

**Quarterly Report on progress under the
Mali Investment Promotion Development Assistance –
PIO named “MIGA Support to Mali Finance”
Reference 688-G-00-05-00074-00
Covering the period March 1, 2006 to May 31, 2006**

1. This brief report covers progress under the project "Mali Investment Promotion Development Assistance - MIGA Support to Mali Finance Program" to date.
2. During this reporting period, MIGA has made some significant contributions to make progress on the establishment of API-Mali. MIGA staff, Maiko Miyake, visited Mali on April 2-7, 2006. The highlight of the mission was to successfully broker the budget discussion between the government and the World Bank to reach the solution which is acceptable to both parties. With MIGA's intervention, the government and the World Bank found a work plan and financial proposal that are mutually agreeable for the first years of API-Mali's operation, which has been tabled since the inception of the Source of Project in September 2005. In addition, the staff held various discussions in order to operationalize the establishment of API-Mali, as well as to follow up on the earlier guarantee leads. Please see annex for detail.
3. One of the biggest concerns during the April mission was the delay in the recruitment process for API-Mali's CEO. The government was still in the process of preparing a terms of reference for an HR firm to conduct an executive search. The TOR reviewed by MIGA during the mission required a substantial amount of revision. MIGA officially submitted comments to the government of Mali. On May 10, 2006, the TOR was submitted to the World Bank for approval. MIGA still has some reservations about the TOR and submitted comments.
4. Since the April mission, MIGA has also accomplished the following:
 - Submitted TORs for all the key positions (Director of Investment Promotion, Director of Investor Servicing, Investment Promotion Officer, Investor Servicing Officer, Strategist)
 - Submitted a draft proposal MCC for additional funding required for API-Mali. Subsequently, the government of Mali submitted the proposal to MCC on May 10, 2006
 - Advertise an expression of interest for an international strategy expert to be sent to Mali to discuss the business plan for the next 3 years
5. Furthermore, MIGA is committed to submit the following to USAID/Mali Finance in the next four weeks:
 - TOR for Website designer/content developer, to be used by USAID/Mali Finance
 - Draft sector specific reports, based on Snapshot Mali, for translation

6. MIGA appreciates the support and trust given by the USAID to carry out this very important task in Mali.

Annex I: Detailed Minutes of Discussions During the Mission April 2-6, 2006

Budget for API-Mali

After six months of delay, the government was finally able to demonstrate the detailed budget allocated for API-Mali. The proposed budget indicated that API-Mali can cover a bulk of operational cost, except for the fund for salary. Because of the structure of API-Mali to be a public entity, it can only provide salary for civil servant, according to the level allowed by the civil service salary table. Since it is envisioned that the CEO and a number of key positions will be filled by personnel outside the civil service, their salary cannot be covered by the government budget. Nor, any premium that API-Mali wishes to pay for the civil servants working for the agency can be paid by the state. It is estimated that the funding available from the state to pay staff salary is \$100,000.

After reviewing the situation, MIGA proposed an alternative structure, which was supported by the World Bank. The new structure proposed is a much smaller agency, of 15 staff in total. Of which, seven will be recruited outside the civil service, and therefore will be eligible for receiving salary from the World Bank Source of Growth project. The seven staff are CEO, director of investment promotion, director of investor servicing, 2 investment promotion officers, 1 investor servicing officer, and one strategy officer who leads on policy advocacy and management of the contract of the industrial zone management company (reporting directly to the CEO; attached please find the new organizational chart). The rest of the staff will be hired from the civil service and their salary will be paid out of the state budget.

The new proposed structure has four offices:

A. Office of CEO: management of the organization, policy advocacy and management of contract of the company who manages the Airport Industrial Zone.

B. Department of Investment Promotion and Facilitation:

- Development of promotional materials
- Information gathering and research
- Development of investment promotion strategy
- Respond to investors' inquiries
- Proactive promotion
- Development and management of investors database
- Arrangement and execution of investor site visit
- The department undertakes investment promotion to Mali in general, as well as specifically for the new Airport Industrial Zone

C. Department of Investor Services:

- To assist in registration, licensing and approvals;
- To advice on application for and negotiations of incentives;
- To provide ongoing problem solving in response to investor queries and complaints;

- To design, develop and implement a program of activities designed to build longer term and more strategic relationships with targeted investors;
- To maintain the investor database and client files; and
- *Guichet Unique* (one-stop-shop), *once it is formed*.

D. Department of Corporate Services: all the administrative functions

The proposed structure and the level of contribution required on the part of the World Bank to supplement API-Mali's operational cost was endorsed by the World Bank during the teleconference of the staff and the World Bank task manager of the Source of Growth project in Washington DC.

HR Budget for World Bank Contribution

		Monthly Salary CFA	Monthly Salary \$	Annual salary per person	Total salary for each category
CEO	1	2,000,000	3,810	45,714	45,714
Director of Investment Promotion	1	1,200,000	2,286	27,429	27,429
Director of Investor Servicing	1	1,200,000	2,286	27,429	27,429
Investment Promotion Officer	2	800,000	1,524	18,286	36,571
Investor Servicing Officer	1	800,000	1,524	18,286	18,286
Policy Officer	1	800,000	1,524	18,286	18,286
Total					173,714

Note 1: The salary is tax free.

Note 2: exchange rate \$1=525CFA

Note 3: The amount \$173,714 will be pro-rated for the rest of the FY06, hence the full amount is not required for the first year.

In addition, the World Bank agrees to provide a car. With this, all the operational expenditure for the first year and overwhelming majority of the cost for the next few years are covered.

This proposal was accepted by the Secretary General of the Ministry of Investment Promotion. He requested that MIGA submits the proposal in writing as soon as possible in order for him to obtain support from his government, and subsequently to move the project forward. Attached please find the Aide-Memoire, to be signed by the country manager of the World Bank Bamako office.

Selection of CEO

During the mission, the staff met with the coordinator of the World Bank's Source of Growth project, as well as a number of government officials from the Ministry of

Investment and Small Medium Enterprises. During the last visit in February 2006, the staff was informed that the government of Mali is to have a chief executive officer of API-Mali selected by end-April 2006. Therefore, it raised some concerns by learning that the recruitment process had not started yet. The staff learned that the coordinator of the Source of Growth project requested for non-objection to the recruitment process of the CEO, which was turned down by the World Bank. The team now needs to revise the terms of reference and reopen the bidding to a number of local headhunting firms. The earliest that the new HR firm will be chosen will be the end of April 2006.

The TOR for the CEO has been signed off by the World Bank. The earliest date possible to have the selection process of the CEO completed will be the end of April 2006.

The MIGA staff made extensive comments on the draft TOR shared by the Source of Growth team. The team told the staff that the revised TOR should be ready next week.

Assist USAID/Mali Finance to Design their Contribution to API-Mali

USAID/Mali Finance has earmarked a funding for providing soft and hard IT equipments for API-Mali. MIGA staff conducted an IT needs assessment and provided an estimated budget. With the detailed list of items required by API-Mali, USAID/Mali Finance is able to start the procurement process.

Validation of Snapshot Mali

MIGA also discussed with Mali Finance which undertook a validation exercise to ensure the information in Snapshot Mali was accurate. It was confirmed that the most of the cost information was correct. The exception was the cost of internet, which has come down by 80 percent in the last six months. USAID/Mali Finance plans to translate this document.

Estimating the Cost of Renovation of Building

In preparation of the funding proposal to MCC, USAID/Mali Finance hired an architect to provide an estimate of the cost of renovating the building where API-Mali will be. The MIGA staff met with the architect to discuss the scope of their work. The estimate will be ready in the next two weeks.

Meetings with the Members of the Board of API-Mali

MIGA staff met with the Board of API-Mali during her last mission. However, the private sector representatives of the Board were all absent at the meeting. This time MIGA staff arranged to meet with each of the private sector Board members, as well as with the representative of the Ministry of Finance. Everyone mentioned APIX of Senegal as the role model API-Mali should follow. The most striking issue about the meetings with the private sector representatives was the suspicion or cynicism towards the creation of a new investment promotion agency. They said that they were not at all consulted on

this process, which makes them skeptical about the government's commitment to create an environment which is really conducive to investment promotion.

Meeting with MCC

The staff also met with the director of MCC in Mali in order to be updated on the progress of the project to develop the Airport Industrial Zone, as well as the funding possibility and criteria for API-Mali. The staff was informed that MCC considers that API-Mali, as the entity that will supervise the private sector management company of the zone, and that promotes investment opportunities in the zone, is a critical part of the success of their project, and support for API-Mali can certainly be made possible. The items allowable under MCC would be: renovation of the building, equipments, capacity building and studies. The deadline to submit the proposal is April 30, 2006.

Preparation of Promotional Materials

As the government plans to organize an international conference later this year, the Ministry of Investment Promotion is preparing a number of promotional materials. Mostly the work is updating and reprinting the existing materials, but a new fact sheet is also planned. The government will review the information MIGA gathered through the benchmarking exercise in order to develop this brochure. The government will also consult with MIGA as they progress on the design of the material.

Revised Budget for API-Mali

Budget de fonctionnement	Année 0	Année 1[1]	Année 2	Année 3	Année 4	Année 5
Rémunération (salaire et avantages sociaux) Gouvernement		50,000	100,000	100,000	100,000	100,000
Rémunération (salaire et avantages sociaux) BM Source Croissance		86,857	173,714	173,714	173,714	173,714
Télécommunications, poste et messagerie		17,143	37,715	41,486	45,635	50,198
Eau et électricité		14,286	31,428	34,571	38,028	41,831
Entretien bâtiment		22,857	48,000	50,400	52,920	55,566
Entretien matériel informatique		9,524	20,000	21,000	22,050	23,153
Entretien du matériel de bureau		6,666	14,000	14,700	15,435	16,207
Entretien véhicules		7,143	16,429	18,893	21,727	24,986
Déplacements et missions		40,952	90,095	99,105	109,015	119,917
Dépenses de promotion	19,000	47,619	104,762	115,238	126,762	139,438
Dépenses de formation		19,047	41,905	46,095	50,704	55,775
Consommables (fournitures de bureau, carburant et lubrifiants)		50,456	116,095	133,509	153,535	176,566
Accueil, Réception		19,047	41,905	46,095	50,704	55,775
Autres frais direct (assurance, audit, etc.)		7,619	15,238	15,238	15,238	15,238
Sous-total	19,000	399,216	851,286	910,044	975,467	1,048,364
Dépenses d'investissement	Année 0	Année 1[1]	Année 2	Année 3	Année 4	Année 5
Rénovation des bâtiments		100,000 par l'ingénieur en BTP/Expert	PM	PM	PM	PM
Ordinateurs en réseau, logiciels		85,000	5,000	5,000	5,000	5,000
Système de suivi des investisseurs		50,000		20,000		
Elaboration du site web		10,000		10,000		10,000
Photocopieurs, imprimantes, scanners		40,000			10,000	
Sous-total		185,000	5,000	35,000	15,000	15,000
Programme de travail d'investissement		40,000				
Véhicule 4x4						
Proposition de mise en place de l'API	50,000					
Établissement des procédures d'exploitation et d'autres détails institutionnels		15,000				
Développement d'un plan d'entreprise		20,000				
Formation au traitement de l'information et à l'utilisation de la technologie de l'information pour la promotion		35,000				
Formation pour sensibiliser les investisseurs			20,000			
Étude de secteur (analyse comparative)	100,000		50,000		50,000	
Conférences internationales[2]		0	0	0	0	0
Sous-total	150,000	110,000	70,000	0	50,000	0
Total	169,000	694,216	926,286	945,044	1,040,467	1,063,364
Partie couverte	169,000	694,216	851,286	910,044	975,467	1,048,364
Partie non couverte	0	0	75,000	35,000	65,000	15,000
Banque mondiale		126,857	173,714	173,714	173,714	173,714
MIGA[3]	100,000	70,000				
Mali Finance[5]	69,000	185,000				
GRM[6]		312,359	677,572	736,330	801,753	874,650

[1] Les dépenses annuelles de la première année de fonctionnement ont été divisées par 2, en supposant que API-MALI démarrera à partir

[2] Une grande partie de cette dépense d'investissement «Conférences internationales» peut être affectée ailleurs parce qu'elle a été largée

[3] Calcul effectué par la MIGA

[5] Calcul effectué par la MIGA

[6] Budget de fonctionnement financé par le Budget national.