follow up to produce measurable benefits for the poor. Once political instability subsided and the new government was in place in 2013, the essential next step to a functioning government was to establish fundamental accountability and transparency. Efforts such as expanding audit capacity, publishing mining contracts, more efficient procurement were all expected to lead to, among other things, reduced corruption and thereby protect public resources for important activities in education and health. The program design included a higher level of central government transfers through performance contracts with the State and Regional governments. While this arrangement may produce pro-poor benefits in the future, during the program period, these transfers were well below target. Another area that could also produce more resources for pro-poor activities would be the reduction in electricity subsidies which do not benefit the poor. The program design recognized this potential benefit, but was not able to achieve electricity subsidy reform. The program design did not have gender specific activities or performance indicators.

(b) Institutional Change/Strengthening

70. **The Transparency Code represented a major step forward under the program, but other initiatives will require sustained reform efforts.** Recruitment to public office required asset declaration and regular business operations required the MEF to respond to questions from civic society. However, in practice this rule is not yet fully effective. Other areas require more follow up to constitute sustained institutional change. The civil service census was a good first step to improve human resources management of both the central and local governments by developing a database on staff's geographical and institutional distribution and its skills and gender profile, among other characteristics. However, this census still has to be published and the payroll audit has to be done regularly to realize fuller impact of the reform.

(c) Other Unintended Outcomes and Impacts

Not applicable.

3.5 Summary of Findings of Beneficiary Survey and/or Stakeholder Workshops

Not applicable.

4. Assessment of Risk to Development Outcome

Ratings: Substantial

71. **The ICR assesses the risks to the development outcome as substantial because it will take another round of deeper reforms to secure the expected benefits from the operation and because of the risk of further political instability.** The continued carrying out of audits, a substantial increase in performance contracts with local governments and continued progress on electricity subsidies will be necessary to claim sustainable gains from the program. Meeting most of the program targets so far is encouraging, which keeps the risk level at "significant." The political and climate risks identified in the PD remain. There still seems to be significant opposition to reforms, for example in electricity subsidies, but other areas as well. Yet, the PD was right in pointing out that "not addressing frontally Mali's governance agenda could entail even larger risks of missing the opportunity provided by the large foreign financial and military assistance to sustainably recover economically and politically." Development outcome would also be sustained by external factors as well, particularly, broadening the freedom of the press and movement toward stronger democratic process.[8]

5. Assessment of Bank and Borrower Performance

5.1 Bank Performance

(a) Bank Performance in Ensuring Quality at Entry

Rating: Moderately Satisfactory

72. **The Bank helped design a program that made progress in terms of accountability and transparency**. It was the right thing to attempt to reform priority areas such as electricity and civil service, however it should have been clear to the Bank team that these areas were not going to progress as rapidly as expected in the original program design. The results framework was of good quality with indicators well-selected to connect the PDO and the prior actions, however the team did not select an indicator for the effectiveness of the transparency code that was, or could be measured. The data regarding this indicator was not available during the appraisal and the implementation of the series. One other possible shortcoming was that the series as designed was of a rather short duration (a little over 22 months, from RGRSO 1 effectiveness to RGRSO 2 close) to be able achieve some of the more ambitious outcomes.

(b) Quality of Supervision

Rating: Moderately Satisfactory

73. **The Bank recognized the political difficulties in implementing the original reforms in some areas and made some adjustments to protect the reform program.**

[8] According to the Freedom House index, freedom of the press in Mali has not yet recuperated from the 2013 political crisis and its level is poor.

While the results framework was appropriate, the M&E on the Bank side was delayed as the data was available only at the ICR stage. The Bank made good use of Bank technical assistance in the areas of governance, decentralization, extractive industries, energy and economic recovery. These operations were helpful in designing and implementing. The coordination with other Development Partners involved in budget supports was also strengthened during the implementation allowing the Government to reduce transaction costs. However, there is a need to develop a regular follow-up/dialogue with the client.

(c) Justification of Rating for Overall Bank Performance

Ratings: Moderately Satisfactory

74. **With the quality at entry rated moderately satisfactory and implementation rated moderately satisfactory, the overall rating is moderately satisfactory for Bank performance.**

5.2 Borrower Performance

(a) Government Performance

Ratings: Moderately Satisfactory

75. **The MEF performed well in convening all parties (line ministries) to agree on a meaningful reform program.** It was reported to the ICR team that the MEF created a kind of "positive competition" among line ministries that generated a good set of reforms. The MEF also helped press the reform agenda and was successful in most instances. The MEF's handling of the procurement scandal in the military also helped restore confidence and create demand for greater transparency and accountability.

(b) Implementing Agency or Agencies Performance

Ratings: Moderately Satisfactory

76. **For the most part, the implementing agencies (IAs) executed the reform program as planned, though there were some shortcomings.** The Council of Ministers was central to the program implementation and was responsible for the Law on Public Services, the Law on Autonomy of the Supreme Court Audit, and the Transparency Code. The Ministry of Civil Service did carry out the civil service census, though the payroll audits were not carried out, which was an important follow up to maximize program impact. The Ministry of Decentralization and State and Regional Governments made progress with performance contracts, but fell well below target in terms of implemented contracts. The audit section of the Supreme Court conducted more than 400 audits in six regions which exceeded the program target. Also contributing to transparency and accountability, the Ministry of Mines published all mining contracts and the Secretary of Aid Harmonization office published the MTERF.

(c) Justification of Rating for Overall Borrower Performance

Ratings: Moderately Satisfactory

77. **With the Government performance is satisfactory, IA performance moderately satisfactory and the outcome rating also moderately satisfactory, the overall borrower performance is rated moderately satisfactory.**

6. Lessons Learned

78. **Lesson 1: The policy focus of a DPO needs to be selective with a stable and predictable level of support for the annual reform and budget program.** The RGRSO focused on key sectors of policy reform directly linked to the analytical work (and the SCD) to ensure greater impact on the binding constraints to reduce poverty. A programmatic approach helps with a predictable support over many years. The integration of policies and measures complementary with ongoing sector operations and tailored technical assistance (TA) to monitor implementation of reforms is also important to successful reforms.

79. **Lesson 2: Improving the performance of electricity sector is key to long-term economic transformation and requires a sustained engagement and consensus building.** The operation design was appropriate to addressing the performance of the electricity sector even though achievement fell below expectations. This is a long-term effort and should not be abandoned because of slow progress. Adjusting tariffs in order to remove subsidies thus ensuring they become cost-reflective is unfortunately politically-sensitive. Rather than implement new electricity tariffs, it was evident that the program would have to take the smaller step of a strong communication on the importance of this reform and publishing methodology for a new tariff structure.

80. **Lesson 3: An active policy dialogue is important to making progress in governance, transparency and PFM.** In Mali, PFM reform needs strong support from Donors to be implemented successfully. For instance, the 2016 PEFA observed that only in the areas of PFM that had benefited from significant support and attention (such as external control) there was progress. Support to governance and PFM reforms could be pursued also through an active policy dialogue in the context of the annual Country Policy and Institutional Assessment.

81. **Lesson 4: In a post conflict environment, while there is an urgent need for budget support, there can also be a push for meaningful, longer-term reform.** The RGRSO series pushed for transparency reforms and was successful to a degree, even though there was still political instability and frequent turnover in the government as evidenced by meeting most indicator targets. Still, for the most challenging areas such as electricity subsidies, it can take considerably longer to build the political consensus. Carrying out gradual reforms over a longer period of time may produce better results over time, with the support of Bank management to such an approach.

7. Comments on Issues Raised by Borrower/Implementing Agencies/Partners

82. **The Government indicated that Bank assessment reflects well the implementation of the series (Annex 4).** They pointed out that the amount of electricity subsidies has decreased from around CFAF 50-60 billion a year at the start of the program to around 25 billion in 2017 while the previous draft ICR mentioned that the subsidy amounts had not been reduced. The IMF reported subsidies at CFAF 33 billion for 2016 and so the ICR acknowledges that reduction. Further, the Bank team acknowledges that the decision has been taken to reduce by 50 percent the electricity subsidies in the 2017 budget and that the authorities have made progress toward that goal. For the program the original target was a reduction of subsidies to CFAF 20 billion by 2016, which was not achieved (though the indicator had been dropped because there was a change to the trigger for electricity reform. One weakness in electricity financing is that the action to reduce subsidies was not accompanied by reforms that would increase the EDM revenues to offset the decrease of subsidies.

(a) Borrower/Implementing agencies

(b) Cofinanciers

(c) Other partners and stakeholders
(e.g. NGOs/private sector/civil society)

Annex 1 Bank Lending and Implementation Support/Supervision Processes

(a) Task Team members RGRSO I and II

Names	Title	Unit	Responsibility/ Specialty
Lending			
Sébastien Dessus	Program Leader	AFCW3	TTL
Arsene Kaho	Senior Economist	GMFDR	Co-TTL
Maimouna Mbow Fam	Lead Financial Management Specialist	GG026	
Jean-Charles Kra	Senior Financial Management Specialist	GG026	
Mahamadou Bambo Sissoko	Senior procurement Specialist	GGODR	
Ruxandra Costache	Senior Counsel	LEGAM	
Fabrice Bertholet	Senior Financial Analyst	GEE03	
Manuel Berlengerio	Senior Energy Specialist	GEE07	
Michel Mallberg	Senior Public Sector Specialist	GG013	
Celestin Adjalou Niamien	Senior Financial Management Specialist	GG026	
Kristina Svensson	Senior Mining Specialist	GEEDR	
Aissatou Diallo	Senior Finance Officer	WFALA	
Supervision/ICR			
Olivier Beguy	Senior Economist	GMF08	TTL
Arsene Kaho	Senior Economist	GMF01	TTL
Richard Carroll	Senior Evaluation Specialist		ICR-Author

(b) Staff Time and Cost

RGRSO1 - P145275

Stage of Project Cycle	Staff Time and Cost (Bank Budget Only)	
	Number of staff weeks	US$, Thousands (including Travel and Consultant Costs)
Lending		
FY14	15.26	138,271
FY15	0.00	207
Total:	**15.26**	**138,478**
Supervision/ICR		
FY15	0.00	0.00
Total:		
Total lending & supervision	**15.26**	**138.478**

RGRSO2 - P151409

Stage of Project Cycle	Staff Time and Cost (Bank Budget Only)	
	Number of staff weeks	US$, Thousands (including Travel and Consultant Costs)
Lending		
FY15	17.07	77,820
FY16	17.01	84,211
FY17	0.00	1,540
Total:	**34.08**	**163,571**
Supervision/ICR		
FY17	0.00	65
Total:	0.00	65
Total lending &Supervision	**34.08**	**163,636**

Annex 2. Beneficiary Survey Results

Not Applicable

Annex 3. Stakeholder Workshop Report and Results

Not Applicable

Annex 4. Summary of Borrower's ICR and/or Comments on Draft ICR

Overall, the Bank assessment reflects well the implementation of both programs (RGRSC 1et 2). There is, however, a small observation with respect to EDM subsidies because the ICR mentioned that their amounts have not been reduced. This is not corroborated by budget figures since the amount of subsidies has decreased from around CFAF 50-60 billion a year at the start of the program to around 25 billion in 2017.

Annex 5. Comments of Cofinanciers and Other Partners/Stakeholders

Annex 6. List of Supporting Documents

Financing Agreement-First Recovery and Governance Reform Support Operation, between the Republic of Mali and the International Development Association, November 25, 2014.

Financing Agreement-Second Recovery and Governance Reform Support Operation, between the Republic of Mali and the International Development Association, December 11, 2015.

Implementation Completion and Results Report on a Credit in the amount of SDR 33.4 million (US$50 million equivalent) to the Republic of Mali for a Recovery and Reform Support Credit, June 25, 2014

Implementation Status and Results Report, July 13, 2015, modified June 26, 2015

Program Document for a Proposed Development Policy Credit in the amount of SDR 23.3 million (US$36 million equivalent) and a Proposed Development Policy Grant in the Amount of SDR 17.4 million (US$27 million equivalent) to the Republic of Mali for a First Recovery and Governance Reform Support Operation, October 23, 2014.

Program Document for a Proposed Development Policy Credit in the amount of Euro 44.6 million (US$50 million equivalent) to the Republic of Mali for a Second Recovery and Governance Reform Support Operation, November 11, 2015.

Program Document for a Proposed Development Policy Credit in the amount equivalent to US$50 million equivalent to the Republic of Mali for a First Poverty Reduction and Inclusive Growth Support Operation, April 20, 2017.

République du Mali Cellule d'Appui à la Réformes des Finances Publiques (CARFIP) Projet d'Assistance Technique pour la gouvernance et la décentralisation budgétaire (PAT) Crédit IDA : No 4914-ML Cadre de Mesure de la Performance de la Gestion des Finances Publiques du Mali – 2016 Selon la Méthodologie PEFA 2011 Rapport relatif à la notation des indicateurs de performance de haut niveau Jean-Marc PHILIP Eugène Mampassi Nsika, Sanoussi Toure, October, 2016.


IBRD 33443R
MALI
SELECTED CITIES AND TOWNS
PROVINCE CAPITALS
NATIONAL CAPITAL
RIVERS
MAIN ROADS
RAILROADS
REGION BOUNDARIES
INTERNATIONAL BOUNDARIES
MALI
5°W
0°
0 100 200 300 Kilometers
0 50 100 150 300 Miles
25°N
20°N
15°N
10°N
10°W
Sahara Desert
ALGERIA
MAURITANIA
NIGER
BURKINA FASO
GUINEA
SIERRA LEONE
CÔTE D'IVOIRE
GHANA
TOGO
BENIN
TOMBOUCTOU
KIDAL
GAO
MOPTI
SÉGOU
KOULIKORO
KAYES
SIKASSO
DISTRICT DE BAMAKO
Taoudenni
Tessalit
Araouane
Kidal
Tombouctou (Timbuktu)
Gourma Rharous
Bourem
Gao
Ménaka
Ansongo
Niafounké
Lac Niangay
Lac Débo
Hombori Tondo (1,155 m)
Douentza
Mopti
Bandiagara
Nioro du Sahel
Nara
Nampala
Kayes
Niono
Kolokani
Ségou
San
Kita
Kéniéba
BAMAKO
Koulikoro
Koutiala
Bougouni
Sikasso
Niger
Bani
To Niamey
To Nioro
To Néma
To Kiffa
To Ayoun el 'Atrous
To Gao
To Kédougou
To Siguiri
To Kankan
To Korhogo
To Bobo Dioulasso
To Ouahigouya
To Nouna
To Abalessa
To Bordj Mokhtar
To Chenachane
To El Mreïti
This map was produced by the Map Design Unit of The World Bank. The boundaries, colors, denominations and any other information shown on this map do not imply, on the part of The World Bank Group, any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries.