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McNamara Papers



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A1993-012 Other #: 12

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Contacts with member countries: Mali - Correspondence 01

Contract

Mali (1968-1972).



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President's papers - Robert S. McNamara Contacts with member countries: Mali - Correspondence 01

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MALI

MALI

1. 12/16/68 Louis-Pascal Negre, Minister of Finance
2. 4/30/70 Tieoule Konate, President, Malian Development Bank  
Ambassador Seydou Traore
- 9/28/71 Capt. Charles Samba Cissoko, Minister of Foreign Affairs (with  
delegation from Organization of African Unity -- MemCon filed  
Mauritania)
3. 3/8/72 Notes of visit. *(Filed in MemCon office)*.
- 3/7/72 Tieoule Konate, President-Director General, Malian Development Bank  
(Mopti) Zanga Coulibaly, Minister of Production  
Governor, Mopti Region  
Mamadou Diarra, Protocol
4. 3/8/72 Tieoule Konate, President-Director General, Malian Development Bank  
(Mopti) Zanga Coulibaly, Minister of Production  
Mabayo Sanghanta, Project Director, "Operation Riz Mopti"  
Governor, Mopti Region
- "  
Reception  
Captain Baba Diarra, Vice President, CMLN and Minister of Finance  
Captain Karim Dembele, Minister of Transport, Telecommunications  
and Tourism  
Dr. Benitieni Fofana, Minister of Health  
Yaya Bagayogo, Minister of Education  
Abdoulaye Sy, Director of Treasury  
Donald Dumont, UN Resident Representative
- "  
Colonel Moussa Traore, Chief of State
- 3/9/72 Donald Dumont, UN Resident Representative  
(Bamako)
5. " Major Charles Samba Cissoko, Minister of Foreign Affairs  
Captain Karim Dembele, Minister of Transport, Telecommunications and  
Tourism  
Zanga Coulibaly, Minister of Production  
Yaya Bagayogo, Minister of Education  
Robert T. N'Daw, Minister of Industrial Development and Public Works  
Sekou Sangare, Director of the Cabinet  
Charles Samake, Director of the Plan  
Abdoulaye Sy, Director of Treasury  
Jean Djigui Keita, Technical Counselor to the Minister of Production  
Sekou Sissoko, Director of Agriculture, Ministry of Production  
Alassane Diaoure, Director of Animal Husbandry, Ministry of Production  
Bakary Toure, Director of the Cabinet of the Ministry of Industrial  
Development and Public Works  
Ibrahima Konate, Director General of OMBEVI, President of the  
Economic and Social Council  
Lamine Kieta, Director General of Hydraulics



3/9/72 - cont'd  
(Bamako)

Tiemoko Sangare, Director of Cabinet, Ministry of Education  
Adama Konate, Director of Cabinet, Ministry of Transports  
Djibril Diallo, Director General, Railways  
Mamadou Sow, Director General, O.P.T.  
M. Keita, Director General of Public Health  
Oumar Makalou, Director General, International Cooperation  
Ousmane Maiga, Director, Fundamental Education  
Keoule Boudy, Director, Secondary Education





## OFFICE MEMORANDUM

TO: Files

DATE: December 17, 1968

FROM: Roger Chaufournier *R*SUBJECT: MALI: Minister of Finance's Visit to Mr. McNamara

Mr. Louis-Pascal Negre, Minister of Finance of Mali, paid a courtesy call on Mr. McNamara on Monday, December 16. The Minister described the orientation of the new Mali Administration of gradually withdrawing from its policy of State intervention; Mali would be open to private investment, local and foreign. He made particular reference to the intention of his Government to invite private capital to participate in the exploration and exploitation of petroleum resources in Mali. He said his Government realized that in the next few months, given the temporary nature of the present Government, private capital would be very hesitant to invest in Mali, and that the role of the Bank Group would be particularly important at this juncture to restore confidence and pave the way to future private investment.

The Minister reiterated an invitation to Mr. McNamara to visit Western Africa. Mr. McNamara said he was planning to go to Africa next year, but that he had not yet decided when or which particular countries he would be able to visit.

cc: Mr. Steckhan  
Mr. Paijmans

RChaufournier:sm





## OFFICE MEMORANDUM

*Mr McNamara*  
*to see*  
*see 5/4*

TO: Memorandum for the Record

DATE: May 1, 1970

FROM: Martijn Paijmans *5*SUBJECT: Mali - Delegation's Visit to Mr. McNamara (Agricultural Credit).

1. Minister Konate accompanied by Ambassador Traore visited Mr. McNamara on April 30. Messrs. Kahangi and Paijmans were also present.
2. The Minister explained that in the \$140 million three-year Mali development program \$30 million would be devoted to the agriculture sector. Of this amount \$6.5 million would be for agricultural credit to finance during three cropping seasons agricultural inputs. The Minister explained that agricultural credit operations would only take place in areas where extension services rendered by foreign consultants (such as BDPA, CFDT) were available.
3. Minister Konate requested Bank assistance for the agricultural credit project. He said he was aware of the Bank's staff constraints in this field but he indicated that project preparatory work would not take much time in view of the fact that the regions in question were covered by consultants and that there was an adequate basis of statistical information. The urgency of his request was based on the Government's concern that the agricultural development of Mali and therefore its three-year program would be endangered if no adequate credit arrangements existed.
4. The Minister also mentioned that assurances have been obtained from France that technical assistance will be made available. Financing through the Caisse Centrale was however excluded due to Mali's inability to make adequate payments on its debt to the Caisse Centrale, most of which originated during the pre-independence period.
5. Mr. McNamara replied that though he would take the request into consideration, he could not give much reason for optimism. He indicated that the Bank was willing to work with Mali and was actively preparing projects in various fields. Mr. McNamara explained also the serious staff constraints of the Bank in spite of a significant increase in the number of personnel in the Agriculture Department. Mr. McNamara expressed the hope that the Minister would renew contacts with FED and the Caisse Centrale to request the latter to make an exception. Mr. McNamara concluded indicating that, "having said all this" he would consider the request but he repeated that he could not be very optimistic.

**President has seen**



## OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: April 28, 1970

FROM: Roger Chaufournier *RC*SUBJECT: Visit of the Governor of Mali

1. Mr. Tieoule Konate, President of the Malian Development Bank with Cabinet rank and Governor of the IBRD for Mali will visit the Bank as from Monday, April 27. He will lead a delegation for the negotiation of a \$7.6 million IDA credit for a highway project. Mr. Konate has asked to meet with you.

Political and economic developments

2. In November 1968, the military seized control of the Government, deposing Modibo Keita who had been President since independence in 1960 and whose interventionist policies had virtually wrecked the economy. The new government in which the military retained many of the former ministers (also Mr. Konate) is not inspired by any particular ideology, but appears determined to embark on a more pragmatic economic course in order to cope with a series of difficult problems - budget and balance of payment deficits, a very heavy external debt burden, a foreign exchange position in which short-term liabilities substantially exceed assets, state enterprises in urgent need of rehabilitation and a generally sluggish economy.

3. The stability of the Government will largely depend on the success it will have in tackling the immediate problems and initiating a period of renewed economic growth. Various steps have already been taken and the country's gradual reintegration in the West African monetary zone, started in 1967, is now well advanced.

Development outlook

4. The Bank sent a comprehensive economic mission to Mali in April/May 1969 (a seven-men mission headed by John de Wilde). Its report was just reviewed by the Mali Government which accepted most of its recommendations, but expressed reservations about the pace at which the dismantlement of price controls could take place. The mission concluded that on the whole the long-term potential for raising output is substantial. In the medium-term there are prospects for doubling the output of cotton, raising substantially the production of rice and bringing about some recovery in groundnuts output from the low levels of recent years. A number of minor crops have favorable prospects. For livestock the long-term potential is impressive in view of expanding foreign markets, but it will inevitably take some time before measures to accelerate the current modest growth in cattle offtake will become effective. Some improvement in the output of existing manufacturing enterprises can be expected, as well as the production of cement and more textiles from new or projected plants.

President has seen



5. The new and more pragmatic orientation of the new government, the steps that have been taken towards liberalizing the economy, the attempt to provide better production incentives and to improve the operation of state enterprises raise hopes for the realization of Mali's economic potential and do pave the way for a more extensive program of Bank Group financial assistance.

#### Operations

6. The only Bank Group operation in Mali has been and IDA credit of \$9.1 million for railway rehabilitation extended in September 1966. Performance under the credit has not been very satisfactory mainly because traffic has not grown as rapidly as anticipated, but some improvement has recently been noted. The project is now expected to be completed the latter part of 1971, more than two years behind the original schedule.

7. The five year lending program for Mali (copy of which attached) emphasizes development of the primary sectors, mainly agriculture, and the improvement of transportation and communication which is of great importance to this large and land-locked country.

8. The five year lending program as presented at the time of the CPP review in February 1970 calls for the following comments in view of recent developments:

Rice Development: (\$8 million-FY 1972) Preparatory work started in 1968 under Bank drafted terms of reference and carried out under FAC auspices is proceeding on schedule. Some time ago FED expressed great interest in financing the whole of Mali's agricultural program. The government has with our agreement decided on a geographical repartition of the rice area whereby the Bank Group would finance rice development in the Mopti area. The project looks promising and we are trying to arrange with Agricultural Projects for an appraisal in fiscal 1971.

Livestock: (\$2 million FY 1972) Steps in view of project definition are being taken by PMWA.

Fisheries: (\$1 million - 1973) Although no final decision has been taken as yet, this project will probably be financed by FED.

Agriculture Unidentified I: (\$3.0 million-FY 1973) This will be a follow up rice project for which UNDP will carry out the feasibility study.

Agriculture Unidentified II: (\$6.0 million-FY 1975) Remains to be identified.

Communications: (\$2.0 million-FY 1971) The project has been identified. Financial problems of the agency involved require corrective measures.

Power: (\$2.0 million-FY 1973) A water supply project may well be combined with this project.



Highway Maintenance: (\$7.0 million-FY 1970) Being negotiated.

Highway Rehabilitation: (\$5.0 million-FY 1974) This project will probably be split up in a fiscal 1973 road construction project following engineering studies included in the previous item, and a project for provision of additional equipment.

Additional Projects: There appear to be good possibilities for a cotton project in fiscal 1973 for which the Government is soliciting Bank Group assistance and eventually also for an agriculture credit project.

Issue for discussion

9. Although the purpose of Mr. Konate's visit is mainly courtesy, he will certainly raise the problem of agricultural credit in which he is intimately involved. At the request of the Mali Government the French Caisse Centrale has analyzed this sector together with the existing, totally unsatisfactory agricultural credit arrangements. Some preliminary proposals were formulated in view of a new and independent institution which would require some US\$1.5 million of foreign aid to become operational and for which the Mali Government is seeking the Bank Group's advice and financial assistance.

The Agriculture Projects Department tells us that the information we obtained does not contain sufficient elements to show that a new institution might be viable, in particular they feel that the likely volume of business for an independent agricultural credit institution in Mali is not proven. On the basis of their experience Projects Department feels that they should be reluctant to consider a new separate institution, that alternatives should be examined, and that in any event preparatory work would take at least 18-24 months. Also no agriculture credit project is foreseen in the lending program.

The reason for the absence of such a project is that, considering the inadequacy of the existing credit institution, it was envisaged to tie up future agriculture credit arrangements with development projects specifically dealing with a single crop and which would also include the provision of extension services (such as the Rice Project under preparation). The decision by the Government to take drastic measures in the agriculture credit sector among others by liquidating the inadequately functioning institution, which measures are generally in line with the Bank's recommendations, does confront us with a changed situation. Nevertheless, since the Agricultural Projects Department is already recommending deferment of the Rice Project to 1973 because of staff limitations, it is unrealistic to expect that we can process two agricultural projects in Mali in the next two years. Bank experience in agricultural credit in Western Africa is limited, and it will consequently take substantial investment in staff time to develop an operation in a field which is also intrinsically difficult. My position is to press for an early appraisal of the Rice Project while advising the Mali Government to seek financing for a first tranche of its agricultural credit program from the same sources which have helped with



the study. (FAC and Caisse Centrale). We could help with a review of the terms of reference of any proposed reorganization of the credit system and give advice as we proceed with the appraisal of the Rice Project, which involves an important credit element. I have now agreed with Mr. Knapp that we should organize our work to maintain the Rice Project into FY 72.

RAdams/MJPaijmans/RChaufournier/dj

Population: 4.7 m  
G. Per Cap: \$80

IVa. MALI - 5 YEAR LENDING PROGRAM

		(\$ millions)							
		Fiscal Year					Total	Total	
		1970	1971	1972	1973	1974	1975	1964-68	1969-73
Rice Development	IDA			8.0					
Livestock	IDA			2.0					
Fisheries	IDA				1.0				
Agriculture Unidentified I	IDA				3.0				
Agriculture Unidentified II	IDA						6.0		

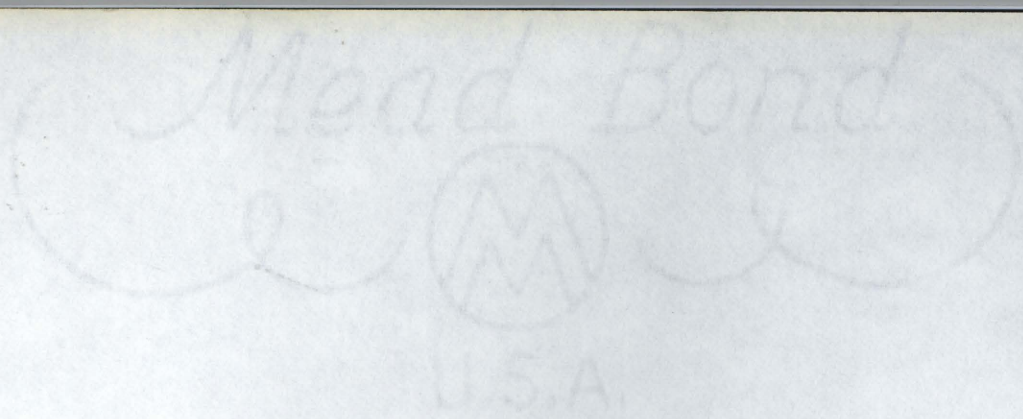
Communications	IDA		2.0						
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Power	IDA				2.0				
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Highway Maintenance	IDA	7.0							
Highway Rehabilitation	IDA					5.0			

IDA	<u>7.0</u>	<u>2.0</u>	<u>10.0</u>	<u>6.0</u>	<u>5.0</u>	<u>6.0</u>	<u>9.1</u>	<u>25.0</u>
No.	1	1	2	3	1	1	1	7





3

4



## OFFICE MEMORANDUM

TO: For the Record

DATE: March 15, 1972

FROM: Klaus Huber *UH*SUBJECT: MALI - Working Meeting in Mopti, March 8, 1972

*4/5/20*

1. Prior to his departure for Ségou and Bamako, Mr. McNamara met with Ministers Coulibaly and Konaté, who were accompanied by their principal advisors, to discuss some of his impressions during the visit of the Mopti Rice Project.

Land Tenure and Tax System

2. The Minister of Production confirmed that land in Mali belonged to the Government. It was distributed to those peasants willing to work on it. To take an example, in the Mopti Rice Project, the management of Opération Riz Mopti (the project authority), together with the local authorities, select the applicants. Land is given to farmers on a tenant basis, each family receiving roughly 4 hectares. The family can keep the land as long as it is worked properly. The land can be passed on from one generation to the other within the family as long as it continues to be cultivated under the conditions set by the Opération. These conditions essentially consist of ploughing and preparing the land according to the standards set by the Opération and to use the appropriate amounts of fertilizer, insecticides, etc. The farmer has to pay a user charge presently amounting to 60 kilos per hectare of paddy. This charge will be increased during the execution of the project to 180 kilos. Given the expected average yield per hectare of 2500 kilos upon completion of the project, this amounts to about 7 percent of the total value of output. This seems a very small amount. Even though total revenues from this user charge will be sufficient to recover, over 30 years, investment cost and annual operating cost of the Opération, excluding interest charges, Mr. McNamara commented that land under this system was given to the farmer virtually free. In his view this created an equity problem since the few who could benefit from the project were subsidized by the other tax payers not participating in the project. Indeed, we were told that in the case of the Mopti Rice Project there were substantially more applicants than the project could absorb. This may be taken care of when the second phase of the project is implemented some 3-4 years hence.

River Blindness

3. Mr. McNamara mentioned that while in Bobo Dioulasso (Upper Volta) he had visited the UNDP-financed regional program to combat river blindness. He had been very much impressed as to how serious this problem was for Upper Volta. While he had been encouraged by the

results so far achieved by this study group, he was seriously considering for the World Bank Group to take the lead in mobilizing an international effort to combat river blindness on a worldwide scale. The results of the investigation so far are not sufficiently advanced to allow an eradication program to be successfully started now. But, by stepping up the financial contribution at this time, research could be substantially accelerated so as to allow within two years to start an effective eradication campaign on a worldwide basis.

4. Mr. McNamara asked the Minister of Production whether river blindness was indeed a serious problem for Mali. The Minister pointed out that Mali participated in the regional program financed by UNDP, which concentrated on the southern part of Mali (around Sikasso). Furthermore, a limited FED-sponsored eradication program had in the last two to three years shown encouraging results. River blindness had been eradicated in a limited area around Sikasso. However, a very serious problem remained in the southern area of Mali and the Government was placing great hopes in the results of the regional study. He felt that a program to eradicate river blindness was not only crucial from a health and thus human point of view, but would have extremely high economic returns. Virtually all of the areas affected by river blindness were among the most fertile ones in the country, some of which already had to be abandoned. Thus, with a relatively small investment, fertile land is reactivated and brought back under production.

5. The Minister pointed out that, while the regional program was satisfactory to take care of the problems in southern Mali, it excluded the area around Kayes (western Mali) where river blindness was an equally serious problem. On an area of roughly 90,000 hectares with a total population of 460,000, some 120,000 were affected with river blindness, about 12,000 of which were already blind. Thus, he felt that including this area was a matter of great urgency. Also, because the river basins of the Senegal and the Niger are very close to each other, the two areas had to be attacked at the same time.

#### Areas of Future Expansion of Irrigation Agriculture

Mr. McNamara inquired about the main areas which the Government had in mind to expand irrigated or flood irrigated agriculture. The Minister pointed to essentially three areas: the lake area around Timbuktu and Niafounke, the area to be irrigated by the Sélingué dam, and thirdly, the area covered by the tripartite agreement between Mali, Upper Volta and Niger (See also memorandum to files on meeting in Bamako).

KHuber:jd

cc: Messrs. Kochman, Clark, Chaufournier, Cheek, Evans (paras. 1-2),  
Gué (para. 2), Rosenblad



5

## OFFICE MEMORANDUM

TO: For the Record

DATE: March 16, 1972

FROM: Klaus Huber ~~KA~~SUBJECT: MALI - Discussion with Government in Bamako

4/7/72

1. Mr. McNamara met with a government delegation headed by the Minister of Foreign Affairs, Major Cissoko, and which included Ministers Konaté (President, Mali Development Bank), Coulibaly (Production), Fofana (Health), as well as about 20 high-level government officials. Messrs. Kochman, Chauffournier, Clark, Ljungh and Huber also attended. The following is a summary of the main points which came up during discussions.

Ministry of Production

2. Minister Coulibaly pointed out that the Malian Government had organized agricultural production by way of creating semi-autonomous entities--"opérations"--which were either responsible for specific areas or specific products and whose main objective was to organize extension service, provide fertilizer and farm implements, credit and marketing. Such "opérations" existed for groundnuts, cotton, rice, very soon for millet and for the Haute Vallée, an integrated rural development project.

Groundnuts

3. This "Opération" had started in 1967 with FAC financing ending in April 1973 and mainly consisting of technical assistance. FED financing was also attached, providing trucks and construction of buildings, and would end in 1972. The "Opération" had been very successful, increasing production from 30,000 tons in 1967/68 to 74,000 tons in 1970/71. The average yield rose from 400 kilos per hectare to 680 kilos per hectare in the same period. The Malian Government would like the World Bank to finance a follow-up project. It contemplated expanding the project, both in terms of scope and size, to make it into an integrated rural development project by adding the provision of feeder roads, functional literacy, water supply and health services.

4. Mr. McNamara inquired how producer prices in Mali compared to producer prices offered in the neighboring countries. He pointed out that both Senegal and Upper Volta offered much higher prices for groundnuts and he was wondering whether not increasing producer prices would have a further beneficial effect on Malian groundnut production. The Minister replied that producer prices in Mali indeed were lower than



in neighboring countries, although they had been raised recently to 25 francs compared to 15 before. To some extent, lower producer prices in Mali were indicated because of the higher transport cost (estimated at 20 to 30 percent of producer prices) in order to keep Malian groundnuts competitive in world markets.

#### Cotton

5. CFDT has a concession to provide technical assistance, farm implements and fertilizers until 1973, based on FAC financing for expatriate staff and FED financing for fertilizer and infrastructure (housing, depots, vehicles). FAC financing would end in 1972, but it was prepared to continue, while FED financing would end in 1973 and would not be continued. Thus, the Government was extremely interested in the World Bank financing of this project. Cotton had the most spectacular increase in production, rising from 6,000 tons in 1960/61 to 52,000 tons in 1970/71 with a target of 100,000 tons for 1973/74. At the same time, productivity had increased from roughly 280 kilos per hectare to 800 kilos per hectare. The Government intended to expand the scope of the follow-up project along the lines of an integrated rural development project by adding livestock to the cotton area and also providing the auxiliary services mentioned above.

#### Haute Vallée

6. FAC had provided financing for this project between 1965 and 1970, and FED was continuing to finance tobacco until 1974. This project was considered a prototype of a rural integrated development project since it included a variety of products including groundnuts, vegetables, tobacco, fruits and millet. While the tobacco project had been very successful (which was later confirmed by a field visit), there were several problems relating to the other products. Again, the Mali Government was interested in obtaining World Bank financing for this project.

#### Livestock

7. The feasibility study for a livestock project in the 5th region around Mopti was presently underway and a first draft was to be ready by July, followed by the final draft in September. Mr. Chau-fournier indicated that it was essential that this draft be ready by July in order for us to appraise the project in time for Board consideration during FY1973. The Minister assured that all the works were on time and that he would do everything in his power to respect the above deadlines.

#### Agricultural Credit

8. Minister Konaté indicated that he had already talked to Mr. McNamara two years ago about the possibility of World Bank



assistance for a general agricultural credit project. At the time, he had been told that due to staff constraints we were not able to get into such a project. He just wanted to remind Mr. McNamara that his Government continued to give high priority to this project. He also pointed out that SCAER, the agricultural credit institution, had since been reorganized and was now only providing credit in kind for inputs, fertilizer and material for farmers who were incorporated in the "opération", thus reducing the risk of financial failure.

Mr. Chauffournier replied that general agricultural credit was a very difficult area in which the World Bank had not yet entered, except by attaching agricultural credit elements to a specific crop project. However, the Board was presently looking into this matter and thus we encouraged the Malian Government to provide us with the detailed information making the case for such an agricultural credit. We would be happy to look into it and further discuss the matter.

#### Ministry of Health

9. The Minister of Health described further (see also memo on Mopti meeting) the seriousness and the extent of the river blindness problem in Mali and asked for World Bank help to support not only the existing regional UNDP program, but also to expand it by including western Mali. Mr. McNamara replied that the Bank indeed was very much interested in the problem and that he had been most impressed by what he had seen in Bobo Dioulasso. He said that upon return to Washington he would seriously consider ways in which the Bank could mobilize the international financial community to contribute to this extremely serious problem. However, he did not want to raise the Minister's hope too much since there were still serious problems which had not yet been resolved by the regional study group. He mentioned the choice of the correct pesticide; the participation of Ghana, essentially a political problem; and the still unresolved medical problems. However, he felt that, with additional funds available, the time between now and 1973 could be more efficiently utilized so that by the beginning of 1974 the study program would be sufficiently advanced to launch a much broader regional or even worldwide attack on the river blindness problem.

10. The Minister also asked whether the World Bank was involved in financing water supply and sewerage projects to help fight water-born diseases such as cholera. Mr. McNamara replied that the World Bank had indeed been involved for some time in financing such projects although we had not yet entered the health sector as such. We were cooperating closely with WHO in this sector.

#### Ministry of Public Works

##### Highway Maintenance

11. The Malian representative briefly described the status of the ongoing highway maintenance project financed by the Bank. He indicated that additional funds (at least \$4 million for equipment) would



be needed. In addition, the Government was planning to build a road to Niono, situated in the north of Bamako, which is a very fertile and productive area now not connected with Bamako. They would approach the Bank for this project.

#### Sélingué Dam

12. Studies for a \$30 million dam at Sélingué were very much advanced and should be ready by the middle of this year. The Malian Government would be extremely interested in obtaining World Bank financing for this project. The main features of this project were described as follows. The dam, which will be situated on one of the tributaries of the Niger River, has as its primary objective to regulate the Niger River providing irrigation and a 30 MW power plant. Probably the most important benefit of this multipurpose project is irrigation and it was anticipated that some additional 50,000 hectares of land in the Bamako-Ségou area could be irrigated allowing for double cropping. As to the power aspects, the government representatives pointed out that electricity costs--at the present time 53 MF per kilowatt hour--would be reduced to some 12-13 MF. A further benefit of the project was the extension of navigation on the Niger River by several months.

13. The Malian representatives inquired as to whether the World Bank would be prepared to finance such a project. Mr. McNamara replied that he could not give a definite answer at this time for three reasons. First, he would like to wait for the report which would indicate in more detail the justification of the project; second, the priority of this project would have to be compared to that of all the other projects the Government was contemplating in its next Five-Year Plan; third, this, as well as all the other investment projects, were likely to substantially increase the current expenditure requirements, and this would have to be seen in context of the overall public financial situation.

#### Railway Project

14. After briefly touching on the merits and problems of the first railway project financed by the Bank, the Malian representative raised two questions regarding the concept of the contemplated follow-up project. First, he felt that the appraisal mission had excessively reduced the Régie's investment program for 1973-76 and the Malian Government felt that much more rolling stock and locomotives were needed. Second, they were equally disturbed by the fact that the management component of the project had been substantially reduced. Mr. McNamara replied that, while he did not want to go into a detailed discussion of this project, he could assure the Government that it was contrary to general Bank policy to reduce the management component of a project.

#### Telecommunications

15. The OPT official inquired whether the World Bank could not finance the five centrals which had already been ordered from a French



supplier. The French supplier was not in a position to deliver the goods on time. Mr. Chauffournier explained that we had already had several exchanges of letters and cables on this issue and that the issue had been settled, i.e. that the World Bank had agreed to finance these exchanges provided that (a) they would be submitted to international competitive bidding, and (b) an acceptable solution be found with the old supplier.

#### Education

16. The Minister of Education pointed out that his Government would be interested in World Bank financing for a project which would include (a) equipment and some construction for schools in the secondary cycle; (b) construction and equipment for ECICA (Ecole Centrale pour l'Industrie, le Commerce et l'Administration), a post-secondary level technical education school; (c) the construction and equipment of vocational training schools; and (d) a Centre d'Apprentissage de Couture de Jeunes Filles. This request differs somewhat from the preliminary conclusions of the recent UNESCO mission which only suggested items (a) and (b), while proposing a further item: equipment and construction for the so-called agricultural functional literacy program, a non-formal education program integrated in the rural development projects.

#### Domestic Resource Mobilization and Determination of Priorities for the next Five-Year Plan

17. Mr. McNamara pointed out that, as the Government was embarking on a considerably stepped-up investment program to which external lenders such as the Bank Group were contributing at a substantially higher level than in the past, the question of adequate domestic resources to complement these foreign resources would become an urgent problem. Given the extremely difficult situation of public finances in Mali--public savings are substantially negative--this was likely to be the key constraint in increasing public investment. He was alarmed by the recent rampant increases in current expenditures, which could not be offset even by the satisfactory 10-12 percent annual increase in government receipts. He was interested to know what the Government was contemplating to tackle this problem, for it made little economic sense to increase investment which later on could not be properly maintained for lack of government resources. On the other hand, given the limited government resources in the best of circumstances, it was essential that priorities among projects be carefully established to maximize benefits.

18. The Secretary in Charge of the Plan gave a summary of the main objectives and achievements of the ongoing Three-Year Rehabilitation Program, with which the Bank is already thoroughly familiar, as a result

of the recent economic missions. As to the preparation of the next Five-Year Plan (1973-77), the Secretary indicated that by April 1972 the Government will have decided on its basic objectives. This would allow actual preparation of the detailed Plan between then and April 1973.

19. The representative of the Finance Ministry did not directly respond to Mr. McNamara's question, but expanded at length on the problem of circular debts between the Government and State Enterprises and the general lack of expenditure control. This latter problem was to be overcome by recent control measures introduced by the Government.

KHuber:jd/rh/dm

cc: Messrs. Kochman  
Clark  
Chaufournier  
Cheek  
Evans (paras. 2-9)  
Weiner (paras. 12-13, 15)  
Knox (para. 14)  
Ballantine (para. 16)