



Program Information Document (PID)

Concept Stage | Date Prepared/Updated: 15-Jun-2020 | Report No: PIDC29832



BASIC INFORMATION

A. Basic Project Data

Country Mali	Project ID P174199	Project Name Mali Covid-19 Emergency DPO (P174199)	Parent Project ID (if any)
Region AFRICA WEST	Estimated Board Date Sep 29, 2020	Practice Area (Lead) Poverty and Equity	Financing Instrument Development Policy Financing
Borrower(s) Ministère de L'Économie et des Finances	Implementing Agency Government of Mali - Ministry of Economy and Finance		

Proposed Development Objective(s)

The Program Development Objective is to mitigate the impact of COVID-19, protect lives and livelihoods, and lay the foundations for resilient recovery.

Financing (in US\$, Millions)

SUMMARY

Total Financing	150.00
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DETAILS

Total World Bank Group Financing	150.00
World Bank Lending	150.00

Decision

The review did authorize the preparation to continue



B. Introduction and Context

Country Context

1. **The proposed Emergency DPO aims to support the Government of Mali (GoM) to mitigate the effects of COVID-19.** The financing of this operation consists of an IDA grant in the amount of SDR 54.35 million (US\$ 75 million equivalent) and an IDA credit of 54.35 million (US\$ 75 million equivalent).
2. **The ongoing COVID-19 crisis has significant economic impact on Mali, with growth projected to decline from 5.1 percent in 2019 to zero percent in 2020.** The crisis is affecting the country through domestic and external channels. On the domestic front, strict social distancing measures are causing a deceleration in economic activity, particularly in the hospitality, construction, transportation, and retail sectors, which account for almost half of GDP and employment. A wider and faster spread of COVID-19 would also cause substantial human and economic consequences. The drop in international remittance and domestic transfers due to COVID-19 will result in a total increase in poverty rate by 0.6 ppts (corresponding to 119,630 additional poor people). The impact of a general inflation due to the pandemic will result in an additional increase in poverty rate by 0.87 ppts. The impact on labor income will lead to an increase in poverty by a further 0.06 ppts.

Relationship to CPF

3. **The operation fits within the Africa Region's three-pronged Framework for Operational Response to the COVID-19 Pandemic and Global Crisis: (i) protecting lives, (ii) protecting livelihoods, and (iii) protecting the future.** Under the first prong of protecting lives, the immediate focus is about saving lives. This means putting in place the measures needed for the prevention, detection, and treatment of the disease. For the second prong on protecting livelihoods, the effort is ensuring livelihoods during the period when parts of the economy need to be shut or slowed down in order to prevent the spread of the disease. The third prong focusses on investments/reforms needed for a faster recovery and more sustainable growth, which would create the foundations for a more resilient society.
4. **The proposed operation is closely aligned with the FY16-FY18 CPF for Mali.** The CPF builds on the findings of 2015 Systematic Country Diagnostics which identified three clusters of binding constraints: a narrow concentrated political settlement, a low productive capacity of poor farmers and pastoralists, and exposure to uninsured risks including health and climate. The three pillars of the CPF (Improve Governance, Create Economic Opportunities and Build Resilience) are reflected in this emergency operation. In accordance with the CPF, the policy reforms proposed in this DPO are complementary to operational activities that seek to focus particularly on reaching the most vulnerable. The operation increases access to health services and food products as well as coverage of social safety nets. The operation is also anchored around the CPF first pillar on "Improving Governance" by ensuring accountability and transparency around resource mobilized for the fight against COVID-19.

C. Proposed Development Objective(s)

The Program Development Objective is to mitigate the impact of COVID-19, protect lives and livelihoods, and lay the foundations for resilient recovery.



Key Results

5. The main expected results of the operation are:

Pillar 1:

RI #1: Number of designated laboratories carrying out COVID-19 diagnosis test

RI #2: Number of functional treatment, isolation & quarantine centers

RI #3: Number of recipients that benefit from the emergency food distribution program.

Pillar 2:

RI #4: The number of beneficiaries in the Unified Social Registry

RI #5: number of signed data sharing agreements between the RSU and (non)-governmental actors

RI #6: Number of beneficiaries benefiting from the social tariffs on electricity and water bills

RI #7: Percentage of effective fiscal transfers to the utilities

Pillar 3:

RI #8: Percentage of businesses benefitting from short-term tax relief measures

RI #9: Lead time (number of days) for advancing VAT credit refunds for low risk businesses.

RI #10: Number of COVID-19 related guarantees issued by the fund

RI #11: The number of fund utilization reports pertaining to COVID-19 responses prepared and published & the number of procurement plans published.

RI #12: Percentage of reports used in debt strategy and statistical bulletin directly produced by the debt recording systems.

D. Concept Description

6. **COVID-19 crisis.** The operation is consistent with the emergency measures put in place by the Government to respond to COVID-19 and Mali's development plan (CREDD II). The proposed operation will allocate US\$150 million equivalent to support the reform agenda to protect lives and livelihoods and invest in economic recovery. It complements emergency IPFs in the health, social protection, and financial sectors. The crisis response operation seeks to address the Government's immediate financial needs by supporting: (i) the COVID-19 response to protect lives and livelihoods; and (ii) debt management for economic recovery.

7. **The policy and institutional reform program of the proposed operation will also support key aspects of the country's national development plan (CREDD II).** The proposed operation will contribute to good governance (Pillar 1). The focus on auditing and fiduciary mechanisms for the COVID-19 Fund will improve transparency of the resources financing the Response Plan for COVID-19. Pillar 3 (inclusive growth through the structural transformation) will be supported by the measure improving SMEs access to finance. Pillar 5 (human capital) will be supported by temporary policy reforms in the health sector.

E. Poverty and Social Impacts, and Environmental, Forests, and Other Natural Resource Aspects

Poverty and Social Impacts



8. **The policy reforms supported under the proposed operation are expected to mitigate the negative impact of COVID19 on the poor and most vulnerable groups.** In Mali, COVID-19 outbreak is likely to have long-lasting economic and social impacts stemming from the direct and indirect effects of the illness, the preventive behaviors of people and the transmission control policies of governments. In 2020, the direct cumulative impact of covid-19 is estimated to result into a decrease in aggregate consumption between 2.0 and 4.3 percent for the baseline and downside scenarios respectively. This is equivalent to an overall increase in poverty between 1 and 3 percentage points (or between 199,200 and 541,323 more absolute poor). For poor and vulnerable households, focused policies to protect their wellbeing both during the crisis as well as in the recovery period are critical.

Environmental, Forests, and Other Natural Resource Aspects

9. Measures supported by the proposed operation are not expected to have any significant negative impact on the environment. Support under prior action #1 will likely have a marginal positive impact on the environment. Having designated diagnosis and treatment centers outside of the capital will reduce the need for rural population to travel seeking treatment. This will have a positive impact on the environment through reduction in carbon related emission from transport. Prior action #2 is a direct measure responding to the long term climate impact which has manifested through dry spells in northern and central Mali. Prior action #3 will have long term benefit for the environment as it lays the foundation for an adaptive social safety nets that can respond effectively to all kind of shocks including those of the climate. Prior action #4 is likely to have a slightly negative impact on the environment given that the energy mmix of the country is tilted towards expensive fuel engines.

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APPROVAL

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