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McNamara Papers

Travel brief -
and Mali, M

Archives

A1995-259 Other #: 11 309692B
Travel Briefings: Congo, Central African Republic, Niger, Upper Volta, and Mali - Travel
briefs, Mali

Folders 5 of 5

Folders

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February 1972
Itinerary for Visit to Congo, CAR, Niger, Upper Volta,
and Mali, March 1-10, 1972

| <u>DATE</u> | <u>TIME</u> | <u>GMT</u> | | <u>REMARKS</u> |
|-------------|-------------|------------|---|-----------------------------------|
| Feb. 29 | 1830 | 2330 | Depart Washington--National | All6 |
| Tues. | 1932 | 0032 | Arrive New York | River Club |
| Mar. 1 | 0930 | 1430 | Depart New York--JFK | AF010 (B707) |
| Wed. | 2240 | 2140 | Arrive Paris | Bristol |
| Mar. 2 | 0845 | | Mr. Chaufournier | |
| Thurs. | 0930 | | Mr. Giscard d'Estaing | |
| | 1100 | 1000 | Depart Paris--Le Bourget UT767 (DC8) | Marseille, Douala, Libreville |
| | | | | GMT 1115-1205 1735-1835 1925-2010 |
| | 2230 | 2130 | Arrive Brazzaville (Congo) | Govt. Guesthouse |
| Mar. 3 | 0900 | | Meeting with President Nguabi | <i>all substitute program</i> |
| Fri. | 1000 | | Discussions with Government (until 1215) | |
| | 1230 | | Meeting with UN ResRep Pennacchio, Italian | |
| | 1300 | | Lunch free | |
| | 1430 | | Meeting with heads of Agence Transequatorial de Communications (ATC) and visit to port of Brazzaville (till 1630) | |
| | 1700 | | Visit Brazzaville and discuss urban problems (till 1800) | |
| | 1900 | | Dinner hosted by President | |
| Mar. 4 | 0815 | 0715 | Leave Brazzaville | UT722 (DC8) |
| Sat. | 0950 | 0850 | Arrive Bangui (CAR) | Safari Hotel |
| | 1130 | | Meeting with President Bokassa | |
| | 1215 | | Meeting with UN ResRep Balima, Upper Volta | |
| | 1300 | | Lunch free | |
| | 1430 | | Discussions with Government (till 1600) | |
| | 1630 | | Visit to road and rural development (till 1800) | |
| | 1900 | | Dinner hosted by President (folk performance) | |
| Mar. 5 | 0730 | 0630 | Depart Bangui | President's Caravelle |
| Sun. | 1030 | 0930 | Arrive Niamey (Niger) | Villas de l'Entente |
| | 1230 | | Meeting with President Diori | |
| | 1300 | | Lunch with the President (till 1430) | |
| | 1530 | | Visit Saga rice project | |
| | 1700 | | Visit livestock station Kirkissoye (till 1800) | |
| | 1830 | | Meeting with UN ResRep Grondin, Canadian (till 1900) | |
| | 2000 | | Dinner hosted by President (folk performance) | |
| | 1930 | | <i>Hotel Party</i> | |
| | 2000 | | <i>Dinner</i> | |
| Mar. 6 | 0800 | | Meeting with Mr. Kasse, Representative of ECA in West Africa | |
| Mon. | 0830 | | Discussions with Government (till 1115) | |
| | 1145 | | Meeting with President (till 1215) | |
| | 1230 | 1130 | Depart Niamey | President's DC6 |
| | 1245 | 1245 | Arrive Ouagadougou (Upper Volta) | President's Palace |
| | 1300 | 1330 | Lunch free with Pres. | |
| | 1500 | | Meeting with President Lamizana | |
| | 1545 | | Meeting with UN ResRep Dorsainville, Haitian | |
| | 1615 | | Meeting with Prime Minister Ouedraogo | |
| | 1630 | | Discussions with Government (till 1800) | |
| | 1810 | | Meeting with Cardinal Zoungana | |
| | 1930 | | Dinner hosted by President | |
| | 1930 | | <i>7 PM</i> | |

with Loulouge - njo

| | | | | |
|---------|--------------------------------------|------|---|--------------------|
| Mar. 7 | 0800 ⁰⁸⁰⁷ 0830 | | Depart Ouagadougou (Govt. plane DC4) | |
| Tues. | 0915 ⁰⁹¹⁵ 0915 | | Arrive Bobo Dioulasso (refreshments) | |
| | 1000 ¹⁰¹⁵ 015 | | Visit Cotton Project and Rural Development Fund | |
| | 1130 ¹¹³⁰ 1130 | | Visit Kou Valley (River Blindness area) | |
| | 1300 ¹³¹⁵ 1315 | | Lunch at Prefect Residence | |
| | 1430 ¹⁴³⁰ 1515 | | Visit Rural Center on River Blindness (till 1630) | |
| | 1700 ¹⁶³⁰ 1700 | | Leave Bobo Dioulasso | Government DC4 |
| | 1815 | 1815 | Arrive Mopti | Guesthouse |
| | 1900 | | Dinner free | |
| Mar. 8 | 0830 | | Visit Mopti rice area | |
| Wed. | 1230 | 1230 | Leave Mopti | Government plane |
| | | | Snack on the plane | |
| | 1330 | 1330 | Arrive Segou | |
| | 1400 | | Visit "Office du Niger" agricultural project | |
| | 1630 | 1630 | Leave Segou | Government plane |
| | 1700 | 1700 | Arrive Bamako | Govt. Guesthouse |
| | 1845 ¹⁸⁴⁵ | | Meeting with President Traore | |
| | 1915 ¹⁹¹⁵ | | Dinner hosted by President (folk performance) | |
| Mar. 9 | 0830 ⁰⁷³⁰ 0830 | | Dinner Discussions with Government (till 1100) | |
| Thurs. | 1200 | | Visit Haute Vallee rural projects (lunch on the road) (till 1600) | by car |
| | 1815 | 1815 | Depart Bamako | RK503 (Caravelle) |
| | 2000 | 2000 | Arrive Dakar | |
| | 2030 | | Dinner hosted by President Senghor | |
| | 2300 | | Leave Presidency | |
| | 0000 | 0000 | Depart Dakar | PA185 (B707) |
| Mar. 10 | 0335 | 0835 | Arrive New York--JFK | transfer to Newark |
| Fri. | 0610 | 1110 | Depart Newark | DL307 (DC9) |
| | 0700 | 1200 | Arrive Washington--National | |

0900 US Amb. - 1845

MAT I

REPUBLIC OF MALI

VISIT OF MR. ROBERT S. MCNAMARA

PRESIDENT OF THE WORLD BANK GROUP

MARCH 7-9, 1972

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Mali

I.- ITINERARY AND DAILY SCHEDULE OF ACTIVITIES

- 18 : 15 Arrive Mopti - Reception by Mr. and Mrs. KONATE, Governor of the Bank, President-Director General Malian Development Bank ; Sidi COULIBALY, Minister of Production ; Representatives of the Protocol ; the Governor of the Mopti Region. (No statement by Mr. McNAMARA ; will take place upon arrival in Bamako). Proceed immediately to Motel Sévaré, where both the Malian and Bank delegations will stay overnight.
- 19 : 00 Brief welcome by the Governor of Mopti, refreshments and folk performance (ends 19 : 45).

20 : 00 DINNER FREE

WEDNESDAY, MARCH 8

08 : 00 Brief tour of town of Mopti followed by visit to polders of Mopti North and Mopti South (IDA project). Principal Malian Delegation : Minister KONATE, Minister COULIBALY (both will accompany Mr. McNAMARA during the entire visit in Mali), Mr. *NABAYO SANGHANTA*, the project director of "Opération Riz Mopti" (the IDA project) and, perhaps, the Governor of Mopti Region.

X
Mr. COULIBALY ?
11 : 30 Leave Mopti by special Government plane Antonoff AN24 (snack on plane). *with Min. Couli*

12 : 15 Arrive Ségou, brief welcome by local authorities, immediately depart for visit Office du Niger.

.../2...

- 13 : 00 Visit Markala irrigation and power dam
- 13 : 15
- 14 : 30 Sugar plantation
- 15 : 00 Refreshments at reception centre at Dougabougou
- 15 : 30 Leave Ségou (same plane)
- 16 : 15 Arrive Bamako - Reception by Government Delegation headed by H.E. Captain Baba DIARRA, Vice-President of the CMLN and Minister of Finance ; Captain Karim DEMBELE, Minister of Transport and Telecommunications ; Dr. Bénitiéni FOFANA, Minister of Health ; Yaya BAGAYOGO, Minister of Education ; Abdoulaye SY, Director of Treasury and Deputy Governor IBRD ; the Chief of Protocol ; Donald DUMONT, UN Representative ; Gyorgy Zsapary, IMF Resident Representative.
-
- 16 : 45 Proceed to Government Guesthouse at Koulouba (next to Presidential Palace where evening dinner and reception will take place, about 2- 3 miles from town). *Mr + Mrs McNamara*
- 17 : 10 Arrive at guesthouse (where Mr. and Mrs. McNAMARA, Mr. CHAUFOURNIER and Mr. LJUNGH will stay ; due to lack of space, Mssrs. KOCHMAN CLARK and HUBER will stay in another guesthouse 2-3 miles away in town).
- 17 : 55 Leave for courtesy visit to the President of the CMLN and Head of State, H.E. Colonel Moussa TRAORE (in town). *+ 2 ministers*
- 18 : 15 *1900 45 Amb.* Courtesy visit to the Head of State, H.E. Colonel Moussa TRAORE.
- 19 : 30 Dinner offered by the Head of State, H.E. Colonel Moussa TRAORE at Presidential Palace at Koulouba (next to guesthouse). The dinner will be attended by cabinet members and their wives (30 people including World Bank delegation).
- 21 : 00 Official reception offered by the Head of State, H.E. Colonel Moussa TRAORE at Presidential Palace at Koulouba. Toasts by the Head of State and Mr. McNAMARA. Folk performance (250 invited guest). To last until ~~23~~ 00.

0730 Dumont

22:30

.../3...

THURSDAY, MARCH 9

173

06 : 00 Meeting with UN Resident Representative, Mr. DONALD DUMONT
(guesthouse Koulouba).

08 : 30 Working session with Government (at Koulouba) Government delegation headed by the Minister of Foreign Affairs and international cooperation, Major Charles Samba CISSOKHO, will include the Ministers of Transport (Captain Karim DEMBELE), Production (Sidi COULIBALY), Industrial Development (Robert T. N'DAW) Education (Yaya BAGAYOGO), Health (Dr. Bénitiéni FOFANA) and the President of the Malian Bank of Development, Minister Tiéoulé KONATE. 18 of their closest collaborators (list attached) will also be present.

8/30 -

11 : 00 During working session Mrs. McNAMARA will visit (a) the National Museum, (b) a carpet factory and (c) a nursery school, all in Bamako.

11 : 30 - Snack at Koulouba guesthouse

12 : 00

12 : 00 - visit by car to Haute Vallée integrated rural development

16 : 00 project area along Niger river : Bankouman and Siby (total distance : about 70 miles).

18 : 15 Leave Bamako on board Air Afrique Flight 503 (non-stop) to Dakar (Senegal).

COMPOSITION DE LA DELEGATION

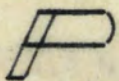
*on
travaille 8.1972
Mali*

- Mr. & Mme. Mc. NAMARA - Président de la Banque Mondiale
- MM. - Mohamed Nassim KOCHMKN - Administrateur de la Banque Mondiale
- Roger CHAUFURNIER - Directeur Département Afrique Ouest de la Banque
- William CLARK - directeur Département Information Afrique Ouest
- Klaus Franz HUBER - Chef Division Département Afrique Ouest
- Anders LJUNGH - Assistant Personnel du Président de la Banque

DELEGATION MALIENNE

- S. E. Sidi COULIBALY, Ministre de la Production
- S. E. Tiéoulé KONATE, Président Directeur Général de la B. D. M.
- Madame Konate*
- MM. - Mamadou DIARRA - Protocole
- Mamadou KABA - Journaliste
- DIALLO - Radio Mali
- KONE - Radio Mali
- Malim COULIBALY - Photographe ANIM

*working session
in Bamako, Mali*



ROJET DE LETTRE-CIRCULAIRE

Le Ministre des Affaires Etrangères et de la
Coopération Internationale à
K O U L O U B A

Monsieur le Ministre,

A l'occasion de la visite de Monsieur McNAMARA, Président de la Banque Internationale pour la Reconstruction et le Développement une séance de travail aura lieu, sous ma présidence, dans la salle du Conseil des Ministres à Koulouba le jeudi 9 mars 1972 à 8 H 30.

Cette réunion groupera la délégation de la Banque Mondiale conduite par son Président et les membres du Gouvernement ci-après :

- ✓ - Capitaine Karim DEMBELE, Ministre des Transports, des Télécommunications et du Tourisme
- ✓ - Sidi COULIBALY, Ministre de la Production
- ✓ - Robert T. N'DAW, Ministre du Développement Industriel et des Travaux Publics
- ✓ - Yaya BAGAYOGO, Ministre de l'Education Nationale, de la Jeunesse et des Sports
- ✓ - Dr Bénitiéni FOFANA, Ministre de la Santé Publique
- ✓ - Tiéoulé KONATE, Président-Directeur Général de la Banque de Développement du Mali

En outre sont conviés à cette réunion les hauts fonctionnaires ci-après :

- Sékou SANGARE, Directeur de Cabinet du Président du Gouvernement
- Charles SAMAKE, Directeur du Plan, *ec. statisticien, in charge of the Plan, Res.*

- Abdoulaye Amadou SY, Directeur Général du Trésor, des Banques et Assurances, *insp. de fin., gouverneur suppléant*

A.- PRODUCTION *ins. eau et forêt*

- MM Jean Djigui KEITA, Conseiller Technique du Ministre de la Production
- Sékou SISSOKO, Directeur du Service de l'Agriculture *ins. agr.*
- Alassane DIAOURE, Directeur du Service de l'Elevage *Dr. vet.*

B.- DEVELOPPEMENT INDUSTRIEL ET TRAVAUX PUBLICS

- MM Bakary TOURE, Directeur de Cabinet du Ministre du Développement Industriel et des Travaux Publics *ing-chem*
- Ibrahima KONATE, Directeur Général de l'OMBEVI, Président du Conseil Economique et Social *Dr. vet.*

- Lamine KEITA, Directeur Général de l'Hydraulique *ing. hydraul.*
- *Mahamed Maiga, Dir. Serv. Travaux Publ. ing. pont et charm.*

C.- MINISTERE DE L'EDUCATION NATIONALE

- MM Tiémoko SANGARE, Directeur de Cabinet du Ministre de l'Education N. *inst.*
- le Directeur de l'Enseignement Technique

D.- MINISTERE DES TRANSPORTS

- MM Adama KONATE, Directeur de Cabinet du Ministre des Transports *inst. de l'air*
- Djibrill DIALLO, Directeur Général de la Régie des Chemins de Fer du Mali *ing. chem.*
- *Amadou Sow, Dir. OPT, insp. PTT*

E.- MINISTERE DE LA SANTE

M. KEITA

- Le Directeur Général de la Santé Publique *Dr. med.*

F.- MINISTERE DES AFFAIRES ETRANGERES

- Le Directeur Général de la Coopération Internationale. *eco*
Oumar Makalou

Koulouba, le.....

Commandant Charles Samba CISSOKHO

30-407. old

2. REMARKS AT AIRPORT UPON ARRIVAL IN MOPTI

It is a great pleasure indeed for me to be here, and I particularly look forward to meeting President Traore. From my talks with him and with other Malian leaders, I hope to acquire a deeper understanding of your development problems and how they can be tackled. The World Bank Group has already made some contribution to Mali's own efforts to rehabilitate and develop its economy for the benefit of its people. During this visit, I expect to learn how we might be able to support these efforts more fully and more effectively.

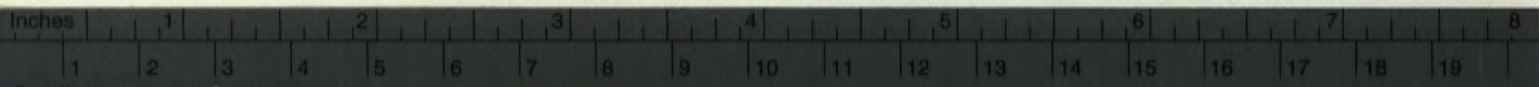
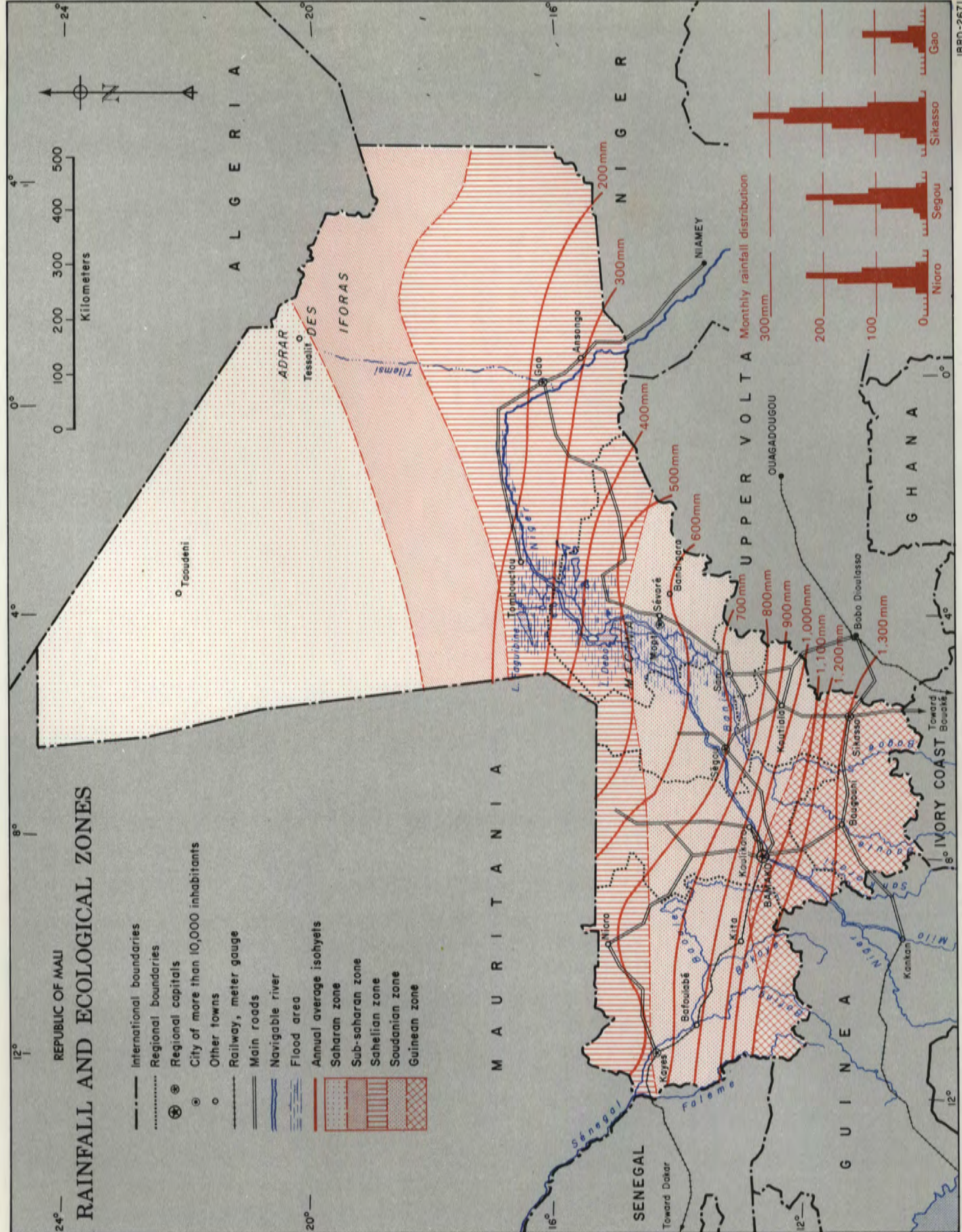
My interest in being here is accentuated by our growing participation in projects for Mali's economic progress. The World Bank Group is in the midst of a program for greatly expanding its activities around the globe. Under the program, we expect that in the five years through 1973 we will lend twice as much worldwide as we did in the previous five years. While the global total will double, the African total will triple.

My hope is that our program for Mali will increase in line with your growing capacity to prepare and implement sound, high-priority projects, and with your readiness to take the difficult decisions that constitute the foundation of any serious development effort. On our part, we look forward to being able not only to provide a larger volume of assistance, but also to provide it for a broader range of purposes within the framework of Mali's programs for rehabilitation and further development.

Our first operation in this country was a credit of \$9.1 million in 1966 for the Mali Railway rehabilitation program. The next credit was made for highway maintenance and improvement of agricultural feeder roads. The

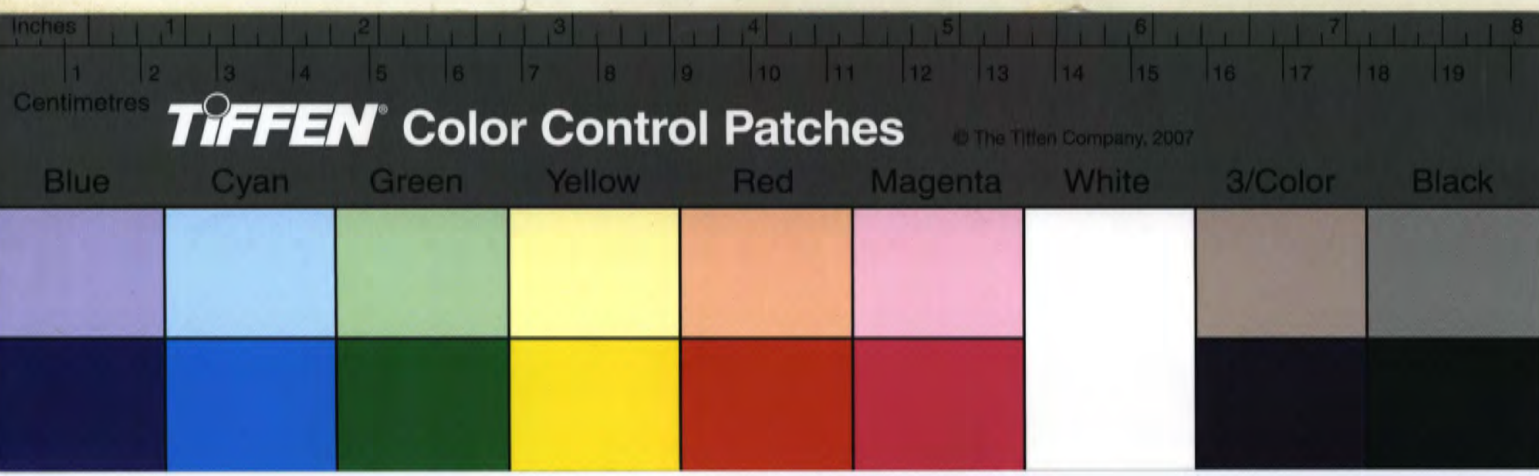
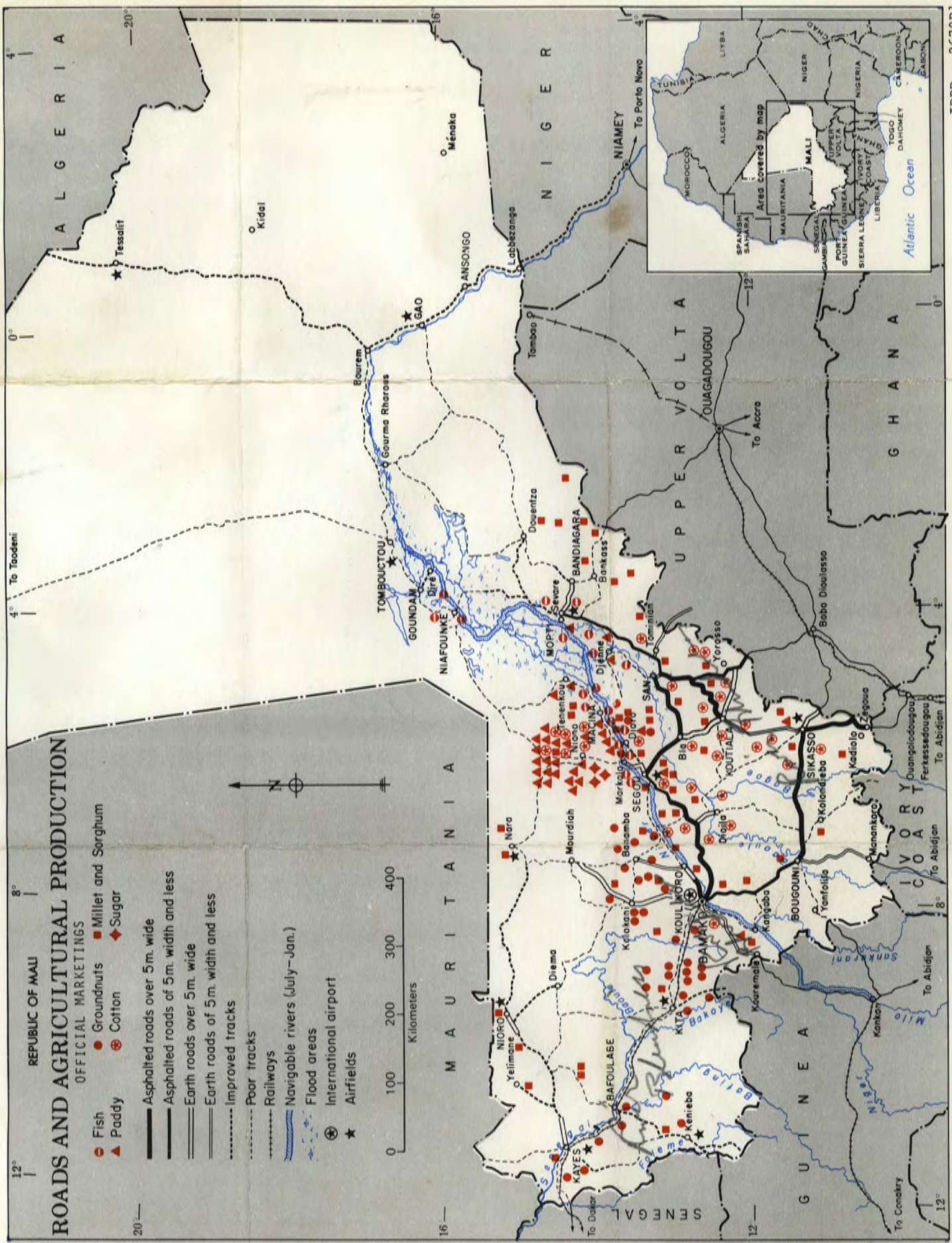
most recent credit, which was signed early this year, is for the Mopti Rice project which I am most eager to see tomorrow morning. In the years to come, we hope to participate in further development in the rural sector, as well as in transportation, telecommunications, education and power.

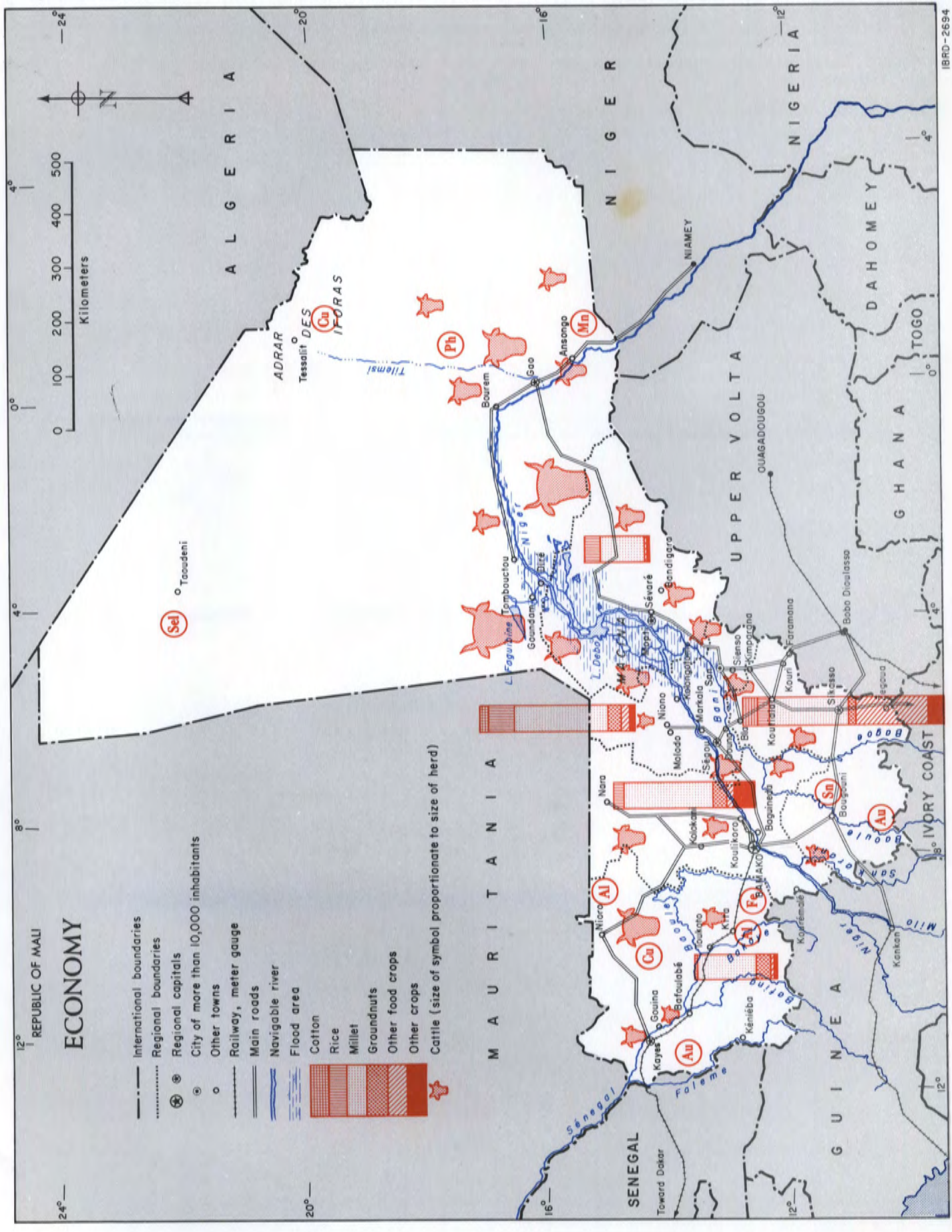
In providing assistance, our aim is to forge a closer partnership dedicated to assisting the people of Mali to achieve the goals that they themselves have chosen. We believe, as I hope you do, that cooperation between the Bank Group and yourselves has an important role to play in your efforts to overcome your problems and to realize the potential that Mali has.



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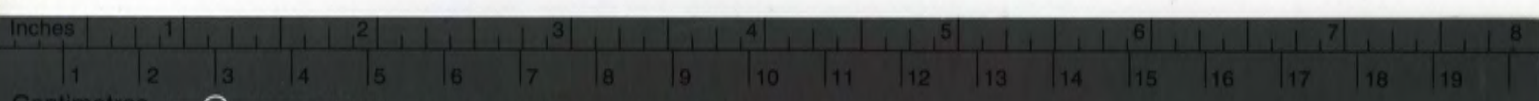






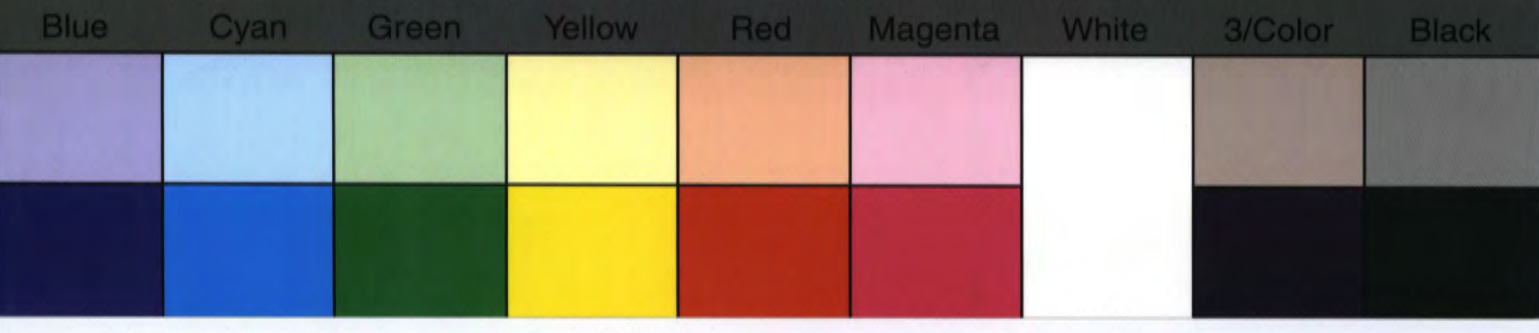
ECONOMY

- International boundaries
- Regional boundaries
- ⊙ Regional capitals
- City of more than 10,000 inhabitants
- Other towns
- Railway, meter gauge
- Main roads
- Navigable river
- Flood area
- ▨ Cotton
- ▨ Rice
- ▨ Millet
- ▨ Groundnuts
- ▨ Other food crops
- ▨ Other crops
- 🐄 Cattle (size of symbol proportionate to size of herd)



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REPUBLIC OF MALI

BACKGROUND NOTES

Population: 5 million (1971 est.)
 Capital: Bamako

Mali is located in the interior of West Africa. Its bordering neighbors are all former French territories: Algeria, Mauritania, Senegal, Guinea, Ivory Coast, Upper Volta, and Niger. With an area of 464,873 square miles, Mali is slightly larger than Texas and California combined.

Most of the country is in the West African savanna region, an area in transition between the coastal rain forest and the desert. The northern part of the country lies within the Sahara Desert; it is broken by rocky hills, but otherwise is flat, and dry with virtually no rainfall. Mali's climate becomes more hospitable south of Timbuktu, which is on an ancient caravan route. The south and west have a short but regular rainy season (June-September).

The Niger River (known locally as Djolibá) and its tributaries are vital to the life of Mali. For most of its course within Mali, the Niger is navigable from mid-June to mid-December by large riverboats and by smaller craft throughout the year. The farmland region is along the banks of the Niger.

Mali's national flag consists of three vertical bands—green, yellow, and red from left to right.

THE PEOPLE

The population of Mali is estimated at 5 million with an annual growth rate of about 2.5 percent. There are approximately 11 people per square mile. Only about 10 percent of the Malians live in cities of more than 5,000 inhabitants. The remainder live in small towns and villages and are engaged in traditional pursuits as farmers, fishermen, herdsman, artisans, and merchants. Bamako has a population of about 200,000.

There are no accurate statistics on the ethnic composition of the Malian population. One qualified French source (Brasseur and Le Moal, 1963) estimated that 50 percent of the people are of Mandé stock (Bambara, Malinké, Sarakollé, etc.). Other principal groups are Peul (also known as Fulani), 17.2 percent; Voltaic tribes, 12.2 percent; Songhai, 5.6 percent; and Tuareg and Moors, 4.6 percent. Since Mali's location in the savanna region has meant mobility and mingling of the tribes, the population is relatively homogenous, socially and culturally. The desert nomads, such as the Tuareg, who are related to North African Berbers, are a case apart. In the past, they have

traditionally opposed the authority of the Central Government at Bamako, although a modus vivendi appears to have been achieved in recent years. European residents number only about 4,000, most of whom are French.

Malians are predominantly Moslem or influenced by Islam. There are also 40,000-50,000 Christians. Throughout the decades Catholic and Protestant missionaries have performed many useful social services in Mali.

French is the official language of government and in the schools. About 80 percent of the Malians speak Bambara, the principal tribal language. Between 5 and 10 percent of the people are literate, and about 15 percent of primary-school-age children (6-14 years) attend school.

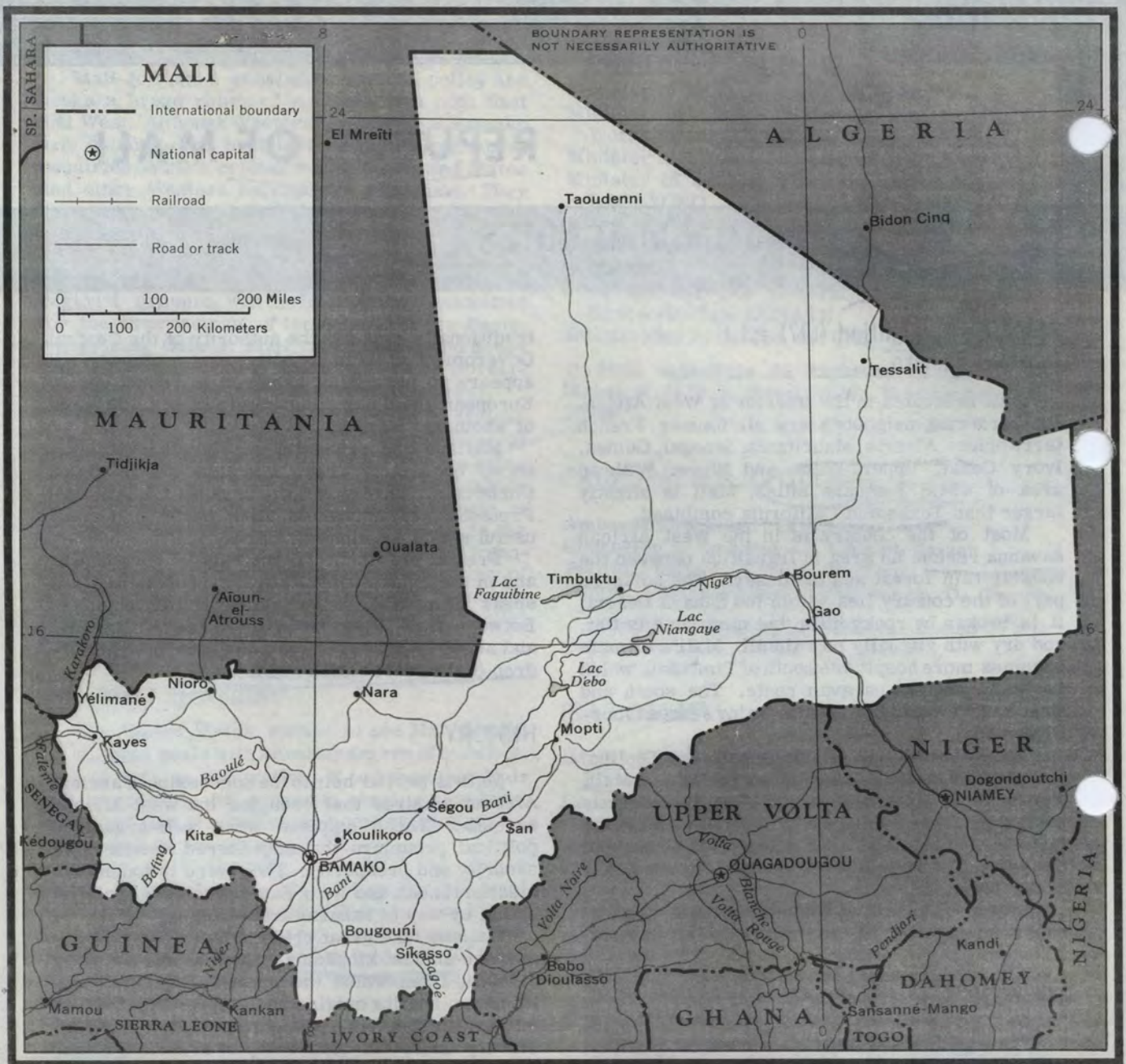
HISTORY

Mali is partial heir to the succession of ancient African empires that occupied the West African savanna. These empires were well-organized political groupings that engendered considerable security and prosperity. They were in touch with Mediterranean and Near Eastern centers of civilization by way of Saharan trade routes.

Malians take great pride in being descendents of these ancient kingdoms. The Malinké Kingdom of Mali, from which the present Republic takes its name, had its origins on the upper Niger River in the 12th century. Expanding rapidly in the 13th century under the leadership of Soundiata Keita, it reached its height about 1325 with the conquest of Timbuktu and Gao. Thereafter the Kingdom began to lose hold of its territory and by the 15th century was a shadow of its former self.

The Songhai Empire, centered in Gao, expanded its power during the period 1465-1530. At its peak under Askia Mohammed I, the Songhai Empire encompassed the Hausa States as far as Kano (in present-day Nigeria) and much of the territory that had belonged to Mali in the west. It was finally destroyed by a Moroccan invasion around 1600.

The French military penetration of Soudan (now Mali) began around 1880. Ten years later the French made a serious drive to occupy the interior, the timing and method of their advances being determined by military governors on the spot. A French civilian governor of Soudan was appointed in 1893, but resistance to French control was not eliminated until 1898, when the Malinké warrior Samory Touré was defeated after 7 years of war. In establishing their rule, the



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French made attempts to rule indirectly, but in many areas they disregarded traditional authorities and governed instead through appointed chiefs.

As the colony of Soudan, Mali was administered with other French colonial territories as the Federation of French West Africa. In 1946 a Soudanese Territorial Assembly was elected on the basis of a restricted franchise and endowed with power to raise and dispose of territorial revenues. Soudan also acquired the right to elect representatives to the French National Assembly. The French Governor of Soudan, however, retained all executive power.

In early 1957, as a result of France's Overseas Reform Act (*Loi Cadre*), the Territorial Assembly obtained extensive powers over internal

affairs and was permitted to form a cabinet with executive authority over matters within the assembly's competence. After the 1958 French constitutional referendum, Soudan became a member state of the French Community with complete internal autonomy.

In January 1959 Soudan joined Senegal to form the Mali Federation, which became fully independent within the French Community on June 20, 1960. The Federation collapsed on August 20, 1960, when Senegal seceded. On September 22, 1960, Soudan proclaimed itself the Republic of Mali and withdrew from the French Community.

Mali has been ruled by its army since a bloodless coup d'état on November 19, 1968, which deposed the former regime of Modibo Keita.

GOVERNMENT & POLITICAL CONDITIONS

Mali's constitution was suspended at the time of the 1968 coup. The President is Chief of State and Head of Government. An 11-member Military Committee of National Liberation (MCNL) is the supreme policymaking body in the country. It is the executive arm of the Government and performs functions of a legislature. This committee is composed of army officers who have functional responsibilities. Under the executive direction of the MCNL the Council of Ministers (cabinet) carries out and administers the policies of the Government.

The legal system of Mali is based on codes inherited from France at the time of independence. New laws have been enacted to make the system conform to Malian life, but those French colonial laws not abrogated still have the force of law. The apex of the judicial structure is the Supreme Court.

Administratively Mali is divided into six Regions, each under an appointed military Governor. Each Region consists of from five to nine districts, or cercles, administered by commandants. The larger towns elect their own municipal councils.

The MCNL has banned political activity and all political parties for the present, as it strives to mobilize national energies to revive and stabilize the country's economy. Elections for a new National Assembly have been promised but are not yet scheduled. The former National Assembly abolished itself in January 1968, probably at the wish of former President Keita.

ECONOMY

In 1971 Mali's gross national product (GNP) was estimated at U.S. \$245 million with a per capita income of about \$50. Agricultural products, livestock, fishing, and forestry account for about half the GNP, occupy about 85 percent of the working population, and contribute virtually all of Mali's exports.

Cropland is limited to the southern half of the country where there is sufficient rainfall, where irrigation is possible, or where flooding from rivers takes place. About 3.4 million acres are under cultivation. The agricultural sector is dominated by small-scale traditional farming with subsistence farming undertaken on about 90 percent of the area under cultivation.

Rice and cotton are grown in the Office du Niger, a large-scale agricultural project established by the French in 1932 to introduce intensive agriculture through irrigation in the "dead delta" of the Niger River (between Ségou and Timbuktu). Most of the land (125,000 acres under cultivation) is farmed by tenant farmers who were brought into the area by the French.

Rain-grown cotton comes from south-central Mali, where a French company has successfully encouraged production. Peanuts are grown prin-

cipally in the west. Fish is an important source of food for people living along the Niger River. The surplus is smoked, salted, or dried, and exported.

Mali's greatest resource—apart from the energetic and resourceful people—is livestock totaling about 5 million cattle and 10 million sheep and goats. The livestock industry could be important for Mali's future as an area of potential growth for the country's economy.

Agricultural potential is presently limited. In the past Mali was self-sufficient in grains—millet, sorghum, rice, and corn. Mediocre harvests, a growing population, and changing dietary habits, however, have resulted in small grain deficits each year since 1965 with major shortages occurring in 1969 and 1971. The United States has helped to fill the gap with sorghum, corn, and wheat flour provided under the Public Law 480 (Food for Peace) program.

Deposits of bauxite, uranium, iron ore, copper, manganese, and phosphate are known to exist but are not mined because of the lack of transportation and power facilities. However, a small amount of gold is extracted.

During the colonial period, private capital investment was virtually nonexistent, and public investment was largely devoted to the Office du Niger irrigation scheme and to administrative overhead. Since independence, however, Mali has built some light industries with the help of various aid donors but industrialization has not advanced far. Manufacturing, consisting principally of processed agricultural products, accounted for less than 5 percent of the GNP in 1971. The People's Republic of China has built a textile factory, tannery, sugar mill, and a cigarette and match factory. Yugoslavia has contributed a cannery, North Korea a ceramics factory, the Soviet Union a cement plant, the Federal Republic of Germany a peanut-oil mill, and the European Development Fund of the European Economic Community (Common Market) a modern slaughterhouse. Texaco, the first U.S. firm to invest in Mali, signed a \$3 million exploration agreement in early 1970.

A decision to return to the franc zone and to the French-supported West African Monetary Union was made by Mali in 1967 after several years of difficulty with its own nonconvertible currency. Consequently, it is expected that France will once again become the principal supplier of Mali's imported goods (officially 555 francs = U.S. \$1.00).

Mali's principal imports are textiles, sugar, motor vehicles, and petroleum products and in 1970 totaled \$35.8 million (\$1.9 million worth from the United States, mostly surplus grain). Its primary exports are livestock and fish (mainly to Mali's southern neighbors), cotton, and peanuts. Exports amounted to \$30.2 million in 1970 (\$80,000 worth to the United States). In addition to France, Mali's major trading partners are other countries within the franc zone and the Communist states.

FOREIGN RELATIONS

Mali follows a nonaligned foreign policy and seeks a broad range of contacts with both East and West. Although Western Embassies at Bamako are outnumbered by missions from Communist countries, Mali's relations with the United States and other Western nations are very good. They have improved with the advent of the new Malian Government.

In the African context, Mali is a strong advocate of regional cooperation. One potential regional grouping was the Inter-State Committee for the Improvement of the Senegal River Basin, comprising Guinea, Mali, Mauritania, and Senegal. This organization was dissolved on November 29, 1971, with the withdrawal of Senegal.

Mali is active in the Organization of African Unity (OAU) and the United Nations and several of its specialized agencies. Despite close relations with France and the other French-speaking states of Africa, Mali does not participate in Francophone political organizations such as the African, Malagasy, and Mauritian Common Organization (OCAM). Mali is an associate member of the European Communities (European Economic Community, European Coal and Steel Community, and European Atomic Energy Community).

U. S. -MALI RELATIONS

The United States wishes to see Mali pursue its national goals with a healthy degree of stability, free of outside domination. It is hoped that Mali will succeed in its economic stabilization program and that it will join with neighboring states in regional economic integration.

From 1946 through June 1971 the United States allocated about \$24 million for bilateral economic aid, including about \$9 million for Public Law 480 (Food for Peace) commodities. The Peace Corps program began in April 1971; 18 volunteers are engaged in various agricultural activities.

There is a small cultural exchange program with Mali through which 94 Malians visited the United States in the period 1949-71.

PRINCIPAL GOVERNMENT OFFICIALS

President—Col. Moussa TRAORE
Minister of Finance and Commerce—Capt. Baba DIARRA
Minister of Information—Capt. Youssouf TRAORE
Minister of Defense, Interior, and Security—Capt. Kissima DOUKARA
Minister of Foreign Affairs—Maj. Charles Samba SISSOKO
Minister of Justice—Capt. Joseph MARA

Minister of Transport, Telecommunications, and Tourism—Capt. Karim DEMBELE
Minister of Labor—Sory COULIBALY
Minister of Industrial Development and Public Works—Robert N'DOW
Minister of Health—Dr. Benetini FOFANA
Minister of Education, Youth, and Sports—Yaya BAGAYOKO
Minister of Production—Sidi COULIBALY
Secretary of State for Social Affairs—Mrs. Inna SISSOKO
President-Director General, Mali Development Bank—Thieoule KONATE
Ambassador to the U.S. and U.N.—Seydou TRAORE

Mali maintains an Embassy in the United States at 2130 R Street, N.W., Washington, D.C. 20008.

PRINCIPAL U. S. OFFICIALS

Ambassador—Robert O. Blake
Counselor of Embassy—J. Kenneth Katzen
Political Officer—Kenneth H. Torp
Public Affairs Officer (USIS)—John D. Garner

The U.S. Embassy in Mali is located at Rue Testard and Rue Mohamed V, Bamako.

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4. COUNTRY DATA

Area: 460,000 square miles (1,200,000 km²)

Population: (mid-1971 estimates)

| | |
|----------------|---|
| Total | 5.3 million |
| Density | 12 per square mile (4 per km ²) |
| Rate of growth | 2.5 % per year |

Political Status: Independent since 1960

Gross Domestic Product: (market prices):

| | 1964/5 | 1965/6 | 1966/7 | 1967/8 | 1969 |
|------------------------------------|--------------------------|--------|--------|--------|-------|
| GDP at current prices (billion MF) | 90.4 | 94.6 | 104.0 | 130.5 | 135.5 |
| GDP at 1967/8 prices (billion MF) | 115.5 | 120.2 | 124.0 | 130.5 | 127.8 |
| Rate of growth | 2.8 % p.a. ^{1/} | | | | |

| | | | | | |
|---|----|----|----|----|----|
| GDP per capita at current prices (US\$) | 2/ | 2/ | 2/ | 48 | 48 |
|---|----|----|----|----|----|

Structure of GDP (1969)

| Sources: | % | Uses | % |
|----------------------|-------|-------------------------------|-------|
| Rural Sector | 43.0 | Private consumption | 71.9 |
| Manufacturing, power | 9.4 | Public consumption | 16.5 |
| Construction | 4.6 | Gross domestic investment | 17.8 |
| Commerce, transport | 28.0 | Balance of payments | |
| Other services | 3.2 | deficit on goods and services | -6.2 |
| Public authorities | 11.8 | | |
| | 100.0 | | 100.0 |

^{1/} Adjusted to exclude the impact of the 1969 drought on rural production.

^{2/} Not comparable with later years because of heavy devaluation in May 1967.

Financing of Domestic Investments

| (in billion MF) | <u>1967/68</u> | <u>1969</u> |
|----------------------------|----------------|-------------|
| Gross domestic investments | 22.7 | 24.1 |
| Gross national savings | 9.8 | 15.1 |
| Net capital inflow | 2.7 | -0.5 |
| Decrease in foreign assets | 9.6 | 8.2 |

Central and Regional Government Finances

| (in billion MF) | <u>1967/68</u> | <u>1969</u> | <u>1970</u> |
|--------------------------------|----------------|-------------|-------------|
| Current revenues | 18.8 | 17.1 | 20.0 |
| Current expenditures | <u>18.6</u> | <u>20.8</u> | <u>20.1</u> |
| Current balance | -2.0 | -3.7 | -0.1 |
| Investment expenditures | 2.2 | 1.4 | 1.6 |
| Overall deficit | <u>-2.0</u> | <u>-5.1</u> | <u>-1.7</u> |
| Financed from: foreign sources | 1.0 | 5.0 | 2.8 |
| local sources | 1.0 | 0.1 | -1.1 |

Money and credit

Relation to monetary areas: Member of the Franc area
(in billion MF, end of period)

| | <u>1968</u> | <u>1969</u> | <u>1970</u> |
|---------------------------|-------------|-------------|-------------|
| Total money supply | 23.1 | 25.3 | 27.7 |
| Credits to private sector | 5.6 | 6.4 | 9.1 |
| Credits to public sector | 46.5 | 54.3 | 62.7 |

Balance of payments

| (in billion MF) | <u>1968</u> | <u>1969</u> | <u>1970</u> |
|----------------------------|--------------|--------------|--------------|
| Imports ^{1/} | 21.7 | 29.3 | 26.2 |
| Exports _{1/} | 14.0 | 22.0 | 21.7 |
| Trade balance | -7.7 | -7.3 | -4.5 |
| Net services | <u>-10.4</u> | <u>-10.8</u> | <u>-11.8</u> |
| Goods and services balance | <u>-18.1</u> | <u>-18.1</u> | <u>-16.3</u> |

1/ Recorded and estimated unrecorded.

External Trade ^{1/}

Relationship to customs area: Member of the West Africa Customs Union
Associated Member of the European Communities

| | <u>1968</u> | <u>1969</u> | <u>1970</u> |
|-----------------------|-------------|-------------|--------------------|
| Exports (in % of GDP) | 10.7 | 16.2 | 15.4 ^{2/} |
| Imports (in % of GDP) | 16.6 | 21.6 | 18.6 |

| Concentration of exports: (%) | <u>rough estimates</u> |
|-------------------------------|------------------------|
| Livestock on the hoof | 53 % |
| Fish (smoked and dried) | 15 % |
| Cotton fiber | 13 % |

International reserves

| (as of December 31) | <u>1968</u> | <u>1969</u> | <u>1970</u> |
|-------------------------------------|-------------|-------------|-------------------|
| Gross foreign assets : US\$ million | 10.5 | 11.0 | 9.0 ^{2/} |
| month's imports | 2.9 | 2.5 | 2.3 |
| Net foreign assets : US\$ million | -46.6 | -53.1 | -55.1 |

| <u>IMF Position (US \$ million)</u> | <u>1968</u> | <u>1969</u> | <u>1970</u> | <u>1971</u> ^{3/} |
|-------------------------------------|-------------|-------------|-------------|---------------------------|
| Quota | 17.0 | 17.0 | 22.0 | 22.0 |
| Drawings outstanding | 12.0 | 10.4 | 8.0 | 6.5 |
| SDR | - | - | - | 1.3 |

World Bank Group Operations

| (US \$ million) | <u>Up to September 30, 1971</u> | |
|-----------------|---------------------------------|----------------------|
| | <u>Commitments</u> | <u>Disbursements</u> |
| Bank | - | - |
| IDA | 16.8 | 8.3 |

External Public Debt (US \$ million)

| | <u>1970</u> |
|------------------------------|-------------|
| Total debt as of December 31 | |
| including undisbursed | 288.2 |
| excluding undisbursed | 236.6 |
| Total debt service: due | 4.0 |
| paid | 0.0 |
| Debt relative to foreign | |
| exchange earnings: due | 13.4 % |
| paid | 0.1 % |

Exchange rate:

| | |
|--------------------------|----------------------|
| Prior to May 1967: | MF 246.8 = US\$ 1.00 |
| May 1967 to August 1969: | MF 493.7 = US\$ 1.00 |
| After August 1969: | MF 555.4 = US\$ 1.00 |

^{1/} Recorded and estimated unrecorded
^{2/} estimated
^{3/} end of September

5. POLITICAL AND ECONOMIC SITUATION

A. Political Situation

Background

5.1 The Republic of Mali takes its name from the ancient kingdom of Mali, the most famous of the three West African empires of Ghana, Mali and Songhai that originated in the Niger Valley area between the 10th and 16th centuries, and, from there expanded to other regions of West Africa. Malians take great pride in their history, particularly in the reign of Soundiata Keita who founded the Mali empire in the early 14th century. Historical events of that time and the allegiances of the leading families pro and contra Soundiata are still common knowledge in Mali and continue to influence political and social behavior.

5.2 When the French penetration began around 1880, present-day Mali (which was then called French Soudan) had desintegrated into several small states, the last of which was subdued in 1898, after seven years of severe warfare against its ruler, Samory Toure, a popular hero in today's Mali.

5.3 During colonial times, the French Soudan was part of the Federation of French West African colonies (A.O.F.) which inter alia provided a monetary and customs union. In 1946, the process of gradual internal self-government was started and in 1958, the Soudan reached complete internal autonomy as a member state of the French Community. In 1959, Soudan and Senegal formed the Mali Federation within the French Community. The Federation became a fully independent state in June 1960, but broke up as early as August of the same year because of a dispute between Modibo Keita, the leftist Malian leader (and at that time Premier Minister of the Federation) and the much less radical Senegalese leader Leopold Senghor, (President of the Federation). In September 1960, French Soudan proclaimed itself the Republic of Mali.

Post-Independence

5.4 The rupture of the Federation was followed by a break in diplomatic and commercial relations with Senegal, including the closing of the Dakar-Bamako railway. This deprived Mali, for about three years, of its main access to the ocean and forced it to develop very costly new road links with the Ivory Coast. In 1963, normal relations were reestablished and railway traffic resumed.

5.5 From independence until the coup d'etat of November 1968, political decision-making in Mali was concentrated largely in the hands of one man, Modibo Keita, President of the Republic, Secretary General of the sole political party (Union Soudanaise du Rassemblement Democratique) and direct descendent of Soundiata Keita. At the beginning, President Keita no doubt

enjoyed wide popular support. This allowed him to establish a relatively democratic parliamentary regime. However, the rapidly deteriorating economic situation, particularly in the countryside, resulted in increased internal opposition and eroded the President's power base to the point that in 1967 he had not only to dissolve parliament but even the party bureau. He replaced the two institutions by a revolutionary council, composed entirely of militant leftists. Power shifted increasingly towards the newly-formed people's militia composed mainly of teenage boys who terrorized the countryside. To save their own position, in view of the growing strength of this para-military force, the army finally stepped in, and seized power in a bloodless coup in November 1968, backed by large popular support, particularly in the countryside.

5.6 The worsening of the political situation towards the end of the Keita regime was primarily the result of its unsuccessful economic policies, which led Mali to the point of economic disaster. From the beginning, President Keita had followed a socialist path of development and strengthened political and economic ties with socialist countries without, however, breaking completely with the western world. Heavy investments in public enterprises (manufacturing, trade and transport) far beyond the country's managerial capacity, resulted in a high foreign debt, but little additional output. Meanwhile, the private sector was systematically curtailed and the rural sector discouraged by low producer prices, badly organized marketing, lack of extension services and increasing attempts of forced collectivization.

5.7 The servicing of the heavy foreign debt and falling rural production--the bulk of Mali's exports--progressively drained foreign exchange reserves and created a severe shortage of imported goods. In May 1967, the Malian franc was devalued by 50 percent and Mali was reintegrated into the French Franc Zone, which it had left in 1962. Accordingly, it was provided access to foreign exchange through the French Treasury in exchange for tight French control over the newly created Malian Central Bank. However, the stimulating effects on imports and exports expected from these changes remained limited (see paragraph 5.26), while, on the political side, the changes provoked severe attacks by the militant leftists against the more moderate ministers who had favored the monetary realignment. Thus, paradoxically, the increasingly western orientation of monetary policies resulted in a marked radicalization of internal policies, as described above, and thus precipitated military intervention.

The Coup d'Etat of 1968 and Recent Developments

5.8 Even though the economic crisis and the general dissatisfaction in rural areas were contributing factors, economic considerations were not the major reason for the military takeover. In fact, the young officers had not given much thought to economic problems before the coup; they were not inspired by any particular ideology and had not elaborated any clear economic policy beyond a few general ideas of improving the situation of the

rural population and putting an end to the heavy government intervention in all sectors. In addition, by training and experience, the military was ill-prepared to manage the economy. Realising their shortcomings, they refrained from getting directly involved in government administration and named a predominantly civilian cabinet (including some ministers who had previously served in the same capacity under Modibo Keita). The Comite Militaire de Liberation Nationale (CMLN), grouping all officers directly involved in the coup, restricted its activities to a supervisory role. Its president, Lieutenant, and now Colonel, Moussa Traore, became de facto Chief of State.

5.9 The military leadership was faced with a dilemma--they profoundly distrusted all civilian staff, which, given their marxist convictions, was suspected to sabotage the liberalization program, but they had hardly anyone sufficiently prepared technically within their own ranks. Nevertheless, as the military's experience in government increased, they gradually took over key positions from the civilians. At present, only six out of thirteen portfolios remain with civilians, compared to thirteen out of sixteen in the first cabinet after the coup. Nevertheless, the military continues to be heavily dependent on the civil service, which has remained virtually unpurged from the days of Modibo Keita and continues its quiet opposition to the new regime, thus forcing the army to be particularly careful in pursuing its liberalization policies.

5.10 Not only the civil service, but, quite generally, the urban population (4 percent), is opposed to the military government's policy to stimulate economic growth in the rural sector, a pervasive problem in most West African countries. From an objective viewpoint, the priority of developing the rural sector can hardly be questioned, but Mali, as well as most of its neighbors, has consistently neglected its agriculture since independence. However, pursuance of such a policy is hardly possible without demanding some temporary sacrifices from the urban population, which runs head on against the power structure in most West African countries, where power is concentrated heavily in the urban areas, first of all, in the civil service and the trade unions. Except for the army, these are the only organized pressure groups in these countries, which are, moreover, strategically located. Thus, accelerated rural development is more often than not a political non-starter. Too rapid pursuit of these policies has more than once been suicidal to the governments concerned, as demonstrated most recently in the case of Ghana.

5.11 The most politically sensitive issues the Government was faced with were:

- a. agricultural producer prices, which have a direct impact on rural production and on the cost of living of urban consumers;

- b. price policies of state enterprise, which, for several years, had sold imported consumer goods at subsidized prices to the urban consumers at the expense of public savings, which are desperately needed to increase public investments, particularly in rural areas.

On both of these issues, the Government has been under heavy pressure and was forced to slow down its liberalization efforts, even though important changes have been made. The military has been at odds almost continuously with the trade unions and many trade union leaders have been or still are in prison, and its support in urban areas has reached a low point.

5.12 The promise of early elections to be followed by restoration of a parliamentary regime made after the coup, has been shelved sine die. The military seems to have no intention of relinquishing power. The foreign policy has changed somewhat from a clearly negative position vis-a-vis the communist world to a more balanced approach of non-alignment with increased aid from Russia, Mainland China and other eastern bloc countries.

B. Population

5.13 Based on a sample survey made in 1960/61 and the work of a U.N. expert in 1963, the population of Mali was estimated at 4.8 million in mid-1968.

5.14 The annual growth rate is believed to have increased from 1.4 percent p.a. in the period 1945/49 to 2.5 percent p.a. in recent years mainly because of a decline in the death rate, presently estimated at 49 per 1,000. On this assumption, the population in mid-1971 would have reached about 5.2 million.

5.15 Only about 11 percent of the population can be regarded as urban. Apart from Bamako (the capital), which has a population of 190,000 inhabitants, the principal towns are Kayes, Segou, Mopti and Sikasso (with populations between 24,000 to 34,000). Migration to the urban centers has only been moderate.

5.16 Population density is very low, averaging 9.8 persons per square mile. Most of the population is concentrated in the south, southwest and southeast, particularly in the river valleys where population density reaches up to 100 per square mile. Nevertheless, even in these areas, farmers are generally not yet cognizant of any shortage of land, except immediately around villages. In most parts of the country there is still enough land to allow sufficient fallow periods for the restoration of soil fertility.

5.17 The population is reasonably well nourished. Thanks to the country's ample resources in livestock and fish, the consumption of animal proteins is among the highest in Africa. At present 10 percent of the population is literate and only 15 percent of the 5-14 age group are annually enrolled in primary and middle schools.

5.18 Lack of population pressure in the countryside and relatively small urban migration make Malians worry very little about population problems. There have been no serious discussions on family planning within or outside of the public administration.

C. Economic Situation

Introduction

5.19 Mali is a large landlocked country (about the area of California, Nevada, Arizona and Utah), extending from the center of the Sahara in the north to the savannah-type open forest regions along its southern border. Nearly 40 percent of its total area is desert; another 40 percent lies in the Sahalian zone and is usable for extensive livestock production, leaving only 20 percent suitable for rainfed agriculture. The severe ecological limitations are considerably modified by the Niger River, which flows through Mali covering a distance of over 1,000 miles. The Niger and its tributaries, particularly the Bani, regularly overflow their banks, making possible the cultivation of about 500,000 acres of rice under uncontrolled or partially controlled inundation. The Niger River also provides the water for Mali's only major irrigation scheme, the Office du Niger. Conversely, steep slopes on both river banks of the Senegal River and its tributaries make irrigation costly and difficult. But construction of one or more dams may eventually provide water for both power and irrigation.

5.20 Various mineral resources of potential importance have been found (phosphates, manganese, iron ore, bauxite, limestone) as a result of considerable exploratory work carried out with Soviet technical assistance. Some deposits of gold, lithium and copper, the extent of which is largely unknown, also exist. However, except for the limestone deposits, none of these resources are yet being exploited, or are likely to be exploited within the short and medium term because of their remote location. Exploratory work for oil has also been carried out in the North, but, so far, without results. Thus, land and water will remain the principal natural resources of Mali.

5.21 Manufacturing is still on a very modest scale, accounting for less than 10 percent of GDP, of which only about one fifth can be recorded as modern industry. The main constraints for further development are Mali's geographical position, which hampers exports; the small size of the local market; and--to a lesser extent--the lack of raw materials. Hence, agriculture, livestock and fisheries will continue to remain the key sectors for Mali's economic development. Presently, they account for about half of the country's GDP and for virtually all its exports. Nearly 85 percent of the country's total population is directly dependent on the rural sector.

Economic Developments from Independence through 1967

5.22 Following independence in 1960, Mali embarked on an ambitious program to modernize its economy, and to develop it along socialist principles. Efforts were concentrated on the establishment of a large public sector. A considerable number of state enterprises were established in the fields of trade, manufacturing and transport, since the Government was convinced that the economy could be developed, modernized and diversified only on the basis of vigorous state initiative. Activities of private traders, foreign and local, were restricted because of the Government's fear that they would exploit both producers and consumers, and would contribute to increase the cost of living. In particular, private traders were excluded, in theory, if not in practice, from trading in cereals and basic consumers goods, which were monopolized by public enterprises. The Government also introduced a comprehensive system of price controls at all levels. Price fixing was progressively extended to virtually all imported and domestic products in order to compress the margin between retail, import and producer prices. State trading enterprises were required to supply all parts of the country at more or less equal prices. Farmers were legally obliged to deliver their products at pre-determined prices to state trading companies.

5.23 The economic consequences of these measures were disastrous. Despite high public investments, averaging about 10 percent of GDP during the period 1961/62 to 1965/66, the economy expanded only slowly. GDP at constant prices is estimated to have increased by only 2.2 percent p.a. between 1959 and 1966/67, or less than population growth (2.5 percent p.a.).

5.24 Two major factors were responsible for this disappointing performance. First, too much (over 50 percent of the total) was invested in economic and social infrastructure, the benefits of which will only materialize in the longer run. Second, directly productive investments generally yielded low returns. Capacity utilization in the newly-established state manufacturing enterprises (accounting for 11 percent of total investment during the period) remained very low because of poor planning, inadequate design, poor management and insufficient demand. The great majority of them were continuously in deficit. On the other hand, not enough was invested in the rural sector (only 20 percent of the total). The bulk of rural investment was in the Office du Niger (see 11 (f)) which hardly increased its output. In addition, substantial amounts were spent for the construction of polders, principally for rice cultivation. But benefits remained limited, owing to poor technical planning and inadequate extension services. Moreover, agricultural production was hampered by inadequate producer prices and inadequate supply of consumer goods in rural areas, resulting from severe import restriction. Low producer prices also led to an increasing amount of clandestine trade (domestic and foreign).

5.25 Excessive increases in current expenditures and the large investment program, combined with sluggish revenue growth (due to poor production and export performance), resulted in a sharply deteriorating budgetary situation. By 1966/67, the overall budget deficit had risen to MF 2 billion, equivalent to 14 percent of revenues. It was mostly financed by massive increases in Central Bank credit, which gave rise to heavy losses in foreign exchange reserves. Total credit of the banking system tripled within four years (from MF 11 billion in mid-1962 to MF 33.5 billion in mid-1966), while the foreign exchange reserves dropped from MF 3.6 billion of net assets in mid-1962 to MF 12 billion of net liabilities at the end of 1966.

The 1967/68 Monetary Reform

5.26 In May 1967, Mali devalued by 50 percent and ten months later rejoined the French monetary zone with France guaranteeing the convertibility of the Mali franc and providing substantial grant aid for the current budget, as well as for development expenditures.

5.27 Unfortunately, the Government did not or could not (see paragraphs 5.10 - 5.11) take the complementary action which would have been necessary for the devaluation to have the desired impact on economic development and the balance of payments. To limit its effect on the cost of living in urban areas, and to prevent a demand for higher wages, increases in import prices were minimized by reducing customs duties and by instructing public enterprises to sell a wide range of imported consumer goods below costs. These measures caused rapidly increasing financial losses for the public enterprises, which more than offset the higher revenues from import duties and reduced the effectiveness of the devaluation on imports. Furthermore, to keep prices of agricultural products down, the Government did not pass the higher export prices on to producers. Thus, official prices remained unattractive and failed to stimulate production and official exports. At the same time, the devaluation created a large disparity between prices in Mali and in neighboring countries, which led to increasing unofficial exports of agricultural products. This, in turn, led to serious shortages of millet and rice in urban areas and to an increasing local black market with prices up to 50 percent above official prices.

Recent Developments

5.28 The military Government, which took over in November 1968 was thus faced with an extremely difficult economic situation. A Bank economic mission, which visited the country in April 1969, concluded that revival of the economy was dependent on five major conditions:

1. substantial increases in agricultural producer prices to provide greater incentives to rural production, either through an increase in official producer prices, or through liberalization of local trade, which would also lead to higher prices;

2. implementation of a public investment program focusing on quickly productive projects, particularly in the rural sector;
3. achievement of a current budget equilibrium through a reduction of current expenditures for personnel and through better tax collection;
4. improvement of the financial situation of state enterprises through a change in pricing policies and improved management;
5. rescheduling the external public debt.

5.29 The new Government has achieved some progress in rehabilitating the Malian economy along the lines outlined above. One of its first measures was a substantial raise (up to 40 percent) in the official producer prices of the four most important crops: millet, rice, groundnuts and cotton. In addition, it liberalized private trade of rural products, which resulted in a further increase of the average price received by the producer. These measures, together with favorable weather conditions, brought about a 50 percent increase in the production of cotton and a 33 percent increase in groundnuts over the last four years. This compares to a 30 percent increase for cotton and a sharp fall of groundnut production during the preceding four year period. However, price increases for millet and rice were insufficient, and production fell far short of adequately supplying the domestic market.

5.30 The inadequate increase of producer prices for local foodstuffs (which account for two thirds of total agricultural output) reflects the earlier described dilemma between what is economically desirable and politically feasible. The Government's hesitation to increase producer prices to avoid cost of living increases, higher civil service salaries and thus, higher public expenditures seems only partly justified. Already, nearly half of total urban demand for rice and millet has to be satisfied on the black market at 50 percent higher than official prices. Thus the real cost of living would be much less affected by a liberalization of trade than the official index might indicate. Furthermore, calculations made by the IMF and the Bank indicate that even the official urban cost of living index would be to a much lesser extent affected by a producer price increase than the Government claims. By tolerating a black market for foodstuffs, which led to higher consumer and producer prices (although officially the Government never abolished the monopoly of the state trading company - OPAM), the Government accepted at least a partial increase in incentives for agricultural production. However, at the end of 1971, the liberalization trend was reversed when the Government decided to strictly enforce its grain marketing monopoly without increasing official prices and to restrict the activities of private traders. Given the size of the country and the difficulty to police such a measure, the overall damage to production may be limited, but it nevertheless represents an unfortunate step backwards.

5.31 More generally, the Government's development strategy has been defined in the framework of a Three Year Rehabilitation Program, launched in July 1970. This plan focuses on directly productive and quick-yielding investments, mostly in the rural sector, combined with efforts to improve the productivity and the financial position of state enterprises. The program envisages investments of US\$51 million a year over the Three Year Period, or about twice the level of the past few years. This seems rather unrealistic because of limitation in absorptive capacity, as well as the likely availability of foreign aid and public savings. The 1971 Bank economic mission estimated that a level of about \$35-40 million per year was about the maximum that could realistically be spent.

5.32 In spite of insufficient trade liberalization, the balance of payment situation considerably improved since 1968. The overall deficit decreased from 6-7 percent of GDP in 1968 and 1969 to little over 1 percent in 1970. While the trade deficit declined, the more important improvement was in private capital flows due to massive capital repatriation as a result of rising confidence. In 1970, for the first time in many years, an inflow of private capital and transfer was registered exceeding 4 percent of GDP. This trend continued in 1971.

5.33 Conversely, public finances have not really improved over the past three years, despite good performance on the revenue side reflecting improved tax collection, as well as the sharp rise in recorded foreign and domestic trade. Revenues increased by 7 percent in 1970, and by 12 percent during the first nine months of 1971. However, the current budget continues to show a very substantial deficit in the first nine months of 1971. It amounted to \$7.6 million or 31 percent of revenues, following a 20 percent increase in current expenditures (11 percent in 1970). This was due to an increased wage bill, as the Government has pursued its policy of automatically hiring all school graduates who do not find adequate employment in the private sector. Most of the current deficit is covered by French subsidies.

3.34 State enterprises' finances have further deteriorated since 1968. In 1969 and 1970, they averaged a deficit of some \$5 million, covered by Treasury advances and short-term borrowing from the Central Bank. In February 1971, the Government permitted SOMIEX 1/, the largest trading state enterprise, to raise its retail prices for six basic commodities by an average of 18 percent. This was an important step in the right direction, but a great deal more needs to be done in the way of further price liberalization and improvement of management and efficiency before the public enterprises can achieve satisfactory returns.

5.35 Little progress has also been made in rescheduling Mali's high foreign debt, two thirds of which is held by the USSR and the People's Republic of China. Service payments amount to some 20 percent of government revenues and 13 percent of export earnings, but are projected to reach

1/ Societe Malienne d'Import-Export.

50 percent of both budgetary revenues and exports by 1976 unless substantial rescheduling is obtained. However, while there have been no formal agreements on this subject, Mali is already receiving and is likely to continue to receive a de facto moratorium for the bulk of its foreign debt, since the USSR and China seem willing not to insist on timely servicing of their credits in case of serious financial difficulties. In consequence, the real debt burden might well turn out to be much lower than the above projections suggest, which would considerably ease the balance of payments and budget problems.

5.36 Mali's prospects for resumed economic growth in the longer run, once adequate incentives to production are given, are more encouraging. As a result of the massive devaluation, the cost structure is highly competitive with that of most of its neighbors who suffer from overvalued exchange rates, particularly for products, such as rice, millet and livestock. Demand for these products is rapidly increasing in many West African countries. For the same reason, there may even be some scope for increased exports of manufactures based on local raw materials, such as cotton, although, because of the lack of qualified staff and skilled workers, only in the longer run.

D. Rural Sector

5.37 Agriculture, livestock, and fisheries are the mainstays of the Malian economy, providing the livelihood for nearly 85 percent of total population. Together, these sectors account for over 40 percent of GDP and virtually all export earnings. Some 90 percent of the cultivated area is devoted to food crops (mainly millet and rice), which contribute about 65 percent of the total value of agricultural production. Cotton and groundnuts are the principal export crops. Mali is also an important livestock country; its export of cattle on the hoof to neighboring countries (a considerable part of it outside official channels), is the biggest single export item. Production of fresh water fish in the Mopti area is another important source of revenue for the rural population. Dried and smoked fish are exported to Ghana and other neighboring countries.

MALI: Rural Production and Exports
1970/71 Estimates

| | Production | | | Exports ^{/1} | |
|-------------------|------------|--------------------------|------------|-----------------------|--------------------|
| | '000 tons | \$ million ^{/2} | % of GDP | \$ million | % of total exports |
| Millet | 726 | 26 | 8 | 2 | 5 |
| Rice | 160 | 8 | 3 | 2 | 4 |
| Groundnuts | 158 | 9 | 3 | 5 | 12 |
| Cotton | 58 | 5 | 2 | 11 | 25 |
| Other Agriculture | - | 21 | 7 | 1 | 3 |
| River fishing | n.a. | 7 | 2 | 4 | 8 |
| Livestock | - | 53 | 18 | 17 | 41 |
| | | <u>129</u> | <u>43%</u> | <u>42</u> | <u>98%</u> |

^{/1} Including unrecorded.

^{/2} Valued at producer prices.

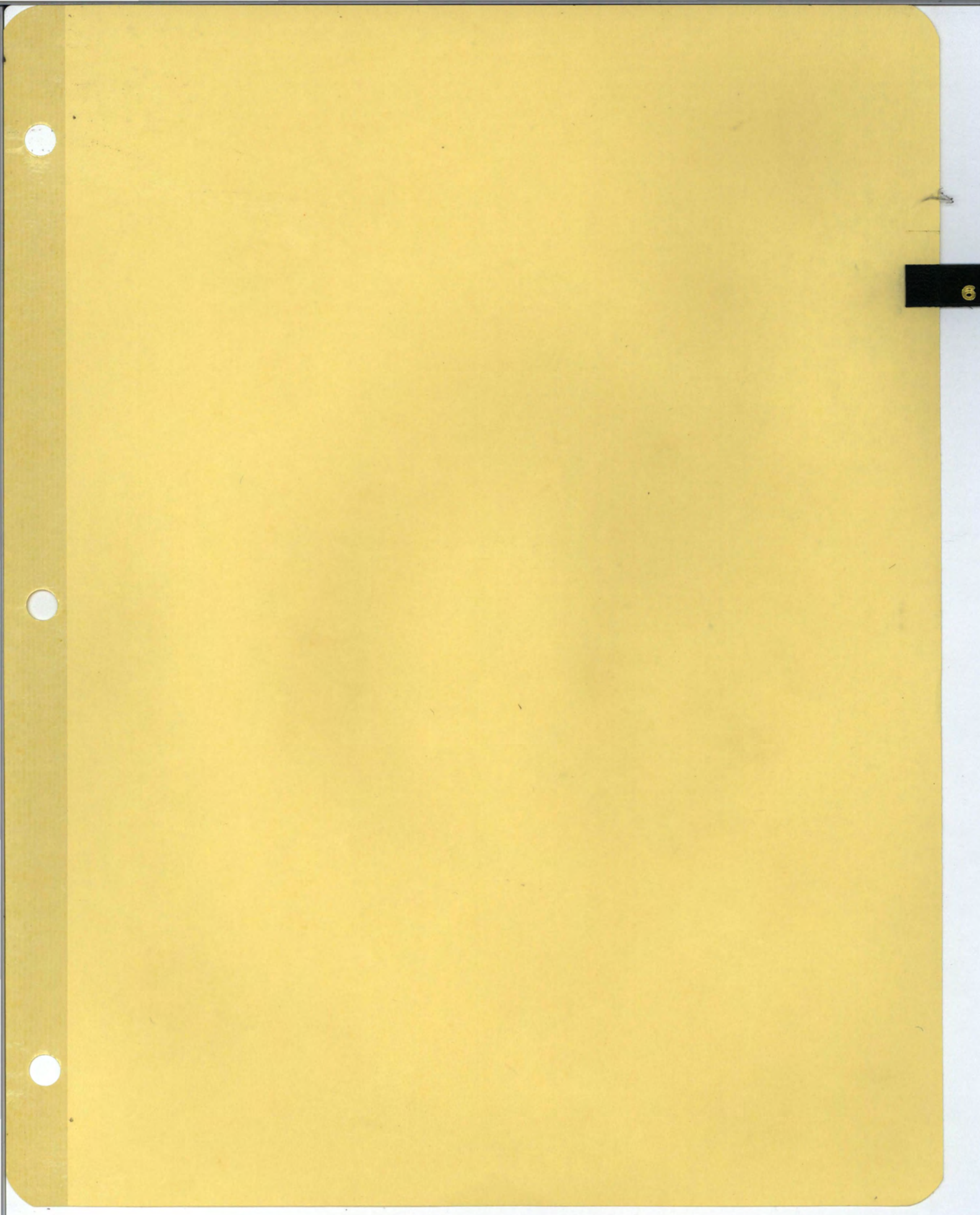
5.38 Agriculture is mostly based on traditional farming carried out by small holder families without salaried employment. The only exception is the Office du Niger, a large irrigation scheme, started in 1932 by the French. It was designed to produce rice and cotton with modern techniques, based on settlers moving into the virtually uninhabited area from more heavily populated regions of French West Africa. Despite heavy investments, the scheme has never become a success, neither before nor after independence. Technical difficulties, heavy production costs and problems of management have kept production far below the original targets so that overhead costs remained extremely high. Recently, the Office has received considerable technical assistance and financing of investment from various communist countries and, with the help of Mainland China, sugar production was started in 1965 with some success. Nevertheless, the financial and the management situation of the Office remains extremely precarious (see Section (f)) for details on Office du Niger).

5.39 The lesson from the failure of the Office du Niger was that development of agriculture along lines implying heavy and costly investments in infrastructure and materials and demanding a radical change in production methods (plantation approach) is hardly appropriate for Mali. Efforts to improve agriculture were thus more and more concentrated on programs aiming at expanding and improving traditional production by educating the farmers through intensified extension services and by providing relatively modest inputs, like fertilizer, insecticides and simple implements (rural development approach). Such programs of comparatively low costs were started for cotton before independence and for groundnuts in 1967, with the help of French consultants (CFDT and BDPA) specialized in this type of work. In 1969, the Government decided to reinforce extension work and to expand it to rice

cultivation. It established three semi-autonomous agencies for each of the main crops (cotton, groundnuts and rice) called "Operation". They were made responsible for the organization of extension works, the provision of farm inputs to farmers (fertilizers and ox-drawn equipment) and marketing (except for rice). All three programs were implemented by French companies, financed by FAC and FED.

5.40 The rural development approach has been very successful for cotton and reasonably successful for groundnuts and rice. The Segou and Mopti rice projects, financed by FED and IDA respectively, will considerably intensify and expand this effort. As these projects involve rehabilitation and construction of polders for rice cultivation and construction of some feeder roads in the project area, about 40 percent of the project cost is for civil works, but otherwise the approach is the same as in the case of the cotton and groundnut projects. Both rice projects are based on small-holding family-type farms; the techniques used are not basically new, but are an improvement of traditional techniques well known to the farmers; intensive extension services and provision of credit are equally important parts of the projects.

5.41 Until now, all rural projects in Mali concentrated on the development of one specific cash crop; however, the project presently being studied by the Bank for an integrated development scheme in the "Haute Vallee" (the part of the Niger Valley west of Bamako) would provide intensified extension services and agricultural credit for a great variety of crops (groundnuts, tobacco, vegetables, rice, etc.) and for livestock. In addition, it would include improvement of feeder roads, of human water supply and health facilities, and of storage and marketing infrastructure. Such an integrated approach was not necessary in the Mopti area, where rice is virtually the only crop grown by farmers, serving at the same time as local foodstuff and cash crop and where most of the basic infrastructure was already available. However, in the Haute Vallee, where a wide variety of crops is grown and where most basic infrastructure is missing, an integrated project has some definite advantages. It makes it easier to attack all the important bottlenecks in a systematic manner and to avoid that the solution of one problem--say credit for cash crops--remains without effect on output because other important problems--like transport, health or lack of local foodstuffs--are not solved at the same time. This advantage is likely to outweigh the expected increase in management difficulties that will no doubt result from the fact that many different problems will have to be attacked at the same time within a limited region.



6. FOREIGN AID

MALI: Gross External Aid Disbursements, 1966/67-1970 U. S. \$ million

| | <u>Development Loans</u> | <u>Financial Loans</u> | <u>Development Grants /1</u> | <u>Budget Grants</u> | <u>Total</u> |
|---------------------|------------------------------|----------------------------|----------------------------------|--------------------------|--------------|
| France | 1.5 | | 19.2 | 17.1 | 37.8 |
| FED | | | 15.5 | | 15.5 |
| Other IBRD | | | | | |
| member countries | 7.3 /2 | | 3.1 | | 10.4 |
| IDA | 3.9 | | | | 3.9 |
| UNDP (and other) | 0.6 | | 2.9 | | 3.5 |
| USSR/Mainland China | <u>48.2</u> | <u>14.0</u> | <u>2.8</u> | --- | <u>65.0</u> |
| | <u>61.5</u> | <u>14.0</u> | <u>43.5</u> | <u>17.1</u> | <u>136.1</u> |

/1 Including technical assistance.

/2 Mostly U.A.R. for a hotel in Bamako, never completed.

6.1 During 1966/67-1970, Mali received, on the average, ~~\$30 million of external aid per annum~~, including technical assistance of about \$3 million. Nearly half of this aid was provided by the U.S.S.R. and the People's Republic of China in the form of long-term loans on concessionary terms. Close to 40 percent came from France and the European Communities in the form of grants. IDA's contribution has remained limited to less than 3 percent, as the first IDA project in Mali was signed only in the second half of 1966 and disbursements started slowly.

6.2 Chinese assistance concentrated on manufacturing industries (tobacco factory in Bamako, textile factory in Segou and sugar mill in the Office du Niger). In addition, China financed a hotel in Mopti and a radio station in Bamako. Russian development assistance was mainly for geological research and the construction of an oversized sports stadium in Bamako. In addition to project loans, both countries granted substantial financial loans to state trading enterprises to finance miscellaneous imports, much of which of very doubtful value to Mali.

6.3 About half of French Development grants were for agricultural projects, particularly groundnuts and cotton, close to 30 percent for a big radio building in Bamako (\$5 million), while smaller amounts were spent for public health and airports.

6.4 Over the last ten years, FED's intervention in Mali has profoundly changed its character from heavy concentration on construction of schools and roads during the First FED to a strong focus on rural programs in the present Third FED. In the 1960-64 period, 45 percent of total FED assistance

was used to improve Mali's main road network and 30 percent to construct new primary and secondary schools, while only about 20 percent was spent in the rural sector (about half of it for the Office du Niger). The Second FED again put major emphasis on expansion and improvement of the primary road network (32 percent), but, at the same time, increased outlays for rural projects (31 percent), particularly for the integrated rural project in the Haute Vallee. Another 24 percent was spent on the construction of a rather ambitious new airport near Bamako. For the Third FED (1970-74), commitments to date concentrate heavily on agriculture and fisheries (80 percent), with particular emphasis on rice, cotton and agricultural credit. In addition, FED is discussing the possibility of financing two industrial enterprises (sugar, textiles).

6.5 During 1966/67-1970, public investments averaged somewhat over \$30 million per year, of which close to 90 percent was financed by long-term foreign aid (excluding technical assistance), and most of the remainder by increasing Mali's short-term foreign liabilities. The 1970/71-72/73 Rehabilitation Program envisaged public investments of \$51 million per year to be financed to 84 percent by foreign aid (\$43 million per year). This target is too ambitious, not only as far as absorptive capacity is concerned, but also because of financial constraints. It would demand an almost 60 percent increase in foreign financial aid over the past four-year average and, in addition, would ask for an average Malian contribution of \$8 million per annum. Both of these preconditions will hardly be realized and the last economic mission felt that a program of \$35-40 million will be the maximum that can realistically be achieved. Because of the virtual absence of public savings--at least in the short term--and the still difficult balance of payment situation, almost the entire financing will have to come from foreign sources, to the maximum extent possible on concessionary terms. In addition, financing of certain recurrent expenditures should be considered, in some cases, to ensure proper implementation of foreign-financed projects.

6.6 Mali became a member of the Fund on September 27, 1963. Its quota, originally of US\$13 million, has recently been raised to US\$22 million.

6.7 In July, 1964, Mali was granted a first stand-by arrangement for US\$9.9 million. The full amount was drawn by April 1965. However, the credit ceiling agreed upon with the Central Bank was exceeded from April 1965 onwards. Moreover, the Government failed to fulfill its commitments concerning the renegotiation of foreign debt and the reorganization of the State enterprises to eliminate their operating losses.

6.8 In August 1967, Mali received a second stand-by of US\$6.5 million. At the same time IMF helped and advised the Government in its negotiations with France about Mali's reintegration into the French franc zone. It backed the French government's effort to improve the financial situation of the country and insisted on the adoption of stabilization measures. Ceilings on credits to the Government and to State enterprises were imposed as a condition for the stand-by. Under this agreement, a total of US\$3 million was drawn before the end of 1967 when credit ceilings were again exceeded and drawings were suspended.

6.9 In order to help Mali in its effort to liberalize trade and payments after the monetary reform, IMF agreed on a new stand-by of US\$5 million in August 1968, subject to the maintenance of a close ceiling on bank credits to the Government. This stand-by was fully used by March 1969.

6.10 At the end of 1969 Mali received a new stand-by of US\$3 million which, however, was to be used almost entirely to "roll over" the previous stand-bys.

6.11 The last stand-by to date was signed in July 1971, amounting to US\$4.5 million of which US\$3.5 million have already been drawn. It is subject to two performance clauses relating to the ceilings of the Central Bank's domestic assets and the commitment of the Government not to introduce new restrictions on payment and transfers for international transactions. Moreover, the letter of intent includes commitments by the Government to reduce the overall budget deficit in 1971 below the 1970 level to avoid further accumulation of unpaid bills, to further improve management and accounting of the state enterprises, to achieve approximate equilibrium of the balance of payments, and to limit government borrowing with maturities of 1 to 10 years. The Government has fulfilled its commitments not to introduce new restrictions on international current transactions and has kept the ceilings on Central Bank domestic assets. Nevertheless, credit expansion appears to have been unduly high in relation to the very slow growth of the economy. This put pressure on the balance of payments which seems to have substantially worsened in 1971. In consequence, the Fund's recent Article XIV consultation mission, turned down a request by the Government to increase the ceilings on the Central Bank domestic assets.

6.12 Since February 1967, the Fund has a Resident Representative in Bamako to advise the Government on appropriate financial and monetary policies. The present Representative is Mr. G. Zsapary.

FAC

Investment Commitments (est)

(in \$ million)

| | 1967 | 1968 | 1969 | 1970 | 1971 | Total | % |
|---------------------------|------------|------------|------------|------------|------------|-------------|------------|
| <u>Agriculture</u> | | | | | | | |
| Groundnuts | 0.7 | 0.8 | 1.1 | 1.1 | 1.2 | 4.9 | 28 |
| Cotton | | | 0.5 | 0.5 | 0.5 | 2.2 | 13 |
| Haute Vallée | 0.4 | 0.3 | 0.3 | | | 0.3 | 2 |
| Other | | 0.3 | | | 0.3 | 0.6 | 4 |
| Total | <u>1.1</u> | <u>1.4</u> | <u>1.9</u> | <u>1.6</u> | <u>2.0</u> | <u>8.0</u> | <u>47</u> |
| <u>Public Health</u> | | | | | | | |
| Medical Assistants School | 0.7 | 0.6 | | | | 1.3 | 9 |
| Other | | | | | 0.5 | 0.5 | 2 |
| Total | <u>0.7</u> | <u>0.6</u> | | | <u>0.5</u> | <u>1.8</u> | <u>11</u> |
| <u>Education</u> | | | | | | | |
| | | | | | 0.4 | 0.4 | 2 |
| <u>Transport</u> | | | | | | | |
| Airport | | 1.1 | | | | 1.1 | 7 |
| Other | | | | | 0.5 | 0.5 | 2 |
| Total | | <u>1.1</u> | | | <u>0.5</u> | <u>1.6</u> | <u>9</u> |
| <u>Industry</u> | | | | | | | |
| | | 0.3 | | | | 0.3 | 2 |
| <u>Other</u> | | | | | | | |
| Radio building (Bamako) | | | | | 4.9 | 4.9 | 28 |
| Other | | | | | 0.2 | 0.2 | 1 |
| Total | | | | | <u>5.1</u> | <u>5.1</u> | <u>29</u> |
| <u>TOTAL</u> | <u>1.8</u> | <u>3.4</u> | <u>1.9</u> | <u>1.6</u> | <u>8.5</u> | <u>17.2</u> | <u>100</u> |

Western Africa Department

January 26, 1972

MALI
Foreign Public Loans and Grants 1966/67-1970
(in \$ million)

| | <u>1966/67</u> | | <u>1967/68</u> | | <u>1969</u> | | <u>1970</u> | |
|---|-----------------|------------------------|-----------------|------------------------|-----------------|------------------------|---------------------------|------------------------|
| | <u>Drawings</u> | <u>Debt Repayments</u> | <u>Drawings</u> | <u>Debt Repayments</u> | <u>Drawings</u> | <u>Debt Repayments</u> | <u>Drawings</u> | <u>Debt Repayments</u> |
| A) FOREIGN LOANS: | | | | | | | | |
| <u>Drawing on development loans</u> | | | | | | | | |
| France | 0.6 | | 0.7 | | 0.1 | 4.3 | 0.1 | 0.3 |
| Germany | 0.01 | | 0.7 | | -- | -- | -- | -- |
| IDA | 0.9 | | -- | | 1.8 | -- | 1.2 | -- |
| United Kingdom | -- | | -- | | -- | 0.4 | -- | 0.4 |
| United States | -- | | -- | | 0.3 | -- | 0.5 | -- |
| Clearing countries: | | | | | | | | |
| Mainland China | 5.7 | | 1.7 | | 5.3 | -- | 12.2 ^{1/} | -- |
| United Arab Republic | 2.5 | | 1.2 | | 0.1 | -- | 2.0 ^{1/} | -- |
| U.S.R.R. | 8.9 | | 9.8 | | 3.9 | -- | 0.7 ^{1/} | -- |
| Other | 0.4 | | 0.2 | | -- | -- | -- | 0.3 |
| <u>Drawings on financial loans</u> | | | | | | | | |
| Cash loans | 8.7 | 3.5 | 5.3 | 5.6 | -- | -- | -- | -- |
| Trade credits | -- | -- | -- | -- | -- | -- | -- | -- |
| <u>Repayment of public debt</u> | | <u>2.5</u> | | <u>1.6</u> | | <u>4.8</u> | | <u>1.0</u> |
| | 27.4 | 6.0 | 19.6 | 7.2 | 11.5 | 4.8 | 16.7 ^{2/} | 2.0 |
| B) FOREIGN GRANTS: | | | | | | | | |
| FAC and Cooperation Min. | 5.3 | | 5.8 | | 4.9 | | 3.2 | |
| FED | 6.0 | | 4.6 | | 2.2 | | 2.7 | |
| USAID | 1.0 | | 0.7 | | 0.7 | | 0.7 | |
| Other (including UNDP) | 0.9 | | 0.5 | | 0.6 | | 0.9 | |
| Clearing countries | 1.9 | | 0.9 | | -- | | -- | |
| Local contributions (tech. assistance) | | <u>1.0</u> | | <u>0.5</u> | | <u>0.4</u> | | <u>0.1</u> |
| | 15.1 | 1.0 | 12.5 | 0.5 | 8.4 | 0.4 | 7.5 | 0.1 |
| | <u>42.5</u> | <u>7.0</u> | <u>32.1</u> | <u>7.7</u> | <u>19.9</u> | <u>5.2</u> | <u>24.2 ^{3/}</u> | <u>2.1</u> |

^{1/} This figure includes previous disbursements not reported to the Bank.

^{2/} Actual disbursements for 1970 are \$2.5 million.

^{3/} Actual disbursements for 1970 are \$10.3 million.

Source: IMF, Mali's Planning Directorate publication, "Balance of payments 1964-1968", completed with additional information from IDA, FAC, FED, USAID and UNDP documents.

MALI
Foreign Public Loans and Grants 1966/67-1970
(in \$ million)

| | <u>1966/67</u> | | <u>1967/68</u> | | <u>1969</u> | | <u>1970</u> | |
|---|-----------------|------------------------|-----------------|------------------------|-----------------|------------------------|---------------------------|------------------------|
| | <u>Drawings</u> | <u>Debt Repayments</u> | <u>Drawings</u> | <u>Debt Repayments</u> | <u>Drawings</u> | <u>Debt Repayments</u> | <u>Drawings</u> | <u>Debt Repayments</u> |
| A) <u>FOREIGN LOANS:</u> | | | | | | | | |
| <u>Drawing on development loans</u> | | | | | | | | |
| France | 0.6 | | 0.7 | | 0.1 | 4.3 | 0.1 | 0.3 |
| Germany | 0.01 | | 0.7 | | -- | -- | -- | -- |
| IDA | 0.9 | | -- | | 1.8 | -- | 1.2 | -- |
| United Kingdom | -- | | -- | | -- | 0.4 | -- | 0.4 |
| United States | -- | | -- | | 0.3 | -- | 0.5 | -- |
| Clearing countries: | | | | | | | | |
| Mainland China | 5.7 | | 1.7 | | 5.3 | -- | 12.2 ^{1/} | -- |
| United Arab Republic | 2.5 | | 1.2 | | 0.1 | -- | 2.0 ^{1/} | -- |
| U.S.R.R. | 8.9 | | 9.8 | | 3.9 | -- | 0.7 ^{1/} | -- |
| Other | 0.4 | | 0.2 | | -- | -- | -- | 0.3 |
| <u>Drawings on financial loans</u> | | | | | | | | |
| Cash loans | 8.7 | 3.5 | 5.3 | 5.6 | -- | -- | -- | -- |
| Trade credits | -- | -- | -- | -- | -- | -- | -- | -- |
| <u>Repayment of public debt</u> | | <u>2.5</u> | | <u>1.6</u> | | <u>4.8</u> | | <u>1.0</u> |
| | 27.4 | 6.0 | 19.6 | 7.2 | 11.5 | 4.8 | 16.7 ^{2/} | 2.0 |
| B) <u>FOREIGN GRANTS:</u> | | | | | | | | |
| FAC and Cooperation Min. | 5.3 | | 5.8 | | 4.9 | | 3.2 | |
| FED | 6.0 | | 4.6 | | 2.2 | | 2.7 | |
| USAID | 1.0 | | 0.7 | | 0.7 | | 0.7 | |
| Other (including UNDP) | 0.9 | | 0.5 | | 0.6 | | 0.9 | |
| Clearing countries | 1.9 | | 0.9 | | -- | | -- | |
| Local contributions (tech. assistance) | | <u>1.0</u> | | <u>0.5</u> | | <u>0.4</u> | | <u>0.1</u> |
| | 15.1 | 1.0 | 12.5 | 0.5 | 8.4 | 0.4 | 7.5 | 0.1 |
| | <u>42.5</u> | <u>7.0</u> | <u>32.1</u> | <u>7.7</u> | <u>19.9</u> | <u>5.2</u> | <u>24.2 ^{3/}</u> | <u>2.1</u> |

^{1/} This figure includes previous disbursements not reported to the Bank.

^{2/} Actual disbursements for 1970 are \$2.5 million.

^{3/} Actual disbursements for 1970 are \$10.3 million.

Source: IMF, Mali's Planning Directorate publication, "Balance of payments 1964-1968", completed with additional information from IDA, FAC, FED, USAID and UNDP documents.

UNDP PROGRAM

| PROJECT | AGENCY | PROJECT DURATION (yrs) | STARTING DATE | TOTAL VALUE OF THE PROJECT | UNDP CONTRIBUTION | MALI CONTRIBUTION |
|--|---------|------------------------|---------------|----------------------------|-------------------|-------------------|
| MLI.1 Secondary School Training Institute, Bamako | UNESCO | 6 | JANUARY '63 | \$4,110,186 | \$1,246,023 | \$2,864,163 |
| MLI.2 Improvement and Expansion of Rice Cultivation | FAO | 5 | MARCH '65 | \$1,506,700 | \$1,156,700 | \$ 450,000 |
| MLI.3 Training of Agricultural Instructors and Extension Workers | ILO/BIT | 4 | SEPTEMBER '65 | \$1,295,388 | \$ 698,200 | \$ 597,188 |
| MLI.4 Rural Production Institute at Katibougou | UNESCO | 6 | MARCH '66 | \$5,270,548 | \$1,530,364 | \$3,740,184 |
| MLI.6 Adult Literacy Pilot Project | UNESCO | 5 | FEBRUARY '67 | \$4,247,112 | \$1,176,500 | \$3,070,612 |
| MLI.7 Underground Water Research | UN/ONU | 3 | NOVEMBER '68 | \$1,176,973 | \$ 868,200 | \$ 308,773 |
| MLI.8 Transport Study | UN/ONU | 0.5 | SEPTEMBER '67 | \$ 250,000 | \$ 194,000 | \$ 56,000 |
| MLI.10 Practical Training Centers | ILO/BIT | 6 | JANUARY '70 | \$3,158,900 | \$1,385,600 | \$1,773,300 |
| MLI.11 Assistance to State Enterprises | ILO/BIT | 3 | NOVEMBER '69 | \$1,011,500 | \$ 875,100 | \$ 136,400 |
| MLI.59 Study of Selingue Dam | UNOTC | 2 | MARCH '71 | \$ 481,000 | \$ 481,000 | \$ 205,000 |
| MLI.17 National Engineering School | | 2 | | | \$ 250,500 | |
| MLI.18 Rice Seed Unit | FAO | | JANUARY '71 | \$ 805,800 | \$ 595,600 | \$ 210,200 |
| MLI.22 Administrative Reform (preparative project) | BIT | | NOVEMBER '70 | | \$ 272,910 | |
| MLI.12 Sewerage and Water Supply in Bamako | OMS | 2 | | | \$ 557,400 | \$ 149,000 |
| MLI.23 Improvement and Modernization of Marketing of Cattle and Meat | FAO | 3 | | | \$ 287,818 | |
| MLI.25 Institute for Productivity and Management | | 4 | | | \$1,316,000 | |

Source: UNDP Mission, Bamako, October 1971.

Western Africa Department
January 26, 1972

SUMMARY I-III FED 1960-1971

(in \$ million)

| | <u>INDUSTRY</u> | <u>EDUCATION</u> | <u>SOCIAL</u> | <u>FISHERIES</u> | <u>AGRICULTURE</u> | <u>LIVESTOCK</u> | <u>INFRASTRUCTURE</u> | | | <u>OTHER</u> | <u>TOTAL</u> | |
|-----------|-----------------|------------------|---------------|------------------|--------------------|------------------|-----------------------|----------------|-----------------------|--------------|--------------------|----------------------|
| | | | | | | | <u>ROADS</u> | <u>AIRPORT</u> | <u>WATER-SEWERAGE</u> | | <u>COMMITMENTS</u> | <u>DISBURSEMENTS</u> |
| FED I | --- | 12,563 | 574 | 153 | 3,763 | 5,056 | 18,246 | -- | 525 | 172 | 42,030 <u>1/</u> | 41,189 <u>1/</u> |
| FED II | 90 | 766 | 587 | -- | 9,331 | 394 | 10,077 | 7,473 | 2,881 | 313 | 31,912 | 15,700 |
| FED III * | n.a. | 1,494 | 621 | 2,126 | 19,711 | 100 | 783 | -- | 1,080 | 1,562 | 27,471 | |

1/ Including authorized supplementary loans.

* Provisional

Western Africa Dept.
February 18, 1972

UNDP PROGRAM

| PROJECT | AGENCY | PROJECT DURATION (yrs) | STARTING DATE | TOTAL VALUE OF THE PROJECT | UNDP CONTRIBUTION | MALI CONTRIBUTION |
|--|---------|------------------------|---------------|----------------------------|-------------------|-------------------|
| MLI.1 Secondary School Training Institute, Bamako | UNESCO | 6 | JANUARY '63 | \$4,110,186 | \$1,246,023 | \$2,864,163 |
| MLI.2 Improvement and Expansion of Rice Cultivation | FAO | 5 | MARCH '65 | \$1,506,700 | \$1,156,700 | \$ 450,000 |
| MLI.3 Training of Agricultural Instructors and Extension Workers | ILO/BIT | 4 | SEPTEMBER '65 | \$1,295,388 | \$ 698,200 | \$ 597,188 |
| MLI.4 Rural Production Institute at Katibougou | UNESCO | 6 | MARCH '66 | \$5,270,548 | \$1,530,364 | \$3,740,184 |
| MLI.6 Adult Literacy Pilot Project | UNESCO | 5 | FEBRUARY '67 | \$4,247,112 | \$1,176,500 | \$3,070,612 |
| MLI.7 Underground Water Research | UN/ONU | 3 | NOVEMBER '68 | \$1,176,973 | \$ 868,200 | \$ 308,773 |
| MLI.8 Transport Study | UN/ONU | 0.5 | SEPTEMBER '67 | \$ 250,000 | \$ 194,000 | \$ 56,000 |
| MLI.10 Practical Training Centers | ILO/BIT | 6 | JANUARY '70 | \$3,158,900 | \$1,385,600 | \$1,773,300 |
| MLI.11 Assistance to State Enterprises | ILO/BIT | 3 | NOVEMBER '69 | \$1,011,500 | \$ 875,100 | \$ 136,400 |
| MLI.59 Study of Selingue Dam | UNOTC | 2 | MARCH '71 | \$ 481,000 | \$ 481,000 | \$ 205,000 |
| MLI.17 National Engineering School | | 2 | | | \$ 250,500 | |
| MLI.18 Rice Seed Unit | FAO | | JANUARY '71 | \$ 805,800 | \$ 595,600 | \$ 210,200 |
| MLI.22 Administrative Reform (preparative project) | BIT | | NOVEMBER '70 | | \$ 272,910 | |
| MLI.12 Sewerage and Water Supply in Bamako | OMS | 2 | | | \$ 557,400 | \$ 149,000 |
| MLI.23 Improvement and Modernization of Marketing of Cattle and Meat | FAO | 3 | | | \$ 287,818 | |
| MLI.25 Institute for Productivity and Management | | 4 | | | \$1,316,000 | |

Source: UNDP Mission, Bamako, October 1971.

Western Africa Department
January 26, 1972

SUMMARY I-III FED 1960-1971

(in \$ million)

| | <u>INDUSTRY</u> | <u>EDUCATION</u> | <u>SOCIAL</u> | <u>FISHERIES</u> | <u>AGRICULTURE</u> | <u>LIVESTOCK</u> | <u>INFRASTRUCTURE</u> | | | <u>OTHER</u> | <u>TOTAL</u> | |
|-----------|-----------------|------------------|---------------|------------------|--------------------|------------------|-----------------------|----------------|-----------------------|--------------|--------------------|----------------------|
| | | | | | | | <u>ROADS</u> | <u>AIRPORT</u> | <u>WATER-SEWERAGE</u> | | <u>COMMITMENTS</u> | <u>DISBURSEMENTS</u> |
| FED I | --- | 12,563 | 574 | 153 | 3,763 | 5,056 | 18,246 | -- | 525 | 172 | 42,030 <u>1/</u> | 41,189 <u>1/</u> |
| FED II | 90 | 766 | 587 | -- | 9,331 | 394 | 10,077 | 7,473 | 2,881 | 313 | 31,912 | 15,700 |
| FED III * | n.a. | 1,494 | 621 | 2,126 | 19,711 | 100 | 783 | -- | 1,080 | 1,562 | 27,471 | |

1/ Including authorized supplementary loans.

* Provisional

Western Africa Dept.
February 18, 1972

7. ONGOING BANK GROUP OPERATIONS

MALI: Summary Statement of IDA Credits (as of December 31, 1971)

| <u>Credit No.</u> | <u>Project</u> | <u>Fiscal Year</u> | <u>Amount</u> <u>(\$ million)</u> | <u>Amount Undisbursed</u> <u>December 31, 1971</u> <u>(\$ million)</u> |
|-------------------|------------------------|--------------------|--------------------------------------|--|
| 95-MLI | Railway Rehabilitation | 1966 | 9.1 | 1.9 |
| 197-MLI | Highway Maintenance | 1970 | 7.7 | 5.6 |
| 277-MLI | Rice Development | 1972 | 6.9 | 6.9 |
| <u>TOTAL</u> | | | <u>23.7</u> | <u>14.4</u> |

Railway Project (Credit 95-MLI)

Description and Objectives

7.1 In 1966, IDA made its first credit of US\$9.1 million to the Government of Mali to assist in financing a railway rehabilitation program. The proceeds of the credit were relented to the Regie du Chemin de Fer du Mali (Regie) at IBRD interest rates. The project originally included:

- (a) renewal of 57 km. of existing track material between Kayes and the Senegal border;
- (b) replacement and purchase of additional locomotives and rolling stock, purchase of maintenance and workshop equipment;
- (c) renewal of part of the railway telecommunications system;
and
- (d) consultant services.

The economic justification of the project is that it helped to rehabilitate Mali's least costly transport route to the sea. The project was closely linked to a similar one executed at the same time in Senegal, rehabilitating the Senegalese portion of Mali's rail access to the Atlantic. The economic rate of return had been estimated at 15 percent.

Status

7.2 The last supervision mission reported that the project, as of October 1971, was 80 percent complete. The remaining work to be done includes rerailling of about 5 km. on the Bamako-Koulikoro section. Furthermore, in order to utilize savings of US\$530,000 under the credit, the project has recently been extended to include an additional 26 km. of

track relaying of the Kayes-Senegal border section. The renewal of telephone lines and provision of telephone equipment should be completed, according to program, by March 1972. Maintenance of locomotives and rolling stock has not yet started, partly because of lack of spares and components. Delivery of locomotive and rail car spares and components, however, should be completed to 70 percent by July 1972, and the balance before the end of the year. Because of the extension and the slow execution of the project, which is expected to take 6 years instead of the 3-1/2 years originally estimated, the original closing date of January 30, 1970, has been extended to December 31, 1972.

Main Issues

A. The Regie's Debt Problem

7.3 The complex and long-standing reciprocal debts between the Government, a few government agencies using the Regie's services, and the Regie, and the Regie's debts toward the Senegal Railways still remain unsettled. Settling of these debts had been an important covenant in the credit agreement. However, the Government and the Regie gave assurances to the last supervision mission that measures to clear the situation were now being taken. These include:

- i. The Regie's action to reduce receivables owed by government agencies, mainly SOCOPAO (Societe Commerciale pour l'Afrique Occidentale). Cooperation with the Development Bank of Mali, which acts as a clearing house to government agencies, has been obtained to ensure that 50 percent of every payment to SOCOPAO will be credited to the Regie's account until all of SOCOPAO's debts to the Regie have been paid. The Regie is also encouraging more independent transit agents to establish business directly with the Regie; this will eventually reduce SOCOPAO's relative share of the Regie's business until the Regie could take punitive action against SOCOPAO without hurting the Mali economy. Furthermore, the Regie takes action to have clients who receive the Regie's services through SOCOPAO pay the Regie directly.
- ii. Debt swap between the Government and the Regie. As of mid-1971, the Government owed over MF 800 million to the Regie for unreimbursed past deficits. In return, the Regie owed over MF 600 million to the Government for cumulative arrears on unpaid taxes, interest and commission on the IDA credit. The Government has agreed to balance out its debts with those of the Regie and will further add the MF 540 million, which the Regie will pay to the Senegal Railways in settlement of an outstanding old debt (see below).

- iii. Settlement of the debt to the Senegal Railways (MF 540 million as of mid-1971). This results from the settlement between Mali and Senegal of the ex-Federation Railways. The Regie proposed a debt settlement scheme to the Government for clearance in mid-1971. The scheme provides for full payment by mid-1974, and has been discussed between the Ministers of Finance of the two countries. No formal agreement, however, has been reached, but there are indications that Senegal Railways would be willing to accept Mali's offer.

b. Capacity Utilization

7.4 Inadequate utilization of rolling stock and locomotives has been a pervasive problem and progress in this area under the ongoing project has been slow. In particular, lack of adequate maintenance of locomotives and spare parts leads to poor availability of units and to excessive utilization of those available, in order to meet traffic requirements. The capacity utilization of passenger cars has recently been increased, although partly at the cost of inadequate maintenance. New passenger cars provided under the credit have been delivered, but have not yet been placed in service because of unsatisfactory thermal insulation and air conditioning.

Appraisal of Follow-up Projects (see also paragraph 25 below)

7.5 The last supervision mission has identified a second railway project, appraisal of which has been made contingent on progress on points a) and b) above.

Highway Maintenance (Credit 197-MLI)

Description and Objectives

7.6 In 1970 a US\$7.7 million credit was made to the Republic of Mali for highway maintenance and betterment of agricultural feeder roads, providing for reorganization of the Equipment Department of the Directorate of Roads and Bridges; training of maintenance staff; purchase of new equipment and overhaul and repair of existing equipment; renovation and expansion of workshops, and the betterment of 1,450 km. of agricultural feeder roads. The program also includes a feasibility study and detailed engineering of the Bamako-Segou and Bamako-Bougouni trunk roads (about 400 km.). The objective of the project is to ensure that economic growth is not hindered by the deterioration of the road network, on which much of the external trade depends, or by lack of reliable feeder roads necessary to foster agricultural development. The economic rate of return was estimated at 20 percent.

Status

7.7 According to the last supervision mission in mid-1971, contracts were being awarded shortly thereafter for most of the equipment, as well as

for renovation and extension of the central workshop. The feeder road betterment works program started in December 1971. The borrower's performance is good and the project is progressing on schedule, except for the studies carried out by consultants of the Bamako-Segou and Bamako-Bougouni trunk roads, which have been delayed by about three months.

Issues

7.8 None.

Rice Development (Credit 277-MLI)

Description and Objectives

7.9 In December 1971, an IDA credit of US\$6.9 million was granted to the Government to improve conditions for rice cultivation on about 31,000 ha. in the Mopti region. The project is part of the government plan for polder construction and rehabilitation in the Mopti area, totaling some 55,000 ha., and it represents the first stage of this program. The project includes:

- i. construction of three polders, including land preparation, with a rice cultivated area of 13,300 ha.;
- ii. rehabilitation of five polders, including land preparation, with a rice cultivated area of 13,200 ha.;
- iii. land preparation only on 2,000 ha. of an existing polder;
- iv. construction of buildings for the project; and
- v. establishment of a project authority, Operation Riz Mopti (ORM), to operate and maintain the polders, to allocate land in the new polders, to produce and distribute selected seeds, and to provide credit and extension service in all areas mentioned above, plus existing polders with a rice cultivated area of 2,700 ha.

The project would also include the purchase of farm machinery, the provision of technical assistance to reinforce the management and train the staff of ORM, the establishment and operation of an agricultural research station and the preparation of a feasibility study for a second-stage project in the Mopti region. Consultants would be engaged to assist the Rural Engineering Department in the supervision of construction, to assist ORM in its activities, including training of local staff during the development period, and to assist in the preparation of the feasibility study.

7.10 Total project costs are estimated at \$9.4 million equivalent with a foreign exchange component of \$5.6 million (60 percent).

7.11 Project financing would be provided from the following sources:

| | U.S.\$ million | | | <u>% Foreign Exchange</u> | <u>% Total Cost</u> |
|-------------------------|----------------|----------------|---------------|-------------------------------|-------------------------|
| | <u>Local</u> | <u>Foreign</u> | <u>Total</u> | | |
| IDA Credit | 2.4 | 4.5 | 6.9 | 80 | 73 |
| FAC Contribution | - | 0.7 | 0.7 | 13 | 8 |
| Government Contribution | <u>1.4</u> | <u>0.4</u> | <u>1.8</u> /1 | <u>7</u> | <u>19</u> |
| Total | <u>3.8</u> | <u>5.6</u> | <u>9.4</u> | <u>100</u> | <u>100</u> |

/1 Including taxes (US\$1.0 million).

The French Government, through its development agency, FAC, will parallel finance all expatriate personnel for ORM over a six-year period. The Government would provide short and medium-term credits for farm inputs and farm implements.

Status

7.12 The credit was signed on January 6, 1972, and the date of effectiveness is April 17, 1972. The following events have been specified as conditions for effectiveness:

- i. that a special account has been opened and an initial deposit has been made in an amount sufficient to cover three months of the salaries to the Malian personnel of ORM;
- ii. that the engineering consultants have been employed; and
- iii. that ORM has been established with satisfactory management.

Issues

7.13 Two major issues arose during negotiations. First, contrary to earlier agreements with the appraisal mission, the Malaians insisted on having a national, rather than expatriate, Project Director to which we agreed. Malianization is a sensitive issue with the Government and it has taken the same line during the recent negotiation of a similar rice project in Segou, financed by FED. Second, producer prices paid to farmers in the project area will be crucial to the success of the project. As pointed out earlier (paragraph 5.29), official producer prices offered by OPAM, the Government's marketing monopoly, are substantially below prices offered by private traders. In the case of rice, the official price is MF 25 per kg. of paddy, as compared to a private price of MF 35. However, assurances have been given by the Government that, when exercising its purchasing monopoly in the project area, purchase prices for paddy will be set with due regard to farmer's incentives to increase production for this market and to utilize project facilities.

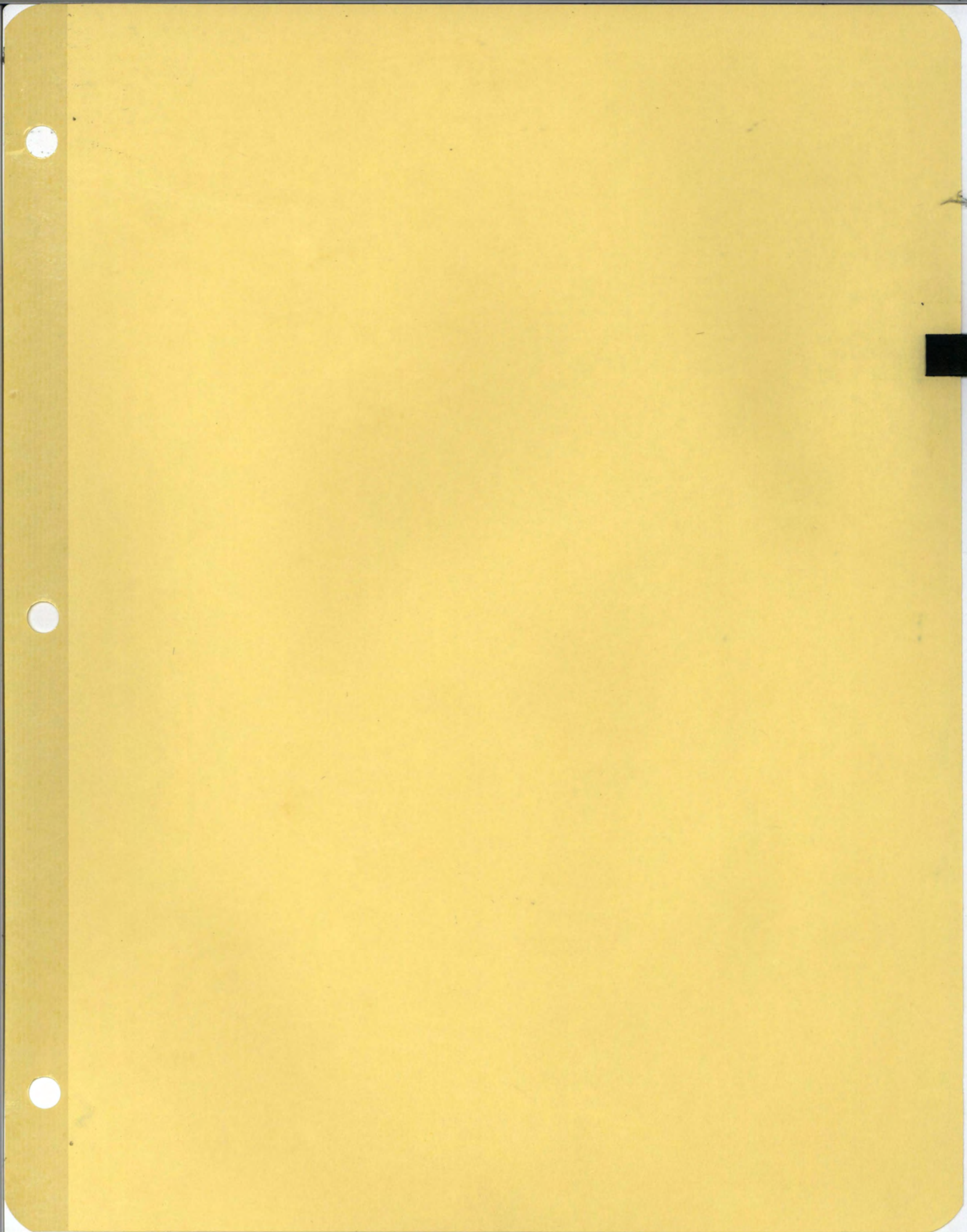
MALI

MALI: CUMULATIVE ESTIMATED AND ACTUAL DISBURSEMENTS ON LOANS AND CREDITS

(\$ millions)

| Project & No. | Amount: - Original - Cancelled - Net | Date: - Approved - Signed - Effective | Closing Date | Forecast Date | FY'67 | FY'68 | FY'69 | FY'70 | FY'71 | | | | FY'72 | | | | FY'73 | FY'74 | FY'75 |
|--------------------------------|---|--|--|------------------------------|--------------|---------------|---------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------|----------|----------|----------|----------|
| | | | | | | | | | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | | | |
| Railways Project IDA 95 | 9.1 - - | 9/22/66 9/29/66 1/25/67 | Orig: 6/30/70 Rev: 12/31/71 Act: - | N.A. 9/30/70 (first) - | - - .9 | - - 1.5 | - - 4.3 | - - 5.5 | - 5.8 5.8 | - 6.6 5.8 | - 7.6 6.2 | - 8.5 6.5 | - 9.1 6.8 | - - 7.2 | - - | - - | - - | - - | - - |
| Highways Project IDA 197 | 7.7 - - | 6/2/70 6/27/70 9/9/70 | Orig: 3/31/76 Rev: - Act: - | N.A. 9/30/70 (first) - | - - - | - - - | - - - | - - - | - - - | - .1 .1 | - .2 .3 | - .5 .6 | - 1.0 1.5 | - 1.9 2.1 | - 2.9 | - 3.6 | - 5.4 | - 7.0 | - 7.7 |

Controller's
1/26/72



8. FUTURE OPERATIONS

A. Strategy of Bank Group Operations

8.1 Bank Group lending to Mali in the 1960's was limited to one operation, the \$9.1 million credit for the Mali Railway. Unsatisfactory economic performance under the Keita regime and lack of bankable projects were the main constraints on a more active Bank involvement in Mali's development effort. Only after the comprehensive 1969 economic mission, which had carried out considerable sector analysis, was the basis laid for a larger Bank lending program. With close cooperation from the PMWA mission, project identification and preparation was stepped up considerably.

8.2 In the short and medium-term, the Bank's lending strategy is closely linked to the goals of Mali's Three-Year Rehabilitation Plan, which started in 1970. The Plan rightly focusses on directly productive investment, mainly in agriculture, and on improving the efficiency of state enterprises. Our road maintenance credit of 1970 (US\$7.7 million) to help rehabilitate the feeder road system and the US\$6.9 credit for the Mopti rice project are key elements of the Rehabilitation Plan.

8.3 In line with Mali's resource endowment, about half of the planned US\$48 million Bank Group lending over the next five years (1973-77) will be channeled to the rural sector. Our approach in certain areas, such as livestock or cotton, will be greatly facilitated by the experience already gained and research carried out in Mali or elsewhere in West Africa. However, in other areas, particularly for integrated rural development projects, a lot of groundwork is still to be done and experimentation necessary before satisfactory approaches can be developed. But it would appear that Mali provides an interesting test case in establishing new and more broadly based schemes to develop the rural sector. The Groundnut Project, for instance, involves intensification of present crop cultivation, as well as expanding them to new areas, and includes establishment of a revolving farmers' credit fund, improvement of existing extension services, construction of human and livestock watering points, inputs and production storage facilities, social infrastructure for rural education and dispensaries and improvement of feeder roads. Thus, the project would rather closely fit the definition, at the present state of the art, of a rural development project: it would benefit a relatively large part of the population, would have a comparatively low management content and represent an integrated regional investment package approach. The project would also, at first sight, seem attractive from the point of view that it would build on an existing, quite well managed operation, in which Malian cadres seem to be working harmoniously with French BDPA technical assistance. PMWA is very closely involved in the preparation of this project, as well as of the Haute Vallee project, which also fits into this category.

8.4 Our proposed lending for education, transport and communications infrastructure will be important complements to our operations in the directly productive sectors. Both the highway and telecommunication

operations will serve to improve major internal communications and transport arteries, while the proposed second railway credit would mainly facilitate international trade. Another area of high priority is education, where it is hoped that Bank Group assistance would be instrumental in bringing about reorganization to make it more responsive to manpower requirements and also reduce its relative impact on the budget over the long term.

8.5 Lack of public savings and insufficient capacity to prepare and carry out projects will remain the main bottlenecks to increasing the volume of our lending to Mali. The latter problem can be reduced by stepping up technical assistance, although the Malians are quite hesitant in accepting expatriate personnel, particularly for management positions. Regarding the first problem, it would be unrealistic to expect the Malians to increase public savings sufficiently and rapidly enough to contribute significantly to their investment program. Thus, for some time to come, external lenders will have to be prepared to finance up to 90 percent of total project cost, often including some (project related) recurrent expenditures.

B. Comments on Lending Program

Telecommunications Project (US\$3.3 million credit) - FY 1972. *status*

8.6 Description and Objectives. The proposed project with a total cost of \$3.9 million mainly includes: the installation of a microwave link between Bamako, Segou and Mopti; expansion of local exchanges, plus distribution facilities in Bamako and eight other towns; and technical assistance (financial and operational). It is proposed that IDA finance US\$3.3 or 83 percent of total project cost.

8.7 The objective of the program is to rehabilitate a network, which is in extremely poor physical condition, and expand the facilities, which are totally inadequate for the country's current requirements. Emphasis has been given to the requirements of the provinces and trade centers, where most of the administrative and economic activities are concentrated.

8.8 Status. The project was appraised in December 1972, and the main findings of the appraisal mission have been communicated to the Government. The project is scheduled for Board consideration in May 1972.

Likely Issues

8.9 The main problems in the formulation of a viable project have been of a financial nature, caused by the Government's difficult Treasury situation. The principal points on which the Bank will insist during the forthcoming negotiations are, therefore, that the Government agree to regularize its past telecommunications debts, as well as to pay its bills promptly for future telecommunications services. In order to ensure the timely availability of sufficient funds to meet the Government's part of local costs, the Bank also requests that funds annually be transferred from the Treasury account to an independent banking account. The Government has accepted the basis under which IDA is prepared to negotiate.

Livestock (US\$2.0 million credit) - FY 1973

8.10 Description and Objectives. Next to agriculture, animal production is Mali's largest economic activity, which, if related processing and marketing activities are added, accounts for about one-fifth of GDP. Beef cattle is Mali's principal foreign exchange earner. Despite the obvious importance of the livestock sector and its considerable potential for raising output, little attention has, until recently, been devoted to collecting and analyzing relevant data with a view to working out feasible approaches to promote this industry. There is a need for an integrated approach to the development of this sector, including provision of water supplies in grazing areas, possible establishment of fattening ranches, establishing stock routes and improvement of disease control.

8.11 The formulation of an IDA project depends on a FAC-financed feasibility study of livestock improvement and development in the Fifth Region (around Mopti), which began in October 1971.

8.12 Status. The final FAC-feasibility report is expected in December 1972, but an interim report will be presented in July 1972, on the basis of which appraisal should be possible. A Bank appraisal mission is scheduled for September 1972.

Highway Rehabilitation (est. US\$5.0 million credit) - FY 1973

8.13 Description and Objectives. The Highway Maintenance Project of FY 1970 (197-MLI) included technical and economic studies for a follow-up project for rehabilitation of two existing roads from Bamako to Segou (235 km) and to Bangouni (170 km). They are two of the most travelled roads in Mali. The pavements of both roads have deteriorated and require increasingly costly major repairs and maintenance. The proposed improvement and pavement strengthening works would generate economic benefits mainly in the form of savings in vehicle operating costs.

8.14 Status. The study prepared by Canadian consultants has been delayed. The draft feasibility report originally due in October 1971 is now expected in February 1972. Appraisal of the project has tentatively been scheduled for April.

Second Railway Project (US\$4.6 million credit) - FY 1973

8.15 Description and Objectives. The Regie's investment plan originally prepared for 1970-1975 was reviewed by a Bank Mission in November 1971. A revised and reduced plan, based on the mission's assessment of technical, financial and economic priorities, was prepared for the period 1973-1976. The revised plan, which includes inter alia track material and track renewal and other track works, track maintenance equipment, bridge repairs, two main line locomotives, three shunting locomotives, rolling stock and technical assistance, could form the basis for an IDA credit covering possibly up to 80 percent (US\$3.7 million) of total project cost.

8.16 Status. The revised project was proposed to the Government early January 1972. Appraisal is tentatively scheduled in June 1972.

8.17 Issues. Appraisal of the project has been made contingent on improvements under the ongoing railway project (see paragraph 7.3-7.4 above).

Integrated Rural Development (Haute Vallee)
(US\$6.0 million credit) - FY 1974

8.18 Description and Objectives. Between 1965 and 1970, FAC financed an integrated development program in this area, including the development of groundnuts, cotton, irrigated rice, vegetables and tobacco; the improvement of feeder roads; and construction of a rice irrigation scheme. This program is now entirely run by the Government, except for the FED-financed tobacco program. The past results, except for the tobacco program, were relatively disappointing. However, PMWA, which has just concluded an in-depth identification mission to Mali, argues that conditions for an integrated development program are favorable and past failures were due to inadequate conception and implementation of the project (for a more detailed analysis, see attached memo El Moghazi to Chauffournier-11g). They propose, and the Government agrees, the preparation of an IDA project for selected products for the whole of the Haute Vallee Region.

8.19 Status. PMWA has asked the Government to:

- i. request UNDP to finance technical assistance to help and guide Mali's rural Economic Institute (which has already prepared the Mopti Rice Project) during the preparation of the feasibility study;
- ii. undertake, with the Institute's support, trials on cultivation techniques; and
- iii. prepare a feeder road improvement and former education program.

8.20 Issues. None identified.

Groundnuts/Food Crops Development
(est. credit US\$9.0 million) - FY 1976

8.21 Description and Objectives. A groundnut productivity program (Operation Arachide) started in Mali in 1967 with FAC financing and technical assistance from BDPA, a French consulting firm. Basically, the program focuses on:

- i. improvement in marketing;
- ii. distribution of better seed; and
- iii. adoption of better crop husbandry, including land preparation with ox-drawn equipment and application of fertilizers.

8.22 FAC support is going to end in 1973 and the Government is interested in Bank Group financing of a five-year project (for description see paragraph 8.3).

8.23 Status. PMWA has asked the Government to request FAC financing to support Mali's Rural Economic Institute in preparing the feasibility study. The feasibility study would take five months and the project could be appraised in 1973. This project is scheduled for FY 1976, but we may advance it to FY 1974, in view of the Government's interest to go ahead earlier.

8.24 Issues. None identified.

Cotton (est. credit US\$4.0 million) - FY 1974

8.25 Description and Objectives. Cotton production is rapidly expanding and is becoming increasingly important as a cash crop in Mali. The present three-year cotton program, 1971/72-1973/74, managed by CFDT (Compagnie Francaise pour le Developpement des Fibres Textiles), which has been very successful, is jointly financed by FAC and FED. A four-year project (1974/75-1977/78) could be prepared for Bank Group consideration. It would be an extension of ongoing and forthcoming CFDT cotton development activities. Like the present three-year program, it would not only increase the cotton area on existing farms and improve yields of farmers already assisted by CFDT extension services, but it would also involve new farmers in the presently cultivated zones and probably create new ones. The exact composition of the project depends on where CFDT's activities, beyond 1973/74, will be concentrated, which has not yet been decided.

8.26 Status. A Bank Group mission reviewed the progress of the ongoing cotton program in January 1972. A preparation mission has tentatively been scheduled for September 1972.

8.27 Issues. One of the problems involved in future IDA financing is the alleged importance of continued subsidies of farm inputs, presently financed by FED, if farmers are to use increasing amounts of fertilizers necessary to achieve good results.

Education (est. credit US\$4.0 million) - FY 1974

8.28 Description and Objectives. Expenditures on education are about 20 percent of the budget. The cost of education is high because a high drop-out and repeater rate in primary education, and a full fellowship policy in secondary education. Given the expected increases of primary education enrollments expenditures are likely to continue increasing sharply, but there seems to exist ample scope to reduce unit costs. This may be obtained mainly by (a) improving flows through the educational system in order to reduce repeaters; (b) controlling the enrollment increase in middle education; (c) rationalizing secondary and higher education; and (d) establishing a selective system of fellowships and reducing their total number.

8.29 The Government has indicated interest in Bank assistance for equipment for nine primary schools and three secondary schools and equipment, as well as buildings, for ECICA (Ecole Centrale pour l'Industrie, le Commerce et l'Administration), for a vocational school for building techniques for formation of skilled workers, and for a vocational school (sewing) for girls.

8.30 Status. A UNESCO mission has been making a survey of the educational sector in January 1972, in order to identify a possible project for Bank consideration. The findings of the mission are not yet known. A Bank Group preparation mission is scheduled for March 1972.

Rice Development II (est. credit US\$3.0 million) - FY 1975

8.31 Description and Objectives. The Government is planning to rehabilitate and construct polders in the Mopti area totaling about 55,000 ha. While the IDA credit (277-MLI) for the Rice Development I is financing the first 31,000 ha., the Rice Development II follow-up credit is scheduled to finance the rehabilitation and construction of the approximately 24,000 ha. remaining.

8.32 Status. The feasibility study, which is being financed under the Rice Development I credit (277-MLI) will be carried out by several consultants. It is expected to start in April/May 1972 and the report is likely to be ready by the end of 1973.

Livestock II (est. credit US\$2.0 million) - FY 1975

8.33 Description and Objectives. In view of the importance of the livestock sector in the Malian economy, a follow-up project to the planned FY 1973 Livestock I project is foreseen. It is, however, too early to decide on the scope of such a project.

River Navigation (est. US\$2.0 million) - FY 1975

8.34 Description and Objectives. River navigation is an important means of transportation in Mali because of lack of roads in large areas and floods during the rainy season, which make land transport virtually impossible.

8.35 The state enterprise for river navigation, Compagnie Malienne de Navigation (CMN), has recently been restructured and is reportedly on its way to becoming a viable concern. However, it badly needs capital to renew five freight barges and to purchase two tanker barges and a new passenger boat. This investment program would amount to about US\$2 million with a high foreign exchange content.

8.36 Status. The possibility of a Bank Group project will be explored by PMWA in April/May 1972.

Power/Irrigation Project (est. credit US\$3.0 million)-FY 1975

8.37 Description and Objective. A power and/or irrigation project might emerge from a UNDP-financed study of the Selingue dam, presently under preparation by the consultants, Carlo Lotti. The purpose of the study is to identify the order of magnitude of costs of a dam at Selingue on the Sankarani river for the regularization of the Niger River. The study will cover hydrological, topographical and geotechnical and engineering aspects on the dam construction, as well as its impact on navigation, fishing, flood control, power generation and agriculture. It will further consider the sociological, ecological and economic implication of a transfer from the zone that will be flooded, and reinstatement in a replacement zone of 50,000 people that will be directly affected by the dam.

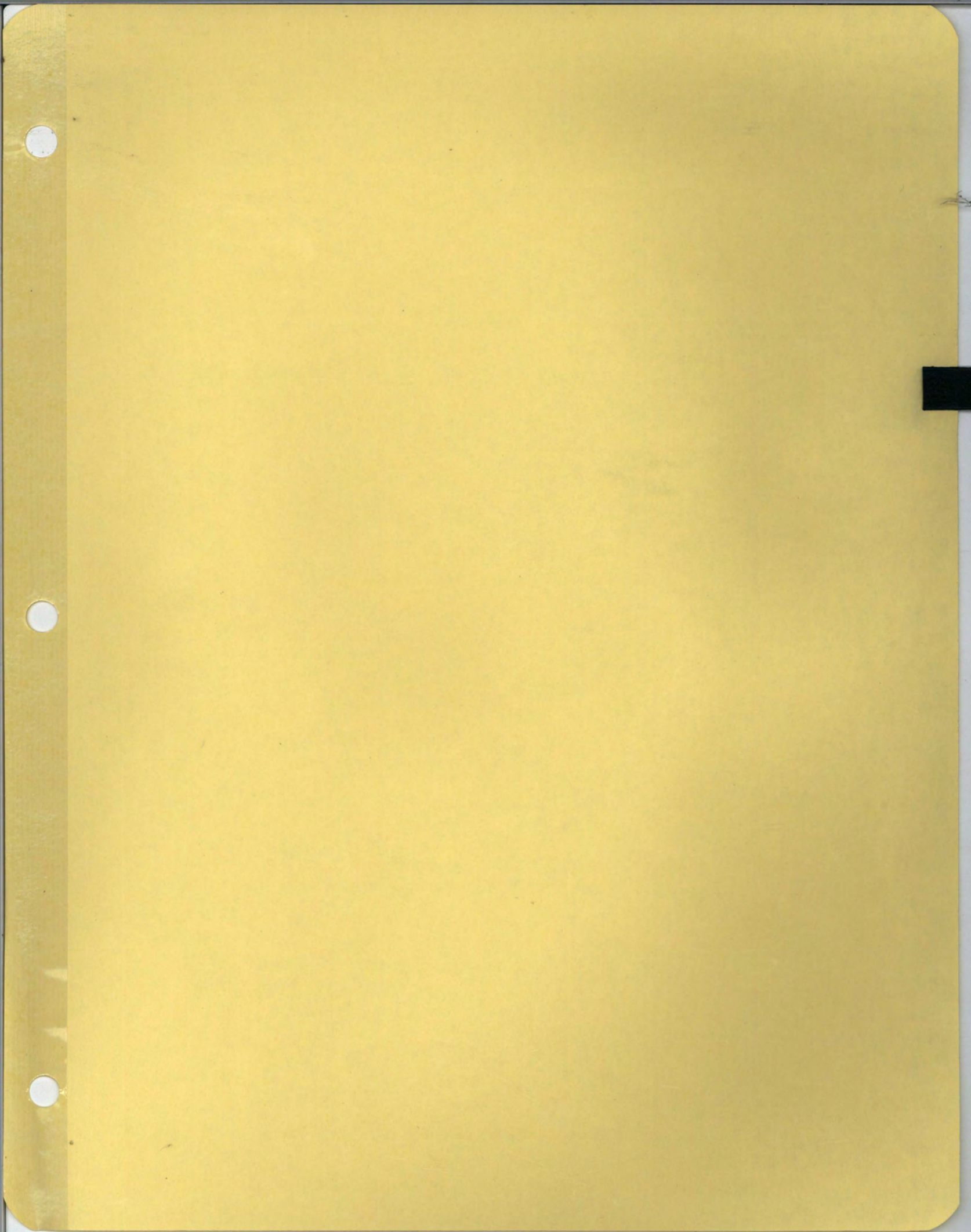
8.38 Status. Most of the data for the study have been collected except for the agricultural sector where works have been prolonged by 2-3 months. The study is expected to be ready by the end of 1972.

B. FY 1976 and FY 1977

8.39 For FY 1976 and FY 1977, the lending program is tentative and all projects are unidentified as yet.

8.40 Follow-up projects have been envisaged for telecommunications (est. US\$2.0 million) in FY 1976 and for education (est. US\$3.0 million) in FY 1977.

8.41 In view of Mali's small but growing number of tourists, a tourism project (est. US\$3.0 million) to provide facilities to the interior has been tentatively included in the FY 1977 lending program.



9. SUBJECTS FOR DISCUSSION

A. Slowness in Bank Procedures and our Proposed Lending Program

9.1 The Maliens may raise with you the slowness of Bank procedures and the excessive conditions we attach to our lending. If this is the case, it might be appropriate for you to explain to the Government why we are only now embarking on a largely increased lending program and why project preparation in Mali takes considerable time.

9.2 The following is the background. At the end of the Keita regime (1968), after several years of unsatisfactory economic performance, the Bank project pipeline in Mali was completely dry. We responded reasonably quickly to the new Government's request for Bank assistance by mounting a major economic mission with several sector experts who visited the country at the beginning of 1969. The sector work undertaken during that mission provided the basis for the lending program which has subsequently been built up. But, this took time since bankable projects were extremely scarce and, furthermore, there were several other external lenders (including FED and FAC) which were interested in stepping up their operations in Mali. The latter fact was often exploited by the Maliens who played one institution against the other to obtain more favorable conditions. This resulted in substantial extra work and delays.

9.3 Project preparation and appraisal is also complicated by Mali's difficult financial situation, particularly that of the state enterprises (such as the Railway or Telecommunications Authority) to which we are lending. In the case of the proposed telecommunication loan, discussions with the Government on the financial and debt issues took almost a year.

9.4 In spite of these difficulties, the Bank has, by now, built up a substantial lending program. Projects have been prepared, or are under preparation, in all of the high priority sectors. This factor is certainly worth stressing in discussions with the Government.

B. Cost Sharing (see also: 13a. CPN, paragraph 12)

9.5 The Government may also advance its case regarding the extreme financial difficulties and the need, therefore, for the Bank to contribute a very high percentage of total project costs. This was a key issue in the recent rice project negotiations and again in the prenegotiations for the telecommunications credit. In both cases, we have tried to meet the Government's needs to the largest extent possible by financing 82 percent in the case of the rice project and proposing about 83 percent in the telecommunications project.

C. Economic Policy Issues for Bank Group Lending

9.6 Although the Bank is prepared to consider going ahead with a substantial lending program, there are two general policy areas in which

we would like the Malian Government to move faster than they are presently doing: mobilization of public savings, and agricultural producer prices.

9.7 Public Savings (see paragraph 5.32). Government finances show substantial current account deficits which are covered by French budgetary grants. Thus, virtually no domestic contribution is made to capital expenditures. Current revenues are already equivalent to roughly 15 percent of GDP and the possibility for further substantial increases are quite limited. However, current expenditure growth in the recent past has been excessive, increasing by 11 percent and 20 percent in 1970 and 1971, compared to an average revenue growth of 10 percent. At the heart of the problem is the Government's wage bill, which has been increasing extremely rapidly due to the policy of automatically hiring for public service all school graduates without alternative jobs. We have repeatedly flagged this issue to the Government, who told us that it was going to discontinue the above practice and restrain current expenditures. So far, however, there are no signs that they have done so.

9.8 While there are obviously no easy solutions to Mali's current expenditure and resource mobilization problem and the claims for increased current expenditures, as a result of stepped-up investment programs, will continue to rise rapidly, certain expenditures, such as those mentioned above, can and must be compressed to generate at least some domestic resources for investment. Virtually 100 percent financing from abroad can obviously not continue indefinitely.

9.9 Increased producer prices (see paragraph 5.29). In our analysis, a further increase in producer prices (particularly for rice and millet) is a sine qua non to raising agricultural output and, thus, resume economic growth. While the Government shares, in principle, this view, it is reluctant to increase agricultural producer prices because of the impact on the cost of living in urban areas, which, in turn, may create political tensions and result in demands for substantial increases in civil servants salaries and, thus would further aggravate budget difficulties.

9.10 In our view, the Government tends to exaggerate the budgetary effects, since higher economic growth will also eventually be translated into higher Government revenues. Moreover, by gradually increasing prices over time, the effects could be minimized.

REPUBLIC OF MALI

OERS

(Organisation des Etats Riverains du Senegal)

1. In March 1968, Mali, Mauritania, Guinea and Senegal drew up the charter for an "Organization of Riparian States of the Senegal River". Without being a supranational organization, OERS aimed at a close cooperation between the four states, first of all in carrying out the UNDP financial Senegal River Basin Studies, but, in addition, in many other economic, social and cultural fields. To carry out this work, an Executive Secretariat was established with headquarters in Dakar.

2. The organization was plagued from the beginning by the difficult political relations between Guinea and Senegal, the improvement of which was, in fact, one of the main goals of the organization. After a period of slow but cautious improvements, relations between the two countries reached an all time low in the aftermath of the November 1970 attack on Guinea, when President Sekou Toure accused Senegal of complicity with Portugal. Since then, Guinea has boycotted all OERS meetings which impeded the normal functioning of the organization. In October 1971, Senegal advised Mali and Mauritania of its intention to leave the crippled organization which was formally dissolved at a ministerial meeting in Nouakchott on November 29, 1971. At the same time, it was decided in principle to create a new organization comprising only Mali, Mauritania and Senegal to continue the work started by OERS. The present status of this new organization is not very clear.

3. In the past, the Bank has followed closely the UNDP-financed Senegal River Studies. In spite of its reservations regarding the operational character of various studies in the river basin, the Bank usually attended the meetings of the Senegal River Basin Advisory Group, set up end 1966/early 1967 and composed inter alia of representatives of UNDP/SF, FAO, ILO, UNESCO, IBRD. The Bank has always been of the opinion that some of the studies were designed and are being carried out without sufficient regard for economic considerations and in such a way that they are highly unlikely to lead to investments before ten to fifteen years from now. UNDP has been informed about the Bank's concern on these matters. The conclusions of the March 1971 Round Table Conference in Dakar (attended by a Bank representative), which discussed the preliminary results of 5 years of UNDP studies have fully demonstrated the rightness of the Bank's position. In fact, none of the studies has yet led to a bankable project or is likely to lead to one within the next 4-5 years.

4. On the technical level, contacts were maintained with OERS headquarters where visits were made by the Bank and FAO/IBRD Cooperative Program staff for general discussions or discussions relating to specific projects (e.g. telecommunications). OERS Executive Secretariat members usually call on the Bank during the Annual Meetings. During the 1970 Copenhagen meeting, the Executive Secretary of OERS submitted a memorandum outlining possibilities for Bank Group involvement in the OERS program of work. A letter expressing our interest in various points of the program was sent by

Mr. Chaufournier on November 10, 1970. Follow-up visits have been made since, particularly to discuss possible Bank assistance in the OERS effort to coordinate economic planning between its member countries. It is hoped that these contacts will continue with the new organization replacing OERS.

REPUBLIC OF MALI

UDEAO/CEAO

(Union Douaniere des Etats de l'Afrique de l'Ouest)
(Communaute des Etats de l'Afrique de l'Ouest)

1. Seven West African Countries (Dahomey, Ivory Coast, Mali, Mauritania, Niger, Senegal and Upper Volta) linked by a customs Union UDEAO (Union Douaniere des Etats de l'Afrique de l'Ouest) have felt that the organization lacked impetus, and that despite considerable goodwill for a positive cooperation, the practical and visible achievements were less than had originally been expected. At the May 1970 Conference of UDEAO Heads of State, in Bamako, a new attempt was made to convert it into a wider organization for economic, industrial and customs cooperation.

2. A "protocol of agreement" was adopted providing for the setting up of a new Economic Community of West Africa (CEAO) to replace UDEAO by a better structured organization. The Community will be open to other States. (Togo, for example, was represented at the Bamako meeting by an observer.) The protocol, which sets out the main aims and institutions for the new community, was originally scheduled for ratification at a meeting in Bamako on November 1, 1971, but this meeting has been postponed as the setting up of the new organization has advanced more slowly than expected.

3. The main aims, as specified are three:

- (i) to improve the infrastructure of the area as a whole by cooperation in transport and communications development;
- (ii) to promote and accelerate the joint industrialization of the member states;
- (iii) to facilitate trade between members in both manufactured products and raw materials.

4. The institution through which these objectives will be pursued are: the Conference of Heads of State, the Council of Ministers and the General Secretariat.

5. In autumn 1970, the Bank and IMF received a request for assistance to CEAO in analyzing the financial aspects of economic integration. We intended to explore the possibilities during a visit of the Secretary General of UDEAO planned for late 1970, but this visit has not yet taken place, apparently because CEAO has approached other institutions (FAC, UNIDO) for assistance in the meantime.

SPECIAL BRIEFING ON

MOPTI RICE DEVELOPMENT PROJECT (277-MLI)

1. In Mali's Rehabilitation Program (1970-72), presently being implemented, high priority is being given to the rural sector in order to reduce the food shortage and increase exports.

2. Among the three crops (cotton, groundnuts and rice), which receive highest priority in the Rehabilitation Program (accounting together for over 80 percent of planned rural investments), the rice program is the most important. As in many other West African countries, rice consumption has sharply expanded during the last decade, while local production has hardly increased. The country has therefore gradually changed from an important exporter to a net importer of rice (10 percent of total consumption) in spite of its good potential for irrigation rice production. These imports have become an increasing burden on the balance of payments, amounting up to \$3 million per year. In an attempt to reverse this unsatisfactory trend, the Government is making a special effort to develop rice production, and, to this end, has successfully solicited assistance from its major aid donors. The rice program focuses on two operations: the IDA project around Mopti (in which the French aid agency, FAC, is participating) and another project in the Segou area to be financed by the European Communities (FED).

3. The IDA credit for rice development was signed on January 6, 1972. The Project will improve conditions for rice irrigation in the Mopti area of the Niger River flood plains. Through rehabilitation and construction of polders, paddy acreage in the project area will increase from about 22,000 ha. to about 31,000 ha., while yields per ha. will more than double. The increment in production, as a result of the project, will be equivalent to a 30 percent increase in the country's present rice production. About 7,300 farm families will each cultivate an average plot of 4 ha. and will continue to grow subsistence crops outside the project area. The Project will be implemented over a six-year period under the overall responsibility of the Ministry of Production, assisted by consultants. French bilateral aid (FAC) will finance all foreign personnel cost. The Government will have FED assistance for a parallel project in the Segou area with which the proposed project would be coordinated.

4. The Project comprises:

- (a) construction of three polders, including land preparation, with a rice cultivated area of 13,300 ha.;
- (b) rehabilitation of five polders, including land preparation, with a rice cultivated area of 13,200 ha.;
- (c) land preparation on 2,000 ha. of an existing polder;
- (d) construction of buildings for the project;

- (e) establishment of a project authority, Operation Riz Motpi (ORM), including provision of farm machinery and technical assistance to ORM. The project authority will operate and maintain the polders, allocate land in the new polders, produce and distribute selected seeds, and provide credit and extension services in all areas mentioned above, plus in existing polders with a rice cultivated area of 2,700 ha.;
- (f) establishment and operation of an agricultural research station; and
- (g) preparation of a feasibility study for a second rice project in the Mopti area.

Consultants will be engaged to assist the Rural Engineering Department of the Ministry of Production in the supervision of construction, to advise ORM in its activities, including training of Malian staff during the development period, and to help prepare the feasibility study. They will be replaced by their Malian deputies as soon as feasible. A Credit and Project Summary is given in attached Annex.

5. Works for the new polders include construction of embankments, intake regulators, canals, farm roads and cattle crossings. The same applies for the agricultural research station and the seed multiplication farm. Rehabilitation of existing polders will involve strengthening embankments and raising their heights to acceptable standards. Furthermore, a laterite-surfaced road will be constructed on top of the embankments of the most frequent used sections, and intake regulators would be improved. Existing canals that have become silted will be cleared and new canals built to improve drainage and filling conditions.

6. Land preparation (about 10,000 ha.) in polders mentioned above and in the Sarantomo-Sine polder will require deep plowing to destroy existing grass and light bush vegetation. Construction of buildings will include offices, storage buildings and housing for ORM, the seed multiplication farm, the research station and the feasibility studies. In addition, a combined office and storage building will be erected in each of the three new polders and in two existing polders not already supplied with one.

7. Agricultural Research. The present research station and the seed multiplication farm at Ibetemi will be transferred to near the town of Mopti where they will have better access to ORM headquarters and where experiments could be carried out, not only on floating rice, but also on irrigated rice. In addition, their program will be expanded to include research on fertilizer and ox-drawn farm implements, as well as on performance of seed trials on farms scattered throughout the project area.

8. The feasibility study for a second rice project will include a number of technical surveys, detailed engineering of an all-weather road between Ke-Macine and Tenenkou, a health survey of the project area, and

an analysis of markets, prices and economic benefits. The Rural Economics Institute under the Ministry of Production will continue to coordinate those studies carried out by specialized firms and will be responsible for the final report.

9. The cost of the Project, including taxes of \$1.0 million, is estimated at about \$9.4 million equivalent, of which \$5.6 million will be in foreign exchange. The IDA credit of \$6.9 million equivalent will finance 73 percent of total cost. It will cover an estimated \$4.5 million foreign exchange cost of civil works contracts, agricultural research, equipment and studies for a second rice project. It will also cover \$2.4 million equivalent of local expenditures on civil works contracts, management and extension services, and the feasibility studies of the second project. FAC will finance an estimated \$0.7 million foreign exchange cost for foreign personnel. The Government's contribution of \$1.8 million equivalent will finance all taxes on construction materials, equipment and services to be paid under the project (\$1.0 million), local procurement of farm implements (\$0.5 million of which \$0.4 million indirect foreign exchange cost), and basic salaries of government employees working under the project (\$0.2 million).


10. Recovery of project costs will be achieved through imposition of a levy in kind on project farmers, which will be set at 60 kg. of paddy per ha. in the first year and increase gradually to 180 kg. of paddy per ha. from the tenth year onward. Revenue from the levy will be sufficient to recover annual operation and maintenance costs and all direct investments, without interest costs, over a period of about 35 years.

11. Overall responsibility for the proposed project will rest with the Ministry of Production whose Rural Engineering Department would be in charge of polder construction and rehabilitation. The extension service of the Ministry of Production will be organized in two units: ORM, which will cover the proposed project, and ORS (Operation Riz Segou), which will cover the FED-financed project. To insure adequate coordination and to provide integrated policy guidance for ORM and ORS, a National Rice Commission will be set up within the Ministry of Production, chaired by the Minister or his representative and comprising the Rural Engineering Department, ORM and ORS.

12. ORM will be established by decree as a semi-autonomous project authority, directly responsible to the Minister of Production. It will be administered by a board of six members, including a representative of the Ministry of Production, the Director of Agriculture, the Director of Rural Engineering and three experts appointed by the Minister. ORM will be managed by a Project Manager appointed by the Minister.

13. Assurances have been obtained by the Government that a special account for ORM's personnel expenditures will be established and that monthly deposits will be made to this account in amounts required to maintain a balance adequate to cover basic salary requirements for three months.

14. All civil works contracts, as well as procurement of machinery and equipment, will be carried out through international competitive bidding.

15. The major benefits of the project will be additional production of rice to help reduce the increase in rice imports. It will result in foreign exchange savings of about \$2.6 million annually. Improved farm techniques and increasing use of equipment will also benefit millet and sorghum production. There will be a reduction of grazing areas during the dry period, caused by draining part of existing lakes and ponds, but this will be largely compensated by the increased production of rice straw. At full development of the project in 1982, farmer's income is expected to reach about \$300 equivalent annually or about 2-1/2 times the present level. The economic rate of return will be 14 percent with project life assumed at 35 years. The economic costs exclude all taxes as well as subsidies on equipment and fertilizers. 

16. The effectiveness date of the Credit is April 17, 1972.

17. The major issue involved in the project is the question about sufficient producer prices (see paragraph 7.13).

ANNEX: MOPTI RICE PROJECT

MALI

Credit and Project Summary

Rice Development Project

Borrower: The Republic of Mali

Amount and Terms of Credit: US\$6.9 million equivalent repayable through semi-annual installments of 1/2 of 1 percent from June 1, 1983 through December 1, 1991 and of 1-1/2 percent from June 1, 1992 through December 1, 2021; service charge 3/4 of 1 percent per annum.

Project: Construction and rehabilitation of polders covering an area of 31,000 ha., including extension services and agricultural credits; construction of buildings for the project; establishment of a project authority, Operation Riz Mopti; establishment and operation of an agricultural research station; preparation of a feasibility study for a second rice project in the Mopti area.

Estimated Cost:

| | <u>Total</u> | <u>Foreign Exchange</u> (US\$ thousands) | <u>Local</u> |
|-------------------------------|--------------|---|--------------|
| Civil Works | 3,860 | 2,140 | 1,720 |
| Engineering Supervision | 220 | 150 | 70 |
| Agricultural Research | 440 | 210 | 230 |
| Farm Machinery | 930 | 790 | 140 |
| Management Extension Services | 1,730 | 930 | 800 |
| Second-stage Studies | 660 | 400 | 260 |
| Contingencies | <u>1,580</u> | <u>1,010</u> | <u>570</u> |
| Total | 9,420 | 5,630 | 3,790 |

Financing of Project:

| | |
|------------|--------------|
| IDA Credit | 6,900 |
| FAC | 700 |
| Government | <u>1,820</u> |
| Total | <u>9,420</u> |

Procurement Arrangements: All civil works contracts, as well as the procurement of farm machinery and equipment to be financed by IDA, would be carried out through international competitive bidding. Fertilizers and ox-drawn farm implements to be sold to participating farmers for cash or credit would be purchased annually on the basis of applications received from ORM.

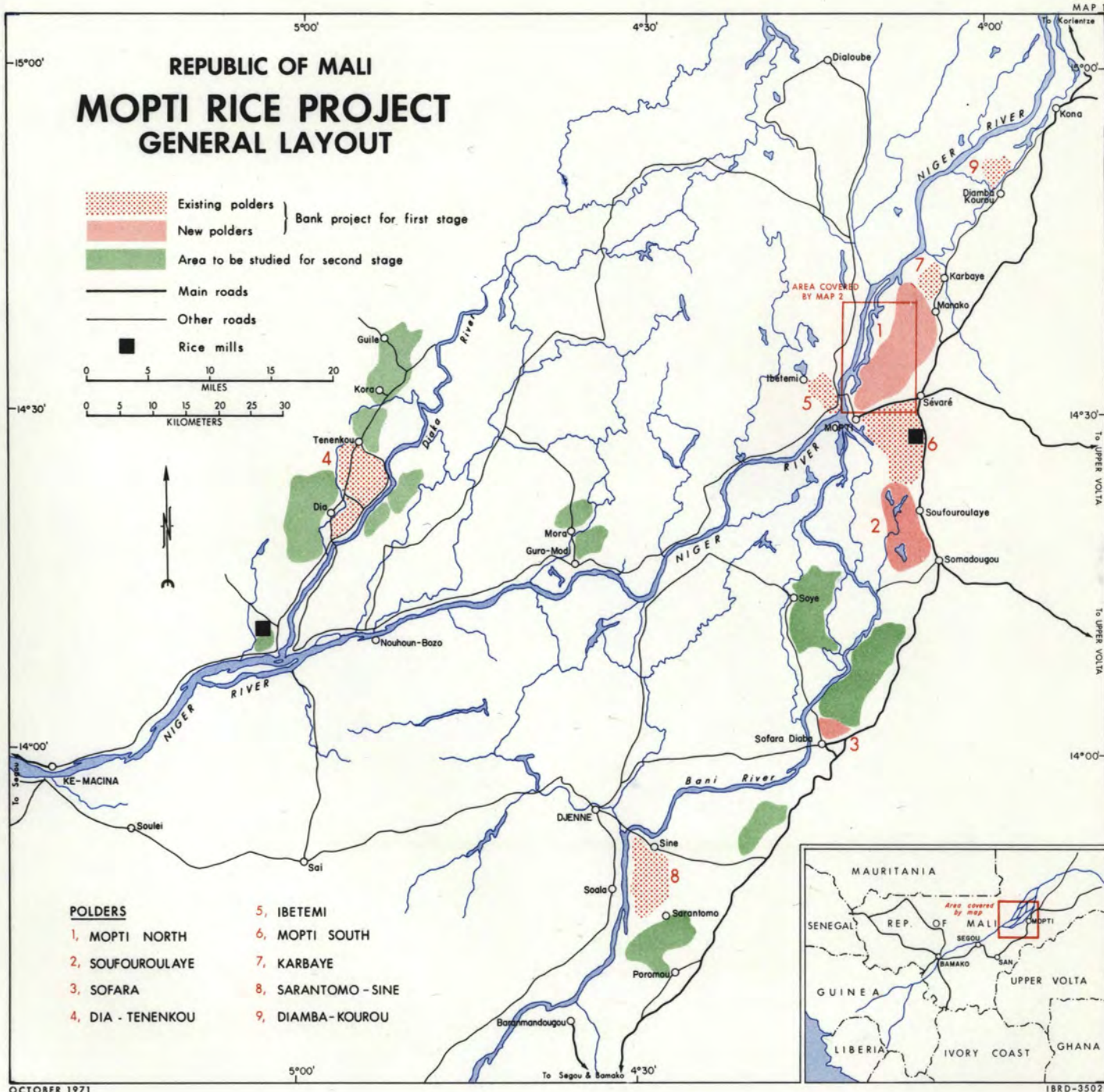
Construction Period: 1972-76.

Disbursements: The Credit would be disbursed against the CIF cost of equipment and implements and 78 percent of the combined cost of civil works, second-stage studies, salaries and operating costs of ORM, and the agricultural research station. The timing of disbursements (FY) is estimated as follows:

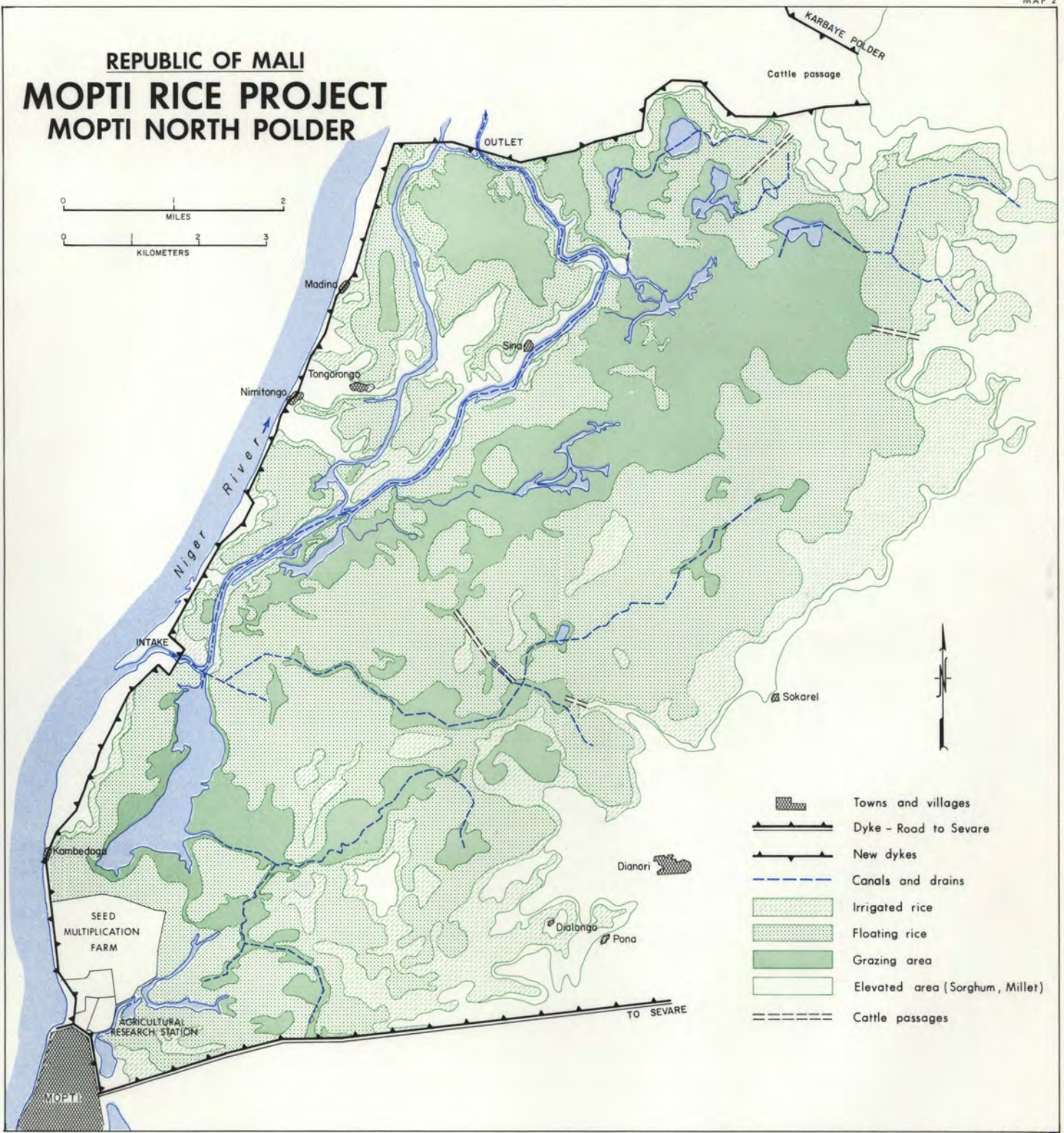
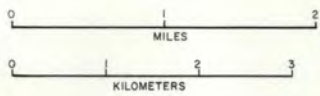
| | <u>1973</u> | <u>1974</u> | <u>1975</u> | <u>1976</u> | <u>1977</u> | <u>1978</u> | <u>Total</u> |
|--------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Amount | 1.2 | 2.5 | 2.2 | 0.7 | 0.15 | 0.15 | <u>6.9</u> |
| (\$ million) | | | | | | | |

Consultants: The Borrower would be assisted in the handling of polder construction activities by a management consultants firm, which would furnish the services of five experts to ORM.

Appraisal Report: Report entitled "Appraisal of the Mopti Rice Project, Mali (PA-107a)" dated November 9, 1971.



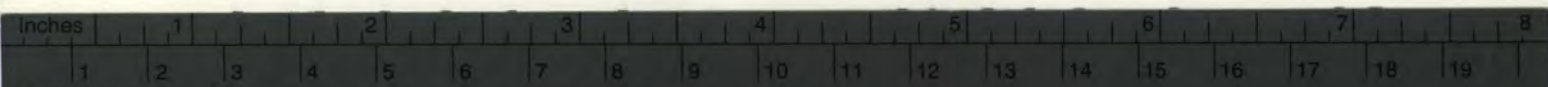
REPUBLIC OF MALI MOPTI RICE PROJECT MOPTI NORTH POLDER



- Towns and villages
- Dyke - Road to Sevaré
- New dykes
- Canals and drains
- Irrigated rice
- Floating rice
- Grazing area
- Elevated area (Sorghum, Millet)
- Cattle passages

OCTOBER 1971

IBRD-3503R



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SPECIAL BRIEFING ON

OFFICE DU NIGER

1. The purpose of the Office du Niger was to develop a large, virtually uninhabited area. The idea of the project goes back to 1919 when a study mission noted that the flood waters of the Middle Niger were remarkably well adapted for the irrigation of cotton. The general development of the Middle Niger basin was approved in 1931. Nearly one million hectares were to be irrigated. This vast, virtually uninhabited area, was to be settled by transferring farm families from the more heavily populated regions of Upper Volta and the Soudan. Rice was to be their subsistence crop and cotton their cash crop. Thus, "an island of prosperity" was to be created in the heart of West Africa. In 1932, the Office du Niger was created as a French public enterprise. By 1945 the infrastructure, mainly the Markala dam across the Niger, had been virtually completed. More than 20,000 persons had "colonized" some 22,000 hectares in two different regions of the Central Delta. By 1962, these had increased to 45,000 hectares of irrigated land on which a population of 37,000 persons produced 41,000 tons of paddy and 7,000 tons of cotton. In that year France turned its administration over to Mali. For the campaign 1968/69, the Office du Niger had almost 50,000 hectares under irrigation and a population of about 29,000 persons, but a production of only 46,000 tons of paddy and 4,000 of cotton.

2. Forty years after its creation, therefore, the Office du Niger is still far from achieving the goal that was originally expected. The hydraulic infrastructure, which had been designed for the development of several hundreds of thousands of hectares, today irrigates only 50,000 hectares, of which only 40,000 are cultivated. Some 7,500 hectares have had to be abandoned, owing to poor irrigation.

Organization of the Office

3. The Office is an autonomous public enterprise, responsible for achieving a reasonable profit, as well as to satisfy the social needs of the settler population. Its duties are numerous and complex. It is responsible for the maintenance of all its infrastructure (irrigation network, buildings and villages); it recruits agricultural labor, concludes tenancy contracts with settlers, furnishes them with means of production, and sometimes even with consumer goods. The Office is also a commercial and industrial entrepreneur that processes the paddy and seedcotton produced in the irrigated areas and markets them. Finally, and above all, the Office is concerned with agricultural production itself. It is responsible for supervising the settlers, controlling the use of the irrigation network, and educating the colonists in methods of agricultural production. Against the payment of fixed charges it can provide the colonists with a wide variety of mechanical services ranging from plowing or sowing to the spraying of cotton and the threshing of paddy. These mechanical services also permit it to engage in farming itself. The organization of the Office which is extremely complex requires a considerable staff amounting to almost 7,000 employees.

Problems

4. From the beginning, the Office has suffered from two critical deficiencies. It has been unable to attract enough settlers because of overestimated population pressure and it had shown very serious deficiencies in the irrigation and drainage network, now aggravated by the lack of maintenance. In addition, the management has been inadequate. The total settled population has never exceeded 40,000 persons and has sharply decreased recently to 20,000. This too small number has hampered the Office to yield an output sufficient to meet all costs of both the settlers and the scheme. In order to palliate this shortage of manpower, various attempts have been undertaken: intensified mechanization which proved expensive compared to the value of additional output, intensive production program which enjoyed only a modest measure of success, because of, in part, continued deficiencies in the irrigation system and irrigation practices, and, in part, of insufficient return compared to other areas for cultivation in Mali. As a consequence, the incentive to settle in the Office du Niger has diminished and production has fallen. Output of cotton has decreased since the beginning of the sixties, following the Government's decision to give up the cotton production in the Office because of inadequate drainage of cotton fields. Production of paddy has remained more or less stable averaging 40,000 tons/ p.a., but with yields about 1.4-1.5 tons/ha lower than the national average. The relatively poor performance of these two crops was hardly compensated by the development of sugar and tobacco production, financed, in part, with aid from Mainland China.

5. As a consequence, the financial situation of the Office du Niger always remained difficult. The disappointing output of the settlers has not only limited the payments which the Office could collect for its services (ridging, plowing and supply for fertilizers), but also the revenues obtained from processing and selling the crops purchased from the colonists.

6. The 1969 Bank mission recommended, in view of the large amounts already involved in the scheme, to undertake a comprehensive study to explore ways and means of getting more effective results from this investment. The 1971 mission has noted that nothing has been done yet, but very recently newspaper reports mentioned an increased willingness by Russia and by Mainland China to study the problem more thoroughly.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

OFFICE MEMORANDUM

Abidjan Office

To: Mr. Roger Chaufournier
(through Mr. de la Renaudière)

From: M. El Moghazi, U. Fontana and R. Egli (FAO/CP)

Subject: MALI - Groundnuts and Food Crops Productivity Project
and Haute Vallée Development Project

February 3, 1972

Letter No. 31

1. A project for the development of groundnuts and cereals in the groundnut producing region of Mali was identified by a PMWA agricultural mission in August 1971. From January 3 to 12, 1972, we visited Mali to discuss further with the competent Government officials the project and to obtain additional information on the agricultural potential of the region.

We also discussed further with the Government the proposed Haute Vallée project which was identified by PMWA in December 1970 and visited the project area to confirm PMWA earlier findings.

2. This report reviews the on-going Mali groundnuts development program which has been in effect since 1967 and proposes a five-year (1973/74 - 1977/78) groundnuts and cereal development project for possible IDA financing. In addition the report reviews the Haute Vallée project for which the Government is also seeking IDA credit.

I. SUMMARY AND CONCLUSIONS

a) Groundnuts and Food Crops Productivity Project

On-going Groundnuts Development Program (Opération Arachide)

3. Prior to 1964, efforts to increase groundnut production were limited and mostly ineffective and yields remained low (about 500 kg of unshelled groundnuts per ha). Thereafter, an attempt was made to introduce improved seed, but this was also ineffective until the Government autonomous organization for the development of groundnut production (Opération Arachide) was started in 1967 with technical assistance from the French consultants BDPA (Bureau pour le Développement de la Production Agricole). FAC has supported this operation by contributing MF 340 million per year, but will terminate its support in March 1973. Over two-thirds of FAC-financing is for expatriate personnel. Mali bears most of the local costs of the operation, including the salaries of Malian extension supervisors and a considerable number of farm-level extension workers. Furthermore, the Government, with UNDP support, has started a farmers' educational program (Programme d'Alphabétisation Fonctionnelle des Adultes) to increase farmers response to improved

cultivation techniques. FED subsidized fertilizer use on groundnuts but this support ended with the close of the 1969/70 season.

4. The operation's zone of action, which started in the administrative regions of Koulikoro, Banamba, Kolokani and part of Bamako has been extended to cover most of the regions of Kita and Bafoulabé (see map). The operation is to continue its basic action of improving the marketing of groundnuts mainly through the provision of trucks for the transport of groundnuts from farmers' collect points for delivery to SOMLEX ^{1/}, the distribution of better seed and the adoption of better crop husbandry by a larger number of farmers in the regions already touched. In addition, the operation proposes to extend its activity to additional regions where conditions for groundnut cultivation is also favorable (Ségou region).

5. The production of groundnuts was bound to recover to some extent from past low levels in response to the higher price to producer (MF 30/kg of unshelled groundnuts) fixed by the Government at the close of 1969 and the improvement in the abnormally poor weather conditions of the recent past. On the other hand, the mission believes that the progressive increases in average yield in an annually growing area brought under the operation, the more favorable response from farmers to extension service and their better repayment record of credit are due to a large extent to the program's activity.

b) The PMWA Proposed Five-Year Groundnuts/Food Crops Project 1973/74-1977/78

6. The proposed five-year Bank project would constitute a continuation of the on-going groundnut development program. It would involve further intensification of groundnut cultivation in areas already covered by the "Opération Arachide" and the extension of its zone of action to the regions of Ségou and San in the East. In addition, the project would aim at increasing yields of cereals (millet and sorghum) grown in rotation with groundnuts. During the project investment period the area under groundnut cultivation would increase by about 38% in the on-going project area and by approximately 75% in the new zones of Ségou and San. Similarly the average groundnut yields would increase respectively by about 250 kg/ha and 350 kg/ha. Additional production resulting from project activity is estimated at about 100,000 tons of unshelled groundnuts and about 6,000 tons of cereals in year 5 of project, of a value at farm gate prices of about MF 3,000 million (US\$ 5,864,000) ^{2/} and MF 108 million (US\$ 211,000) respectively. The mission tentatively

^{1/} Government marketing organization in charge of export of groundnuts and provision of oil mills.

^{2/} The exchange rate used in this report is: US\$ 1 = CFAF 255.8 = MF 511.6, as indicated by Mr. C. Jansen to Mr. Bruce M. Cheek in a memo, dated December 29, 1971.

estimates total project cost at about MF 4,850 million (US\$ 9,480,000), excluding feeder road improvement and farmers education programs, which nevertheless the mission considers essential to project success. The estimated project costs and returns lead to a high economic rate of return.

c) Haute Vallée Development Project

7. The Government officials agreed with the mission to recognize that the results of the on-going Haute Vallée project are poor in general. When PMWA asked FAC in May 1971 to finance the necessary feasibility study for a possible Bank project, FAC answered they could not as the development project they financed in the Haute Vallée has encountered difficulties mainly in the human and social field. However, the mission has drawn more favorable conclusions. As a matter of fact, good conditions for the development of a rather diversified agriculture seem to exist in the Haute Vallée area and the mission thinks that the poor results obtained during FAC financing were essentially due to inadequate conception and implementation of the project. FAC project had an integrated development approach when adequate agricultural techniques were not defined and when extension personnel was not sufficiently trained and supervised for such an approach. This seems to be confirmed by the new specific FED financed tobacco project in the Haute Vallée area the results of which are very encouraging.

8. The last PMWA mission to Haute Vallée (memo from M. El Moghazi and C.E. Metcalfe to Mr. R. Chaufournier, dated December 21, 1970) proposed a five-year project concentrated in only three of the seven agricultural districts of the region. Because of the limited number of inhabitants it seems advisable to consider a larger area in order to lead to a sufficient project cost. The mission proposes that the feasibility study be carried out in the whole of the Haute Vallée area (left bank and right bank of Niger river) but economic rate of return be calculated separately for 3 agricultural districts (on the left bank of Niger, as formerly proposed by PMWA), for 5 agricultural districts (on the left bank) and for the whole of the Haute Vallée area, i.e. 7 districts (left and right bank of Niger river).

9. Although FED is financing the tobacco development program until 1975, it seems there is room for Bank intervention in the field of cotton, groundnuts, rice, vegetables (tomato and onions), food crops and livestock.

Recommendations

a) Groundnut and Food Crops Productivity Project

10. PMWA is to write to the Government detailing Bank views on the scope, magnitude and timing of groundnut and cereal development project for possible IDA financing. In addition PMWA would ask the Government

to undertake the following:

- (i) Request FAC to finance and supply the services of at least one experienced agricultural economist to guide Mali's IER ^{1/} during the preparation of the project feasibility study. Bank would support Government request with FAC.
 - (ii) Collect the basic data needed to enable PMWA's transport and education staff to assess the viability respectively of a road improvement and a farmer's education program proposed by the mission within the groundnuts and cereal development project.
11. During the preparation of the feasibility study particular attention should be given to agricultural credit and to the price stabilization fund organizations which are presently very poorly run.
 12. Provided the Government agrees with our views, PMWA would send a mission to Mali in April (the starting date proposed by the mission of the feasibility study preparation) to review with the Rural Economic Institute the preparation and timing of the feasibility study and to insure that it will contain all data necessary for project appraisal.
 13. The mission is of the opinion that the feasibility study could be made available to us 5 months from time of starting. Provided we receive the study not later than September 1972 we would be able to appraise the project in January 1973.

b) Haute Vallée Development Project

14. PMWA is to write to the Government detailing Bank approach of a rural development project in the Haute Vallée for possible IDA financing. In addition PMWA would ask the Government to undertake the following:

- request UNDP to finance and supply the services of an agricultural economist and an agriculturalist for a six-months period, and a pedologist for a two-months period to guide Mali's Rural Economic Institute during the preparation of the project feasibility study;
- to undertake, as soon as possible, with IRAT support, trials on cultivation techniques for rice (irrigated,

^{1/} IER - (Institut d'Economie Rurale) which counts a number of French technicians among its staff, was responsible for the preparation of the Bank Mopti rice and other project feasibility studies.

bottom land and rainfed rice), millet, sorghum, tomato, onions and trials for storage techniques for tomato and onions;

- to prepare a feeder road improvement and a farmer education program which would be assessed by a further PMWA mission and eventually integrated in the Haute Vallée development project.

15. In order to avoid the difficulties encountered by the integrated development program financed by FAC, the mission proposes that the possible Bank project deal only with cotton, groundnut and food crop development in its first phase. The development of other crops would be carried out later when the adequate agricultural techniques will be clearly defined and when the extension personnel will have received the appropriate training.

16. Provided the Government agrees with our views, PMWA would send a mission to Mali to prepare with the Rural Economic Institute the terms of reference of the necessary feasibility study.

17. Because of the limited absorptive capacity of Mali's Rural Economic Institute, Haute Vallée feasibility study would not commence before groundnuts/food crops project study is completed and would then be available in March/April 1973.

II. MAIN REPORT

On-going Groundnuts Productivity Program

18. A groundnut productivity program (Opération Arachide) started in Mali in 1967 with FAC financing and technical assistance from BDPA, met with numerous difficulties during its first two years, primarily as a result of unfavorable climatic conditions. Although rainfall during the 1969/70 and 1970/71 seasons was not considered optimum for groundnut cultivation, production showed a marked improvement over previous years due largely to the effect of the "opération" and to farmers' favorable reaction to an increase in the fixed price of unshelled groundnuts of MF 30/kg, announced at the end of May 1969.

19. Basically the "opération" focuses on (a) improvement in marketing, (b) distribution of better seed and (c) adoption of better crop husbandry including land preparation with ox-drawn equipment and the application of limited quantities of superphosphate fertilizer (65 kg/ha). Farm equipment as well as seasonal inputs is given to farmers on credit and repayment rate has increased from 72% in 1967/68 to 95% in 1969/70.

20. The "opération's" zone of action has been gradually extended and now covers all of the administrative regions of Kayes, Bafoulabé, Kita, Kolokani, Banamba and part of the regions Niono, Nara and Bamako

(see map attached). This area of most concentrated groundnut cultivation is accounting for about 100,000 ha or about 33% of the national total and for about 46,000 mt or about 62% of the total marketed in 1970/71.

21. To support this "opération" FAC is providing MF 340 million (US\$ 700,000) per year through 1972. This amount pays for French technical assistance (BDPA), some trucks used for collecting the groundnuts, bicycles for Malian extension workers, fungicides for treating the seed, some farm tools and a radio network linking the technicians. Over two-third of the cost is for expatriate personnel. Mali bears most of the local costs of the "opération", including the salaries of Malian extension service staff. FED subsidies for fertilizers used on groundnuts ended with the close of 1969/70 season and farmers now pay the full price for this input.

22. In order to assist the "Opération Arachide" the Government has launched support activities consisting of special radio broadcastings and of a functional education program for farmers in their native language. This training program, carried out by the "Service de l'Alphabétisation Fonctionnelle" and supported by UNESCO, is strongly coordinated with the "Opération Arachide" since 1969. It is difficult to assess the viability of such a program which aims at teaching farmers the writing of their native language, how to calculate and to use modern scales. However, the "Opération Arachide" manager told us that educated farmers are more open-minded and consequently more responsive to use of modern agricultural techniques.

23. Local personnel in the field is composed of 200 extension workers (encadreurs de base), 47 extension officers (moniteurs d'agriculture) and 6 medium level staff (conducteurs d'agriculture). In addition 2 agronomists are at the central level. The French technical assistance is provided by 6 technicians at the central level 1/, and 12 at the field level 2/.

24. The following table shows the evolution of different inputs consumption:

| <u>Year</u> | <u>Groundnuts Selected Seeds (t)</u> | <u>Fertilizer (ha with fertil.)</u> |
|-------------|--------------------------------------|-------------------------------------|
| 1967/68 | 140 | 3,800 |
| 1968/69 | 500 | 4,200 |
| 1969/70 | 825 | 5,700 |
| 1970/71 | 1,600 | 18,300 |

The use of ox-drawn implements (plough, seeder and carts) has been voluntarily delayed because the improvement of manual agricultural tech-

1/ 1 manager, 2 training officers, 2 accounting officers and 1 ox-drawn equipment specialist.

2/ 4 "chefs de zone" and 8 "chefs de secteur".

niques has been given priority. However, emphasis will be given to it during the next years.

25. The average groundnuts yields increased sharply from 400 kg/ha in 1967/68, to 575 kg/ha in 1968/69 and to 740 kg/ha in 1969/70. In 1970/71 the average yield was lowered to 680 kg/ha mainly because of low and inadequate distribution of rainfall.

26. The production increased regularly due to the improvement of yields and to the extension of the area under groundnut cultivation, as indicated in the table below:

"Opération Arachide"

| <u>Year</u> | <u>Intervention Area (km²)</u> | <u>Population ('000)</u> | <u>Groundnut Area (ha)</u> | <u>Groundnut Average Yield (kg/ha)</u> | <u>Groundnut Production (tons)</u> |
|-------------|---|--------------------------|----------------------------|--|------------------------------------|
| 1967/68 | 22,850 | 268 | 46,200 | 400 | 18,500 |
| 1968/69 | 40,350 | 341 | 51,000 | 575 | 29,500 |
| 1969/70 | 105,350 | 669 | 75,500 | 740 | 56,665 |
| 1970/71 | 106,350 | 687 | 102,600 | 680 | 68,507 |

Future Government Groundnut Program

27. From data provided by responsible Government officials, the mission estimated the costs and returns of the future national groundnut program, part of which could be financed by the Bank during the period 1973/74 - 1977/78. The project would contain an intensification on the on-going project area and the development of a new area in the East (Ségou) with about 450,000 inhabitants.

Government Program in the On-going Project Area

28. The project would aim at pursuing the present activities (improved groundnut seed, better sowing density, fertilizer use) and at putting emphasis on the use of ox-drawn equipment use (plough, seeder, carts). Inputs storage facilities are to be constructed in order to prevent inputs from deterioration. The program plans to establish two large workshops for repair and maintenance of vehicles and trucks which will be used in the project. It is also proposed to construct improved wells where the population encounters difficulties in water availability during the dry season. Finally, 5 medical dispensaries are to be created in the West where social infrastructure is presently inadequate.

29. The tables 1 to 9 in annex give details on personnel requirements, infrastructure, equipment, operating costs, credit requirements, production and marketed quantities of groundnut and additional production of millet/sorghum due to the residual effect of fertilizer on groundnuts.

30. The mission estimates that the area under groundnut will increase from 120,000 ha in 1972/73 to 166,000 ha in 1977/78 whereas the production of unshelled groundnuts will grow faster from 102,000 t to 183,000 t due to the elevation of the average yield from 850 kg/ha to 1,100 kg/ha. The incremental production of millet/sorghum due to the residual effect of fertilizer used on groundnuts is estimated at about 6,200 t in 1977/78.

Government Program in the Ségou Area

31. The program is similar to the preceding one except that expatriate personnel would be used on a larger basis as the program in the Ségou area will be a new project. Moreover, during the first 2 to 3 years of program implementation, priority should be given to improvement of manual agricultural techniques, whilst the use of ox-drawn equipment would be encouraged in a second phase.

32. Details on personnel requirements, infrastructure, equipment, operating costs, credit requirements, production and marketed quantities of groundnuts and additional production of millet/sorghum are given in annexed tables 1 to 9.

33. The mission estimates that the area under groundnut cultivation will increase from 20,000 ha in 1972/73 to 35,000 ha in 1977/78, whereas the production of unshelled groundnuts will grow faster from 9,000 t to 28,000 t due to the improvement of the average yield from 450 kg/ha to 800 kg/ha. The incremental production of millet and sorghum due to the residual effect of fertilizer used on groundnuts is estimated at about 1,500 t in 1977/78.

PMWA Proposed Groundnut/Food Crop Productivity Project

34. The mission assumed that, without Bank intervention in the on-going project area, the Government would reduce the field personnel number by 15% in 1973/74, 25% in 1974/75, 35% in 1975/76, 40% in 1976/77 and 45% in 1977/78. Such a diminution in personnel would not allow for a further production increase and it is assumed that production would remain equal to the 1972/73 level, i.e. 102,000 t of unshelled groundnuts. Bank intervention in the on-going project area would maintain the personnel at the same 1972/73 level and so would allow for a further emphasis on fertilizer 1/ and ox-drawn equipment 2/ use,

1/ Including appropriate changes in the type of fertilizer used (higher doses of superphosphate).

2/ The present small scale program on ox-drawn equipment will certainly lead to a better understanding of the existing constraints and would thus allow for the rational development of a large scale program.

and consequently a further increase in production from 102,000 t in 1972/73 to about 183,000 t in 1977/78.

35. These assumptions seem to be rather optimistic. It is not sure that the groundnut production level would decrease if the Government reduces the number of extension workers. In fact, the production would likely increase without Bank intervention because of a foreseeable natural extension in area under groundnut cultivation essentially due to a present good price incentive. This would, of course, reduce the additional output of the proposed Bank project in the on-going project area and consequently lower the economic rate of return of the project, which is estimated at more than 60%. In addition the rate of return would subsequently be reduced if we consider a feeder road improvement program which is, in our opinion, essential for a good implementation of the extension program but would have by itself a lower economic rate of return than the agricultural past aspects of the project. The mission thinks that, even so, the overall economic rate of return would be sufficiently high and the project would be worthy for Bank consideration.

36. The proposed Bank project in the on-going project area would finance a progressive part of local extension workers and the whole of the additional credit requirements ^{1/}. The proposed Bank project in the new area of Ségo would cover the whole of credit requirements, including also expatriate and local personnel.

37. The following table indicates the breakdown of the 5-year PMWA proposed Bank project in the on-going project area and in the new area of Ségo. (See table 10 in annex for more details).

Total Cost of PMWA Proposed Project

| | <u>Ongoing Project Area</u> | | <u>Ségo Area</u> | | <u>Total</u> | |
|-----------------------------------|-----------------------------|------------------|-------------------|------------------|-------------------|------------------|
| | <u>MF million</u> | <u>US\$ '000</u> | <u>MF million</u> | <u>US\$ '000</u> | <u>MF million</u> | <u>US\$ '000</u> |
| 1. Personnel | 623.5 | 1,218.7 | 655.2 | 1,280.7 | 1,278.7 | 2,499.4 |
| 2. Infrastructure | 604.0 | 1,180.6 | 123.8 | 242.0 | 727.8 | 1,422.6 |
| 3. Equipment | 763.5 | 1,492.4 | 186.4 | 364.3 | 949.9 | 1,856.7 |
| 4. Operating Costs | 846.1 | 1,653.8 | 246.1 | 481.0 | 1,092.2 | 2,134.8 |
| 5. Agricultural Research | 35.0 | 68.4 | 15.0 | 29.3 | 50.0 | 97.7 |
| 6. Additional Credit Requirements | <u>638.0</u> | <u>1,247.1</u> | <u>112.1</u> | <u>219.1</u> | <u>750.1</u> | <u>1,466.2</u> |
| Total | 3,510.1 | 6,861.0 | 1,338.6 | 2,616.4 | 4,848.7 | 9,477.4 |

^{1/} Inputs storage facilities, workshops for the maintenance and repair of vehicles and trucks, medical dispensaries where urgently needed, wells, additional trucks and their operating cost, an airplane, additional agricultural credit requirements and agricultural research.

38. Using the assumptions stated in paras. 34 and 35, the total additional output (Ségou area and on-going project area) would increase from MF 824.5 million in 1973/74 to MF 5,155.5 million in 1977/78 (see table 11 in annex). The balance between costs and revenues would evolve as indicated below (see table 12 in annex).

| <u>1973/74</u> | <u>1974/75</u> | <u>1975/76</u> | <u>1976/77</u> | <u>1977/78</u> |
|----------------|----------------|----------------|----------------|----------------|
| | | MF million | | |
| (271.4) | 91.5 | 585.9 | 1,128.1 | 1,757.0 |

On-going Haute Vallée Development Project (Opération Haute Vallée)

39. The last PMWA mission to Haute Vallée proposed a five-year project in part of the Haute Vallée area and details of the on-going program are given in the memo from M. El Moghazi and C.E. Metcalfe to Mr. R. Chauffournier, dated December 21, 1970.

40. From July 1965 to March 1970, FAC financed an integrated development program in the Haute Vallée region. The main activities of FAC program were: development of groundnuts, cotton, irrigated rice, vegetables (tomato, onion, tobacco), improvement of feeder roads, construction of irrigation schemes for rice cultivation. Technical support was provided by BDPA (Bureau pour le Développement de la Production Agricole). Since April 1970, "opération Haute Vallée" is entirely run by Malian personnel with Malian financing except for a tobacco development program which is financed by FED.

41. The Government officials agreed with the mission to recognize that the results of the on-going Haute Vallée project are poor in general. When PMWA asked FAC in May 1971 to finance the necessary feasibility study for a possible Bank project, FAC answered they could not as the development project they financed in the Haute Vallée had encountered difficulties mainly in the human and social field. However, the mission has drawn more favorable conclusions. As a matter of fact, good conditions for the development of a rather diversified agriculture seem to exist in the Haute Vallée area and the mission thinks that the poor results obtained during FAC financing were essentially due to inadequate conception and implementation of the project. FAC project had an integrated development approach when adequate agricultural techniques were not well defined and when extension personnel was not sufficiently trained and supervised for such an approach. This seems to be confirmed by the new specific FED-financed tobacco project in the Haute Vallée area, the results of which are very encouraging.

42. Difficulties in the development of vegetables have been encountered. The mission thinks that the adequate agricultural and storage techniques for tomatoes and onions have not been defined yet. Moreover, the marketing was not sufficiently organized and often farmers were able to sell only part of their harvest at very low prices.

43. As for rice cultivation, the results are not better. Several irrigation schemes financed by FAC are now abandoned because of excessive development of rhizomatous weeds. This is mainly due to the use of too primitive and inadequate agricultural practices 1/. The rehabilitation of such deserted irrigation schemes would need (i) the elimination of the rhizomatous weeds 2/ and (ii) the application of adequate cultivation techniques.

44. The mission thinks, however, that in view of the ecological conditions, rice production could be considerably increased without important investments owing to the introduction of rainfed rice and bottom-land rice cultivation. Such an impression needs, however, to be confirmed by agricultural research trials which we should ask IRAT to conduct during project preparation.

45. Cotton and groundnut production has increased during the last few years but it seems possible that a well conceived and organized program would lead to a further substantial development of the production.

46. Tobacco development program will be financed by FED until 1975. This program is working very satisfactorily and the whole of the production is sold locally to the Djoliba cigarette company. The local tobacco demand will be met in the next few years and export possibilities are to be found if the Government intends to develop furthermore tobacco production. FED is presently financing a study to define the tobacco export possibilities of Mali.

47. The data which were provided by the "opération Haute Vallée" manager to the mission are very insufficient and did not allow for the preparation of a project outline. The mission estimates, however, that ecological conditions in the Haute Vallée are among the best in Mali and that there would be room for Bank intervention in the field of cotton, groundnuts, rice, vegetables, food crops and livestock. A better understanding of what and how much the Bank could finance can be obtained only after completion of the feasibility study.

48. Because of the limited number of population in the Haute Vallée, it seems advisable to consider the whole of the area in the feasibility study in order to lead to a sufficient project cost. However, the mission proposes that the economic rate of return be calculated separately for:

- (i) three agricultural districts (on the left bank of Niger river, as formerly proposed by PMWA in

1/ Broadcast sowing which does not allow for an easy weeding.

2/ Such an operation cannot be carried out by the farmers because it implies the use of costly and/or tricky techniques such as mechanical ploughing during the dry season or herbicide treatments.

the December 21, 1970 memo, to Mr. Chauffournier),

- (ii) five agricultural districts (on the left bank)
- (iii) and seven agricultural districts (the whole of the area on the left and right bank).

cc: Messrs. Evans/Rosenblad
Huber
Rowe

MEIMoghazi/UAFontana:ed

Colonel Moussa TRAORE

Chief of State
President Military Committee for
National Liberation

On the eve of November 19, 1968, the army led by (then) Lieutenant Moussa Traore overthrew the Government of Modibo KEITA in a bloodless coup. Traore has been Chief of State and President of the MCNL since the coup, although he waited three years to promote himself to Colonel. During his first year, he shared power with another MCNL member, Captain Yoro DIAKITE who served as Prime Minister. Diakite was demoted to a secondary position in September 1969, and in May 1971, was dropped from the MCNL. Moussa Traore is clearly "first among equals" on the eleven-man MCNL.

Traore is 35 years old. Prior to independence he served as an NCO in the French Army. He attended the Frejus, French Officer Training School, graduated first in his class and was reputed to be a brilliant student. Since assuming power, Traore has traveled to all Mali's immediate neighbors as well as Egypt, France and the Soviet Union.

Colonel Traore is a calm, taciturn, restrained man who keeps to himself and very rarely attends social functions. He has not moved into the Palace occupied by Modobo Keita and the former French Governor-Generals but lives modestly on a military base.

Traore and his wife, Marianne Cissoko whom he married in 1963, have small children.

Mr. Yaya BAGAYOGO

Minister of Education, Youth and Sports

Mr. Bagayogo was born in 1934 in Koulikoro. He has studied in France and holds a Doctorate in Geography from the University of Montpellier. He has been a teacher in history and geography in Bamako.

Mr. Bagayogo has traveled extensively. In 1969, he was invited to the United States by the State Department as a "Leader Grantee". He has been married twice. His first wife was French.

Sidy COULIBALY

Minister of Production

Sidi Coulibaly has been Minister of (Agricultural) Production only since September 1, 1971. He is 31 years old. Coulibaly studied economics at the Sorbonne where he graduated near the top of his class. Prior to his surprise appointment as Minister of Production, Coulibaly had been an adviser in the Office of the President, where he dealt with economic matters.

Coulibaly, who has visited Washington four times and traveled widely in Europe, has never visited Conakry or Dakar. His most recent visit to Washington, in October 1971, was to negotiate a rice development loan at the World Bank. He previously had attended a two-month IMF course and participated in two IMF sessions in Washington.

Coulibaly is married. His wife, who works as a receptionist at the West German Embassy in Bamako speaks excellent English and some German as well as French.

Sory COULIBALY

Minister Delegate to the Military Committee
Responsible for Labor

Although he was downgraded from Minister of Foreign Affairs to Minister of Labor in September 1970, Coulibaly remains the senior civilian in the Mali Government. Despite close ties with ex-President Modibo Keita and his presence with Keita on the eve of the November 1968 coup, he has enjoyed a close relationship with the MCNL since it took power. Initially, he served the MCNL as Minister Delegate to the Office of the President from 1968 to 1969. In September 1969, he was named Foreign Minister.

Coulibaly was born in Mali in 1925. He was active in labor union affairs and worked in the French Foreign Ministry prior to independence. He completed a course in diplomacy at the Institute of Political Science in Paris in October 1960, and returned to Bamako to head the Political Section of the Foreign Ministry. By 1961, he was Secretary-General of the Ministry. From 1962-1966, Coulibaly was Mali's Permanent Representative at the UN and Ambassador to the USSR in 1966-1968. While at the UN, he represented Mali on the Security Council in 1965. He has been consistently active in UN, OAU and other international affairs since Malian independence.

Coulibaly is married and has several children. Although he knows some English, he prefers to speak French.

Captain Karim DEMBELE

Minister of Transport, Telecommunications and Tourism
Member Military Committee of National Liberation

Captain Dembele was born June 23, 1939, at Sikasso, Mali. He is married and has at least one daughter.

Dembele received two years training as a flight communications officer at Lackland, Randolph and Keesler Air Force Bases in 1963-64. He speaks fluent English.

Immediately after the coup d'etat, Captain Dembele was appointed Chief of Cabinet in the Office of the President. He relinquished that position in October 1969, and held no other governmental position until he became Minister of Transport, Telecommunications and Tourism in September 1970. Dembele has traveled frequently in Europe and Africa during the past three years.

Captain Baba DIARRA

Minister of Finance and Commerce
Vice President of Military Committee of National Liberation

Captain Baba Diarra is now the second ranking member both of the Military Committee and of the Government. A member of the inner circle of the 14-member Committee which overthrew Modibo Keita in November 1968, Diarra was initially Second Vice President of the MCNL. He moved up in precedence in May 1970, when former First Vice President Yoro Diakite was dropped from the Committee. Diarra assumed the portfolio of Minister of Finance and Commerce September 10, 1970. Previous to that he had not had any governmental position.

Captain Diarra was born in 1935 at Koutiala, Mali. He graduated first in his class from the Malian Officer Training School at Kati and served for a time prior to the coup d'etat as commander of the Armored company.

Since the coup, Diarra has made several trips abroad for the MCNL and GOM. He has traveled frequently in Africa and made two trips to the Soviet Union in 1970. He also visited the United States on a Department of State Leader Grant August 8-20, 1970. In addition, Diarra has headed the Malian delegation to the last two IMF Conferences in Copenhagen (1970) and Washington (1971).

Mr. Tieoule KONATE

Governor of the World Bank,
President Director General of the Development Bank of Mali,
Member of the Cabinet with ministerial rank.

Mr. Konate was born on February 21, 1933 in Bamako. He studied economics in Paris.

His previous positions have been Director General of Economic Affairs, Governor of the Central Bank of Mali and Director of Cabinet in the Ministry of Commerce and Transportation. He is also Governor of the African Development Bank.

Mr. Konate has traveled extensively in France, U.S.S.R., Belgium, Germany and various West African countries. He visits the United States each year for the Annual Meetings of the Bank and IMF.

Mr. Konate is married and has two sons and a daughter.

Robert N'DAO

Minister of Industrial Development and Public Works

Robert N'Dao was born March 29, 1935 in Bamako. He is a Protestant, one of only an estimated 5,000 in Mali. N'Dao has the equivalent of a Master of Arts Degree (License) in Geology from the University of Nancy, France. He is married and has at least one child.

N'Dao entered the Mali (then Soudan) civil service in 1958 as an engineering assistant. For some time between 1963 and 1967, he worked with the Secretariat of the Senegal River States Organization in St. Louis, Senegal. In a Ministerial realignment September 18, 1969, N'Dao was appointed Secretary of State in charge of Industrial Development. One week later, he was elevated to Minister of Industrial Development and Public Works, which was a new Ministry created from the old Ministry of Plan, Equipment and Industry (N'Dao is not responsible for Plan).

Major Charles Samba SISSOKO

Minister of Foreign Affairs

Member, Military Committee for National Liberation (MCNL)

Major Sissoko, a member of the group which overthrew the regime of Modibo Keita November 19, 1968, has been Minister of Foreign Affairs since September 1970. He had served as Minister of Defense, Security and Interior from the time of the coup until appointed Foreign Minister.

Major Sissoko, like Chief of State Traore, is from the Kayes Region. He entered the French army in 1953, and subsequently attended the Officer Training School in Frejus, France. Sissoko served with the Presidential guard and with the Sahelian battalion based at Gao prior to the coup. He was promoted to Captain in 1966. Major Sissoko is the only MCNL member with the rank of Major. Chief of State Traore is a colonel and the other nine members are captains. (All MCNL members were promoted to their present grades October 1, 1971.)

Since the coup, Sissoko has traveled widely. He visited the Soviet Union twice and led official delegations to Peking in December 1970 and 1971. During both Peking visits he called on Prince Sihanouk. His only visit to the United States was in September 1971, as a member of the OAU mission headed by Mauritanian President Ould Daddah. This delegation was received by President Nixon and entertained at a luncheon by Secretary Rogers.

Donald A. DUMONT

UNDP Resident Representative in Mali

Mr. Dumont was born on December 6, 1911 in Massachusetts. He has a BS (1934) and a MA (1938) from Trinity College.

He has taught in a Preparatory School and was an English instructor at Trinity College. His State Department assignments during 1940-51 include positions in Dakar, Rabat, Tunis, Istanbul, and Stuttgart. Mr. Dumont has also served as Officer in Charge, Africa South of Sahara; Consul General for French West Africa; Charge d'Affaires to the Federation of Mali; UN Advisor to the Bureau of African Affairs; Ambassador to Burundi; and Diplomat in Residence at the University of Tennessee.

Attendance to meeting
Bamako, Mali March 9, 1972

Klaus ^{Huber} ^{2/9/72} *Sent me a copy of this in Washington*
Huber.

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| Robert S. McNAMARA | Président, Banque Mondiale |
| Nassim KOCHMAN | Administrateur, Banque Mondiale |
| Roger CHAUFFOURNIER | Directeur, Département de l'Afrique de l'Ouest |
| William CLARK | Directeur, Département d'Information et Affaires Publiques |
| Klaus HUBER | Chef de Division, Département de l'Afrique de l'Ouest. |
| Auders LJUNGH | Assistant Personnel de M. McNAMARA |
| ✓ Commandant Charles Samba CISSOKO | Ministre des Affaires Etrangères |
| ✓ Sidi COULIBALY | Ministre de la Production |
| ✓ Tiéoulé KONATE | Président Directeur Général de la B.E.M. |
| ✓ Charles SAMAKE | Plan |
| ✓ Oumar MAKALOU | Coopération Internationale |
| ✓ Abdoulaye SY | Trésor Banques et Assurances Gouverneur suppléant |
| ✓ Sékou SANGARE | Présidence, Directeur Cabinet Président - Président de la Banque Centrale du Mali |
| ✓ Alassane DIAOURE | Elevage Directeur |
| ✓ Sékou CISSOKO | Agriculture Directeur, Directeur de Cabinet |
| ○ Bakary TOURE | Directeur de Cabinet Ministère Développement Industriel et des Travaux Publics |
| ✓ Lamine KEITA | Directeur Hydraulique Energie |
| ✓ Mahamar Oumar MAIGA | Directeur Général Travaux Publics |
| ✓ Mabayo SANGHANTA | Directeur Opération- Riz |
| ✓ Jean Djigui KEITA | Conseiller Technique Production |
| ✓ Ousmane MAIGA | Directeur Enseignement Fondamental |
| ✓ Tiémoko SANGARE | Directeur Cabinet Ministère Education Nationale |
| ✓ Kéoulé BOUNDY | Directeur Enseignement Secondaire |
| ✓ Adama KONATE | Directeur Cabinet Ministère Transports, Télécommunications & du Tourisme |
| ✓ Djibril DIALLO | Directeur Général du Chemin de Fer du Mali |
| ✓ Kayéré SAMPANA | Directeur Général de l'O.P.T. par intérim |
| ✓ Ivrahima KONATE | OMBEVI |
| ✓ Ousmane SOW | Grandes Endémies |

Robert O. BLAKE

United States Ambassador to the Republic of Mali

A career Foreign Service Officer, Mr. Blake's prior assignment was Deputy Chief of Mission, Paris. In Mali he succeeded Ambassador G. Edward Clark.

Born on April 7, 1921, in Los Angeles, California, Mr. Blake is a graduate of Stanford University (B.A. 1943) and of the John Hopkins University School of Advanced International Studies (M.A. 1947). He served in the United States Navy in the rank of Lieutenant (1943-46).

Mr. Blake has previously served in Managua (1947-49), in Moscow (1950-52), in Tokyo (1952-54), in Tunis (1957-60) and as Deputy Chief of Mission in Kinshasa (1964-68). Among home assignments have been: Officer in Charge, USSR Affairs, (1954-57), Naval War College (1960), Advisor on Political and Security Affairs, United States Mission to the United Nations (1961-64). Member, United States Delegation, United Nations General Assembly (1961-63) and Senior Seminar in Foreign Policy, FSI (1967).

Mr. Blake is married to the former Sylvia Whitehouse. They have two sons and one daughter.

Gyorgy ZSAPARY

IMF Resident Representative

Mr. Zsapary is Belgian, 34 years old. He holds a PhD in Economics from the University of Louvain. He joined IMF in December 1966 and has been in Mali for about 1 year.