

**ECONOMIC COMMISSION FOR AFRICA**

**STRATEGIC FRAMEWORK FOR POVERTY REDUCTION (CSLP)**

**THE EXPERIENCE OF MALI**

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**PRSP LEARNING GROUP**

**September 2001**

## INTRODUCTION

1. Over the past decade, the Government of Mali has been evolving a number of programmes and policies both to define a coherent development framework based on healthy and sustainable growth and also in a determined effort to reduce poverty. These various policies can be found in the following documents:

- Mali 2025 National Outlook Study (ENP);
- Framework Document for Economic and Financial Policy (DCPE);
- National Strategy for Poverty Reduction (SNLP);
- Schedule Diagramme for Physical Planning (ESAT) and Zero-Draft Schedule for Regional Planning and Development (AP-SRAD);
- National Development Policy and Strategy Document;
- Sectoral Policy and Strategy Documents (PASR, PRODEC, PRODESS, PRODECJ, PNA, etc.);
- Annual Reports of the Sustainable Human Development Observatory; and
- The National Development Action Programme prepared for submission to the third United Nations Conference on the Least Developed Countries.

2. The Strategic Framework for Poverty Reduction (CSLP) is essentially based on the existing long-term vision in the Mali 2025 National Outlook Study. This is a comprehensive and systemic study prepared as recently as 1999 and which outlines how Malian society should look like one generation from now.

3. It is also based on SNLP, which was participatorily prepared and submitted to the 1998 Donor Roundtable Meeting and which operationally targets the poor.

4. The commitments undertaken within these economic and financial policy documents should address linkages between medium- and long-term objectives and constraints in the shorter term.

5. CSLP, for example, will add value to Mali's poverty reduction efforts as the consensual reference document which sets out the guidelines for national development with a view to making both development policies and strategies more readable.

6. **The national authorities believe that once this document is finalized, it will become the single economic and social development policy reference document for the country.**

7. The national authorities submitted to the donor community an interim strategy document which enabled the country to reach the decision point under the Highly Indebted Poor Countries (HIPC) Initiative. Following the adoption of this document, the preparation of the final version was launched with particular emphasis on quality and comprehensive participation as well as a broader set of indicators for monitoring the effects of the Initiative. Work is well advanced and

the national authorities expect to finalize the CSLP document in October 2001. With this condition met and a sound macroeconomic framework instituted, Mali will be able to reach the completion point and to take advantage of the total volume of resources proposed by the donor community.

## **I. GROWTH STRATEGY**

8. The Government's growth strategy is built around poverty reduction and addresses the constraints that the national economy is facing.

9. When the initial review of the IMF's FRCP and consultations under article IV were concluded in September 2000, Mali reached the decision point for the HIPC Initiative. This result was achieved by submitting a growth strategy that the donor community found to be poverty reducing.

10. Within the context of medium- and longer-term poverty reduction, the Government of Mali is committed to securing general improvements in private sector competitiveness and growth by meeting 11 major challenges that are addressed under four priority programmes.

- The institutional development programme:
  - (a) Improvement of the legal, institutional and business environment;
  - (b) Modernization of the central administrative apparatus;
  - (c) Enhanced decentralization and devolution of power;
  - (d) Improved macroeconomic management and institution of action to improve the financing of the economy;
  - (e) Removal of impediments to the smooth operation of market competition.
- The infrastructural development programme:
  - (a) Financing of basic infrastructural facilities; and
  - (b) Development of new technologies and action to promote the availability of non-wage factor inputs at competitive costs;
- The skills development programme:
  - (a) Human capital development and enhancement (through education and health) and employment policy; and
  - (b) Social policy.
- Private sector development-direct support programmes:
  - (a) Promotion of a dynamic private sector; and

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(b) Promotion of foreign investment.

11. Given its contribution to GDP, the balance of payments and the incomes of the poorest in society, the cotton industry is at the heart of the national growth strategy.

12. The Government has reaffirmed its decision to pursue production-sector liberalization policies accompanied by State withdrawal from commercial activities. This policy guideline was reaffirmed at the recent general meetings of the cotton industry in April 2001 and will be reflected in a plan that aims at short-term reform in the sector and resolution of the previous year's financial crisis resulting from declining world market prices and producer reaction.

13. In spite of the efforts made by the authorities to liberalize the economy, Mali's cotton industry has lagged behind what has been achieved in the neighbouring countries. When Malian farmers refused to grow cotton, the Government was compelled to review the pace of industrial reform in the sector. In this regard, the 2001 budget took into account the fiscal impact of the previous year's crisis as well as its impact on the people. Indeed, when the 40 per cent decline of cotton production in 2001 is compounded by 60 per cent decline of the previous year, the demand for services will be adversely affected. Accordingly, GDP growth in real terms will decline by 1 per cent, mainly because of the cotton crisis, production decline in the cereal sector and the secondary effects that both will bring.

14. Externally, the balance of payments in 2001 showed contrasting growth in the gold and cotton sectors. Indeed, the 50 per cent growth in gold exports following the imminent opening of two new mines will be offset by the substantial repatriation of profits by the mining companies and by the declining volume of cotton exports. The increase in service imports will lead to a deterioration in the overall trade balance.

15. The economic situation in 2001 led to an unexpected increase of public expenditure which was reflected in (i) rising VAT refunds to mining enterprises, (ii) rising wages, (iii) transfers to water and electricity distribution companies to compensate for the refusal of Government to raise utility tariffs by 5 per cent, (iv) the transfer of CFAF 11 billion for Mali's connection to the Manantali electricity grid, and (v) a transfer of CFAF 18 billion for restructuring the cotton sector.

16. In 2001 the Government will institute a number of measures to increase revenue sufficiently to absorb the overspending. The main sources of such additional revenue will be (i) increased mining activity; (ii) levying of a single VAT; (iii) the institution of unique taxpayer identification numbers; and (iv) the strengthening of tax recovery services.

17. The reform in this sector will be aimed, among other things, at:

- Reducing production costs;
- Establishing a price fixing mechanism based on competition and free negotiation among business transactors;
- The strengthening of peasant organizations in order to enable them to play a greater role in agricultural sector management;

- Improving private sector, producer and rural development agency participation; and
- Increasing agricultural sector contribution to the national economy with a view to reducing poverty and improving living standards.

18. To attain these goals, the national strategy has been built around (a) a shift in focus to cotton processing industry and marketing operations<sup>1</sup>; (b) completion of the liberalization process in the medium-term.<sup>2</sup>

19. With regard to other structural reforms, the Government will aim at achieving greater public sector efficiency through action plans which will specifically include a wage policy more suited to the macroeconomic realities of the country by 31 March 2001. This process will include the completion of an organizational audit by November 2001 at the latest.

20. The privatization programme will continue with the award of the Dakar-Bamako railway operation contract to a concessionaire and the granting of a cell phone operation license to a private firm.

21. In the medium-term, the resumption of a more sustained growth rate will strongly depend on the depth of cotton sector reform. The authorities have already instituted a number of reforms and production is expected to regain pre-crisis levels in 2003, which will mean a growth rate in real terms of 6 to 7 per cent over the period 2002-2004 and a mean export volume growth rate of approximately 9.5 per cent over the same period.

22. Private investment as a percentage of GDP should decline to 9.5 per cent in 2001 before climbing back to an annual average of 12 per cent for the period 2001-2004. This private investment increase will strongly rely on an increase in private savings.

23. If, in terms of the budget, the additional expenditure needed to restructure the cotton sector in 2001 is covered and non-priority expenditure and wages are controlled at levels agreed under the UEMOA convergence criteria, a sound and sustainable budgetary situation will be achieved. It is worth noting, however, that cotton sector expenditure may well increase over the period 2002-2005 if the national outlook study is anything to go by.

24. Given the weight of exogenous factors in national growth, the Malian authorities have mapped out with IMF divisions two other scenarios different from the basic scenario. The operating assumptions are: (i) a strong cyclical drought lasting till 2004; and (ii) a terminal decline of about 10 per cent in cotton prices with a mechanism for international price transmission beginning in the year 2002. The impact of the drought will have particularly adverse effects on the Malian economy. Compared to the basic scenario, there will be a two percentage point growth decline over the period 2002-2004. The current account will incur a 1.5 percentage point deficit. The budget balance will fall by half a percentage point and additional financing of approximately CFAF 14.5 billion will be required.

<sup>1</sup> Such extension activities as the distribution of inputs, equipment and transport will be phased out with a view to downsizing businesses.

<sup>2</sup> The Government plans to open CMDT equity participation to producers.

## II. THE PARTICIPATORY PROCESS

25. Mali has extensive experience in making various components of society participate in the formulation of economic policy programmes. The current process relies on what has been achieved in earlier consultative exercises based principally on:

- Regional and national consultations organized by the first government of the Third Republic in 1994 to discuss the devaluation of the CFA franc, the conflict with Tuaregs in the North of the country and the issue of education;
- The formulation of SNLP;
- The preparation of the Mali 2025 National Outlook Study;
- The formulation of such sectoral programmes as PRODEC and PRODESS; and
- The decentralization exercise.

### A. The current consultative mechanism

26. The fact is that the consultative process initiated under CSLP was nothing new but the continuation of an old Malian tradition. The following structures were set up as fora for national and regional consultation: (i) a policy orientation committee; (ii) a joint commission of the country and its development partners; (iii) a technical committee; (iv) a steering committee; and (v) a substantive secretariat.

Table 1: Functions of the various consultative structures

Structure	Functions	Chairperson
Policy Orientation Committee	(i) Setting policy guidelines for conducting the CSLP formulation process; (ii) Considering issues and proposals submitted by the Steering Committee for decision; (iii) Pursuing the implementation and monitoring of policy decisions; and (iv) Submitting the final document for Government approval.	Prime Minister
The Joint Commission	(i) Considering issues and proposals submitted by the Steering Committee; (ii) Articulating opinions on those issues and proposals before their submission to the Policy Orientation Committee; (iii) Monitoring development cooperation in the major areas of activity in order to improve the coordination of development assistance.	Minister of Finance and Economic Planning
The Substantive Committee	(i) Building synergies among government, civil society, substantive and financial partners; and (ii) Implementing substantive projects in the CSLP process.	Ministry of Finance and Economic Planning
The Steering Committee	(i) Conducting, monitoring, supporting and coordinating the activities of the substantive and regional committees; (ii) Facilitating consultation among the various parties; (iii) Controlling the substantive quality of documents; and (iv) Publishing and disseminating documents.	Ministry of Finance and Economic Planning

### Organizational matters

27. Operationally, two structures are responsible for the institutional monitoring and implementation of CSLP. These are, first, the Office of the Director of Planning (DNP) which, under the direction of the Steering Committee:

- Oversees the smooth conduct of thematic group discussions that it leads and on which it reports;
- Summarizes the work of thematic group discussions;
- Weaves the work of the various thematic groups into a coherent document;
- Prepares documents for submission to the Substantive, Joint and Policy Guidance Committees; and
- Organizes and conducts the national and regional seminars and workshops.

Second comes the CSLP technical coordinating unit which is responsible for piloting the exercise in the participatory processes.

28. Substantively, the thematic group discussions began on 12 March 2001. Before that, two Steering Committee meetings were held to prepare the terms of reference of the working groups. These documents contained the timeline for group discussions, reporting, working methods and the mandate of each structure.

29. The work of each of these groups was presided over by a ministerial department. In one subgroup, the association of NGOs serves as secretariat. The initial meetings were held at the Ministry of Finance and Economic Planning under the chairmanship of the CSLP coordinator. From this meeting, the various presiding officers went on to conduct the exercise in their respective departments.

30. Subgroups were set up in terms of restricted committees whose mandate is to make concrete draft proposals as outlined by the larger group. Several Steering Committee meetings were held to galvanize the process.

31. The National Forum of 12 June 2001 provided an opportunity to report on the progress of all the thematic group discussions.

32. Accordingly, a final draft report was submitted to all partners at a meeting held on 17 August in the Ministry of Finance and Economic Planning. This report was amended and a new time frame is proposed for its submission to the Council of Ministers by late September.

33. The 11 subgroups were organized around the following issues:

- (a) The framework for macroeconomic growth and competition policy;
- (b) Governance, institutions and space;

- (c) Income generating activities, human solidarity and social security;
- (d) Basic infrastructural facilities for development;
- (e) Rural development and natural resources;
- (f) Education and functional literacy;
- (g) Population and health;
- (h) Environment and the quality of life;
- (i) Employment and training;
- (j) Culture, religion and peace; and
- (k) Poverty and gender analysis and monitoring.

34. In the consultative process, local communities were extensively involved through the association of municipalities presided over by the Mayor of Bamako and which brought together some 700 local communities. Similarly, each region established a regional CSLP Committee bringing together substantive administrative divisions, NGOs operating in the region and decentralized organizations. The regional committees were chaired by Commissioners<sup>3</sup> and secretarial services were provided by the offices of regional directors for economic planning and statistics. During the consultation, each region determined its priorities for the development/poverty reduction programme.

#### Civil society participation

35. Civil society organizations participated very actively in CSLP formulation. Representatives of CSOs participated in all the aforementioned thematic group discussions. In May 2001, CCA-ONG organized in Bamako, Koulikoro, Sikasso, Segou and Mopti workshops to discuss the substance of the interim CSLP report and the specific contribution the NGOs could make to the preparation of the final CSLP report. This process resulted in the preparation of the civil society position paper on the CSLP, following hard upon national workshops conducted to validate the work of the regional seminars held on 6 and 7 June 2001 under the auspices of CCA-ONG. This report was formally submitted to the Minister of Finance and Economic Planning as the contribution of the national civil society to the process at a Steering Committee meeting held on 18 July 2001.

36. The document reflected the discussions held with various NGO clusters, religious authorities, law professionals, private sector unions, chambers of commerce, employers' associations and the national economic and social council. Civil society is represented on all 11 subgroups and participated actively in all the work done. During the sensitization meetings, NGOs played a pivotal role in contacting those rural people who neither spoke nor wrote French.

37. The discussion conducted with CCA-ONG representatives revealed that civil society in Mali was generally happy with being involved in the strategy reformulation exercise.

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<sup>3</sup> The equivalent of provincial governors in other French-speaking African countries

38. The only complaint from the NGO representative was that all 11 subgroups were presided over by government representatives. In his view, mere NGO membership of the committees was not sufficiently reflective of the role that NGOs played in the preparation of the final document. The one thing notable was that the NGO representative served as secretary to one of the commissions.

39. Even though CCA-ONG and the authorities had ideological differences concerning structural adjustment programmes and CSLP, the NGOs demonstrated their preparedness to contribute to the formulation of policies which would be pursued nationally in the coming years. Civil society organizations had decided to take their rightful place, not only in the management of public affairs generally, but particularly in the preparation, implementation and monitoring of the CSLP final document.<sup>4</sup> The report submitted to the authorities summarizes all the proposals that civil society representatives made in each of the 11 thematic groups. Annexed to that document were proposals from the various regional documents. It should be noted, however, that the comments made did not come with a plan for immediate action and the feasibility of some of the proposals did not appear to have been thoroughly considered.<sup>5</sup>

#### Government participation

40. CSLP preparation is coordinated by the Ministry of Finance and Economic Planning through its Poverty Reduction Monitoring Committee and the Office of the National Director of Planning (DNP), the other ministries are mainly involved through their participation in the work of the established groups. To enhance the ownership of the various components by the substantive ministries and thus further internalize the process, the Monitoring Committee insisted that the chairmanship of the subgroups should be equally and judiciously shared out within each ministry. The most active ministries in the process are the Ministries of Social Development, Rural Development, Health, Education, Women's Affairs, Infrastructure and Labour.

41. During the preparation of the interim strategy document, some ministries expressed reservations regarding their degree of involvement. The main constraints facing the Ministry of Finance and Economic Planning in terms of better incorporating the views of the other ministries was the time factor. Indeed, given the very short time frame that the authorities had to prepare the document, not all the views (often submitted late by substantive ministries) could be taken into account. Nevertheless, the Ministry of Finance and Economic Planning took these criticisms from the sector ministries seriously and reflected their concern in the work of the Strategy Coordination Committee which comprehensively involved all the ministries.

42. In the course of the process, it turned out that the substantive ministries had lesser drafting capacity. Their main deficiency lay in not being able to put figures on the short-medium- and long-term programme proposals so some quantification had to be done with the assistance of the Ministry of Finance and Economic Planning for the purpose of medium-term budgeting.

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<sup>4</sup> The civil society declaration said as much

<sup>5</sup> A case in point was the proposal to replace the CFA franc with a subregional currency.

### Development partner participation

43. Since 1997, the national authorities have been pursuing aid reform with the help of the major donors. Although this began before the Poverty Reduction Strategy Paper (PRSP) exercise, it has now been integrated and currently become an essential element of Mali's relationship to the outside world.

44. Following the completion of an analytical study in 1998, the following observations<sup>6</sup> were made about the situation of development assistance in Mali: (i) it has pride of place in the national economy, institutions and society; (ii) it is not coordinated; (iii) development assistance activities are poorly integrated in national economic management; (iv) it is poorly integrated in the national economic structures; (v) there is a problem of aid effectiveness; and (vi) even in cases where people acknowledge the need for development assistance, they are poorly informed and their priorities are not taken into account.

45. Based on this information, a decision was taken by the authorities in July 1998 to institute reforms in development assistance. To that effect:

- A joint commission was set up between Mali and its development partners to oversee aid reform. On the Malian side were two sponsoring ministries (MEF and MAECI) as well as those sector ministries that consumed substantial public resources;
- Two advisory working groups were established, one on the Malian side and the other on the side of its development partners; and
- A joint secretariat and a substantive committee were set up to draft and implement the decisions of the Joint Commission.

46. On the basis of the directives issued by the substantive committee and the Joint Commission, a work programme built around seven objectives was prepared to: (i) clarify and simplify the institutional mandate of the structures responsible for aid management; (ii) harmonize the procedures and conditions for implementing cooperation projects; (iii) institute mechanisms for coordinating and arbitrating development assistance within and among the various sectors and among geographical regions; (iv) build national and local capacity; (v) create a permanent information system for monitoring cooperation activities; (vi) involve civil society organizations at all levels of aid project design and management; and (vii) integrate the cooperation machinery in the national economic and financial structures.

47. Among the seven goals, four priorities were set for the period 1999 and 2000. They had to do with:

- Clarifying and simplifying the institutional mandate of the structures responsible for aid management;
- Harmonizing remuneration packages for project and programme personnel services (salaries, daily subsistence and other allowances);

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<sup>6</sup> See «Réformer les systèmes d'aide : Le cas du Mali» OECD, UNDP, DCD and Club du Sahel.

- Organizing a consultative meeting between the Malian authorities and all development partners to discuss medium-term strategies and policy guidelines so as to set priorities with which development partners will need to comply; and
- Experimenting with innovative modalities of cooperation such as common funds and bidding procedures within the context of the health decade programme (PRODESS).

48. To date, the practical results achieved by the Committee have mainly had to do with the harmonization of project staff remuneration. With regard to bidding procedures, a study<sup>7</sup> conducted has recommended that such procedures should be harmonized either by way of internal arrangements among the partners or by way of convergence with national procedures. The last option seems to have been technically accepted since it allows for aid to be driven and coordinated by the national authorities, controlled by the local structures and to yield more effective benefits to the people. However, this has to be confirmed by the bilateral committee of development partners and Malian authorities. Should this approach be adopted and pursued, it would constitute a genuine breakthrough in making the country assume ownership of the external resource mobilization process. Indeed, because the mobilization procedures are specific to each development partner, the national authorities are compelled to mobilize additional human resources which are already insufficient.

49. On the side of the authorities, the two burning issues are the simplification of bidding procedures (which, as in most UEMOA countries remains cumbersome), the existence of two sponsoring ministries that allocate public resources (inherently a source of potential difficulties in monitoring State borrowing)<sup>8</sup> and the fact that both require additional debt coordination and monitoring efforts.

50. With regard to involvement in CSLP preparation, the donors played a very active role. At the beginning of the process, multilateral and bilateral partners expressed divergent views in their concern that the process would once again be driven by the Bretton Woods institutions and their inputs would not be taken into account. After discussions within a donor working group, a convergence of views emerged among the various components of the donor community as to the respective role each had to play and the special need to leave the steering of the process in the hands of the Malian authorities who felt that, in this way, the development partners had made a substantive contribution to the work of the subgroups throughout the preparation of the final draft of PRSP without however trying to impart a particular direction to the substance of the document.

51. In the case of Mali, the other multilateral and bilateral partners consider that the Bretton Woods institutions have kept a relatively low profile in the preparation and drafting of the CSLP. The World Bank presence within the thematic groups was accordingly viewed as low—key. The aid reform committee has been instrumental in coordinating the activities of development partners who now formally consult each other on all issues discussed with the authorities.

### III. RESOURCES MOBILIZED UNDER THE HIPC INITIATIVE

52. Mali, having arrived at the decision point under the HIPC Initiative, will, on the basis of the recent comprehensive survey on debts (late 1998), obtain a reduction of about \$US 523 million in net present value, bringing the net present value of the debt back down to \$US 906 million, i.e. the equivalent of 63 per cent of its debt stock before the Initiative.

<sup>7</sup> A report on bidding procedures.

<sup>8</sup> In addition to the Ministry of Finance and Economic Planning, the Ministry of Foreign Affairs and International Cooperation is empowered to conclude agreements having financial implications.

53. As of 17 August, the total amounts of resources mobilized following the signing of the agreement for the period 2001-2004 were as follows:

2001: 13.6 billion; 2002: 17.8 billion; 2003: 17.9 billion; 2004: 18.4 billion.

54. These amounts are broken down by donor as follows:

1. World Bank: Original HIPC: 100 per cent relief on 14 IDA loans in the sum of \$US 42.4 million – Enhanced HIPC: relief of \$US 204.5 million.
2. IMF (1) In 2000: (i) relief under the original initiative: SDR 212,871; (ii) relief under the enhanced initiative i.e. 7 per cent relief on the amount owed in 2000: SDR 309,630; (2) In 2001: relief under the original initiative: SDR 1,384,201; (ii) relief under the enhanced initiative i.e. 9 per cent relief on the amount owed in 2001: SDR 380,370.
3. OPEC Fund: Relief of \$US 1,650,000. The documents for the implementation of the relief agreement are being finalized.
4. ADB/ADF: (i) original initiative (2000-2003): \$US 15.2 million (ii) enhanced initiative (2000-2003): \$US 66.9 million.
5. Paris Club: 70 per cent debt servicing relief up to the end of the interim period (implemented).
6. BOAD: Original initiative: partial cancellation of CFAF 1.8 billion; - enhanced initiative (200-2003); \$US 66.9 million.
7. IDB: Relief of \$US 5.7 million over 25 years-agreement not yet signed for the enhanced initiative.
8. EIB: Letters have been exchanged between the EIB and Mali on a draft relief agreement. While a final reply is expected, eventual agreement, should it be reached, would yield original relief amounting to Euros 3.48 million and enhanced relief to Euros 10.48 million.
9. IFAD: Upon a decision of its Governing Council, IFAD will grant Mali a debt reduction in the sum of SDR 6.8 million under the HIPC Initiative. A draft agreement is expected from the Malian side.
10. Discussions with IDB, BADEA, the Kuwaiti Fund and the Saudi Funds have not been concluded.

55. One of the major constraints was the time it took to sign agreements with various countries participating in the Initiative. This has created some uncertainty over the amount available for the 2001 budget and one direct consequence would be to amend Mali's financial legislation if the resources are to be released under the budget.

#### **IV. BUDGETING AND THE HIPC INITIATIVE**

##### Poverty analysis

56. To assist with the monitoring of poverty reduction expenditure, a mission was sent to Mali from the fiscal affairs department of IMF. From 17 to 31 July 2001, the mission team helped to evaluate national capacities for monitoring budget implementation with the objective of:

- Working with the national authorities to facilitate progress from the preliminary assessment of monitoring capacity to a concerted evaluation of poverty reduction expenditure;
- Reviewing all reform programmes instituted to improve the management of public expenditure, with particular emphasis on the monitoring of poverty reduction expenditure;
- Drawing up a scheme for improving such monitoring capacity while taking into account ongoing reform programmes based on a realistic appraisal of the country's absorption capacity; and
- Preparing an action plan which would specify additional needs and reform priorities together with external assistance requirements for each year.

57. It could be seen from the assessment of public finance management and monitoring capacity that Mali's case was peculiar when compared to other UEMOA countries. For four years all ministries have prepared programme budgets and for several years now, the exercise has been decentralized. The Ministry of Finance and Economic Planning had set up in 1997 a computerized system for budget preparation, implementation and monitoring into which had been fed the administrative, economic and functional classifications of the budget nomenclature.

58. The results of the assessment revealed that:

- The budget presentation format could be brought to a satisfactory level through improvement in terms of the scope of coverage of public administration, information concerning some grants, the review of budget nomenclature classifications and better medium-term forecasting. The current budget presents individualized HIPC expenditure but poverty reduction expenditure has yet to be identified within it;
- Budget implementation followed standard procedure;
- Information systems for monitoring budget implementation and audited final accounts fell short of standard requirements. Some of the improvements could be speedily effected. For example, the computer systems could be integrated in order to facilitate the retrieval of comprehensive information within a short time. Most of the systems used hard copy for transferring data and this involved considerable work while the data codification also needed to be checked.

Table 2: Capacity for monitoring specific expenditure for reducing poverty

Budget management		Expected level	July 2001 assessment
Budget preparation and presentation	<b>Degree of comprehensiveness</b>		
	1. Consolidated accounts complying with MSFP public administration standards	A	B
	2. Government activities are not conducted using extra budgetary transactions to a significant degree	A	A
	3. Budget implementation very close to forecasts in terms of volume and operational allocation	B	B
	4. Budget includes donor-financed capital and current expenditure	A	B
	<b>Classification</b>		
	5. Budget classifications are administrative, economic and functional	B	B
	6. Poverty reduction expenditure clearly identified in the budget	A	B
	<b>Projections</b>		
	7. Medium term projections incorporated in budget cycle	A	B
Budget implementation	<b>Internal controls</b>		
	8. Low level of arrears; little accumulation of fresh arrears in previous year	A	A
	9. Effective and efficient internal control	A	A
	10. Audit monitoring conducted in addition to internal control	B	B
	<b>Reconciliation</b>		
	11. Reconciliation of banking and accounting data conducted systematically	A	A
Budget implementation data	<b>Expenditure monitoring over the year</b>		
	12. Budget data from each sector ministry are received within four weeks of the reference period	B	B
	13. Periodic performance classified functionally	A	C
	<b>Auditing of final accounts</b>		
	14. Closing of accounts within two months of the end of the financial year	A	B
	15. Auditing and submission of accounts to parliament within 12 months of the end of the financial year	B	C

Legend (A = satisfactory      B = fair      C = needs improvement)

### Recommendations

#### *(a) Budget presentation*

59. The 2001 financial legislation presented a resource budget to the National Assembly for approval. Annexed was a programme budget for all the ministries. For one ministry, details of the financial information in the two documents did not tally.

60. The budget document used functional classifications for the presentation of budget lines but included no summary for functional classification of expenditure which would have clearly defined the objectives of Government expenditure.

61. Given the considerable work that goes into preparing the programme budget, it would be advisable to make it a reference document for budget submission and approval.

- It would be advisable for the data in the resource budget and that in the programme budgets to tally. Indeed, when the amended financial legislation was presented, it showed some discrepancies;
- When presenting the 2002 budget, it would be helpful to have a functional summary highlighting the areas of Government intervention;
- The programme budget should be the reference document for budget approval (arranged by ministry, programme element and chapter); and
- The codification should be reviewed both for the reform to succeed and for the information to be coherent.

62. Poverty reduction expenditure has yet to be identified by budget line. The matter is being considered within the framework of preparing the CSLP.

63. HIPC resources are allocated to seven key ministries<sup>9</sup> and budget lines for financial expenditure using HIPC resources are identified and listed for nine sectors.<sup>10</sup> The amended 2001 financial legislation incorporates the total expenditure amounting to CFAF 13.6 billion under a number of budget lines. These budget lines are retraced to find the operating expenditure of any ministry within chapter 23 which was specially created for the purpose and chapter 44 to identify common costs. With regard to investment expenditure the codifications used are ad-hoc and combine the digital codes corresponding to chapters 31 and 32 with a specific wording. Such individual reporting, which is essentially manual, should be reviewed because it is not fully satisfactory within a context of computerized information processing. Furthermore, by devoting specific chapters to HIPC expenditure irrespective of type, the classification used in the chapter loses its coherence.

**Table 3: HIPC resource appropriations in the 2001 budget (amended financial legislation)**

Project title	Amount in CFAF millions
<b>EDUCATION</b>	
Basic Education Support	198,698
Teacher Training Support	968,000
Secondary Education Support	19,302
Private Education Subsidies	406,000
Basic Education Support Staff	1,300,488
Secondary Education Support Staff	406,580
Training Expenses	993,000
<b>Total</b>	<b>4,292,068</b>
<b>SOCIAL DEVELOPMENT, SOLIDARITY AND THE ELDERLY</b>	
HIV/AIDS Solidarity Programme	5,000
<b>Total</b>	<b>5,000</b>
<b>HEALTH</b>	
Malaria Control Programme	1,000,000
HIV/AIDS Control Programme	700,000
Human Resources Development Programme	300,000
<b>Total</b>	<b>2,000,000</b>
<b>Grand Total</b>	<b>6,297,068</b>

<sup>9</sup> Education, Health, Rural Development, Infrastructure, Social Development, Employment and Water.

<sup>10</sup> Education, health, rural development, fiscal planning, environment and town planning, advancement of women, children and the family, energy and water, human solidarity, irrigation network extension, and the improvement of economic, financial and social statistics.

(b) *Medium-term Forecasts*

64. There are triennial estimates for the investment budget but no triennial programming of the operating budget. Currently, the annual estimates take the multi-year strategies of such key sectors as health and education into account but detailed multi-year HIPC<sup>11</sup> funding estimates cannot be incorporated into the medium-term framework since there is no quantitative approach for analyzing the sustainability of public finance policy.

**Table 4: Action to be taken to improve the monitoring of poverty-reduction expenditure**

Action	2001	2002	2003	2004
1. <b>Review of laws and regulations</b>	Analytical study and proposals for harmonization	Adoption and enforcement of proposed amendments		
2. <b>Budget presentation</b>	Harmonization of programme and resource budgets	Improving the readability of the budget. Study on the simultaneous presentation of the programme and resource budgets	Continued action to improve programme budget preparation	
3. <b>Consolidated position of public administration</b>	Feasibility study	Budget supplement showing EPA and biannual presentation	Budget supplement showing consolidated data for decentralized communities and biannual presentation	
4. <b>Grant incorporation</b>	Quantification of grant data not reported in the budget	Assessment of quantification exercise and pursuit of strategy for information system improvement and monitoring	Continuation of work	
5. <b>Improvement of budget classification</b>	Integration of specific coding of HIPC expenditure	Integration of programme coding	Review of entire budget classification structure to make it more uniform	Institution of the new classification structure
6. <b>Accounting plan harmonization for decentralized communities</b>	Harmonization of their accounting nomenclature with that of public administration			
7. <b>Improvement of medium-term forecasting</b>		Improvement of medium-term expenditure programming for the entire national budget	Continued work to incorporate EPAs and decentralized communities	Continued work
8. <b>Internal control</b>	Concerted action among internal control services to achieve optimum effect	Technical training for all inspectorate services	Continued training	
9. <b>Expenditure monitoring</b>	Improving the delivery time of treasury account balances and preparation of TOFE from same	Biannual submission of budget performance with programme budget presentation and establishment of corresponding positions in BSI implementation	Continued work	
10. <b>Computerization of expenditure flows</b>	Improvement of data sharing among partners	Pursuit of the exercise in order to phase out data restitution among concerned departments. Uniform application languages to be used in expenditure flows with a view to improving coherence and integrating data processing	Continued work and commissioning of an integrated application	Institution of the integrated application
11. <b>Post-budget control</b>	Strengthening of the resource accounts section and determination of ways to improve post-budget control	Continued action to shorten the time between regulation approval and accounting system evaluation	Continued action. Draft financial regulation 2002 is submitted in due form and time to the National Assembly	

<sup>11</sup> As of July 2001, the detailed expenditure forecasts for 2002 and 2003 had not been prepared.

## V. SUMMARY OF PROGRAMME COSTING AND FINANCING MODALITIES

65. Social and institutional development programmes have been budgeted for the next five years, but some of them, such as educational, health and social development, have already entered a second programming phase. Since not all these programmes are similarly renewed, the total investment volume of \$US 4,300 million should be slightly revised upwards.
66. The Senegal River Navigation Project, for example, is regional and the \$US 161.93 million required is to be mobilized by the Senegal River Development Organization (OMVS) but so strategic is the importance of the project to Mali that it cannot be excluded from the financial needs assessment although the programme is shared among the three member countries of OMVS.
67. The cost of the action plan, as presented, is of the magnitude of \$US 4,300 million or an average requirement of \$US 430 million per year which can be compared to the \$US 450 million in development assistance that Mali received annually for the past 10 years.
68. The programme analysis reveals the substantial share of basic infrastructural investment, which accounts for 74.9 per cent of the total investment programmed. Social expenditure comes second and accounts for 19.3 per cent of the total.
69. The financing plan is as follows:
- Domestic financing (government, local communities, users/beneficiaries and private sector) is estimated at 12.8 per cent of the total;
  - Donor commitments account for 19.8 per cent or \$US 548.73 million, representing 1.2 times the annual volume of development assistance;
  - Of the investment volume, 67.4 per cent is to be mobilized;
  - The social sector accounts for 70.5 per cent of domestic commitments while business facilities account for 25 per cent;
  - The social sector also accounts for 47.5 per cent of current donor commitments while business facilities account for 51.4 per cent; and
  - 91.3 per cent of the financing to be mobilized will go into business facilities.
70. Sectorally, it should be noted that:
- About 80.7 per cent of institutional programme funding is to be mobilized;
  - About 82. per cent of infrastructural programme funding is to be mobilized; while
  - Only 4.5 per cent of the social programme funding is to be mobilized.
71. Details of the programme costs and funding sources are given in the table below.

**Table 5: Programme costs and financing**

Areas	Sectors	National Financing Capacity and Requirements (\$US millions)			
		Total cost	National Capacity	Donor Commitment	To be mobilized
Administration	Central Administration	20.14	7.66	0	12.48
	Capacity Building for Economic Planning and management	6.49	0.30	3.48	2.71
Social	Justice	129.44	15.38	4.62	109.44
	Civil Society	0.96	0	0	0.96
	Private Sector	11.16	0	1	10.16
	Education	541.30	278.40	235.0	27.9
	Health	271.5	104.3	167.2	0.00
	Poverty Reduction	PM	PM	PM	
	Employment	5.05	1.50	0	3.55
	Women, Family and Children	8.31	2.49	0	5.82
Infrastructure	Road	1105.15	9.32	184.24	911.59
	Inland water	170.35	8.40	0	161.95
	Rail	70.71	9.77	13.14	47.80
	Air	244.94	17.18	5.91	221.85
	Maritime	8.61	0.86	0	7.75
	Telecommunications	PM	PM	PM	PM
	Energy	670.32	59.90	108.9	501.52
	Irrigation	933.23	31.77	123.33	778.13
Trade and Crafts	Trade	20.89	1.48	0	19.17
	Crafts	58.16	0	0	58.16
<b>Grand Total</b>		<b>4276.71</b>	<b>548.73</b>	<b>847.04</b>	<b>2880.94</b>

72. In all, 167 projects and programmes estimated to cost CFAF 236 billion have been identified for achieving the specific quantifiable objectives of SNLP. The number of those that can be considered national (covering the country of Mali) is estimated at 60 and accounts for more than half (approximately CFAF 150 billion) of the financing required. What can be seen is that slightly more than 40 per cent of the identified financing will go into access to health care and drinking water, 24 per cent into agricultural development, 16 per cent into education and 5 per cent into the programme element on macroeconomic policies. Micro-finance and production factor access activities account for 2.3 per cent while access to decent housing accounts for 2.6 per cent. Programme element 8, which mainly relates to the central authority, accounts for 7.5 per cent while programmes for promoting income-generating activities and employment barely account for 2 per cent of the financing.

**Table 6: Summary of current financing for the quantified objectives of SNLP (in CFAF millions)**

	**PA1	**PA2	**PA3	**PA4	**PA5	**PA6	**PA7	Total	%
*P.E. 1	2,955	1,025	0	6,125	1,500			11,614	5
*P.E. 2	838	550	389	2,850	543	0		4,970	2
*P.E. 3	1,763	2,589	0	1,080				5,432	2.3
*P.E. 4	41,153	2,786	2,520	10,109				56,568	24
*P.E. 5	9,256	5,765	17,450	4,182	176	0		36,829	15.6
*P.E. 6	1,917	16,041	32,280	1,629	4,241	0	41,085	97,193	41
*P.E. 7	640	0	1,497	3,974				6,111	2.6
*P.E. 8	513	100	832	0	16,385			17,830	7.5
Total								236,547	100

\* Programme Element

\*\* Priority Action

## **VI. PUBLIC ACCESS TO INFORMATION**

### **Budget**

73. Public access to comprehensive information on past, present and future budget activities is limited. Each quarter, the Ministry of Finance and Economic Planning prepares a report for the National Economic Policy Committee but it is not generally distributed to the public. The report contains details of public financing transactions and a quarterly position of Mali's external and domestic indebtedness. The financial controller in the ministry issues a monthly statement on public expenditures while the treasurer produces a monthly table of financial operations using accounting and other data. Such information is restricted to the ministry and a few development partners. The budget performance report as of 30 June is submitted to the National Assembly with the draft financial legislation for the subsequent financial year for presentation at the October session of Parliament. A statement of national financial assets is prepared and published annually in the Official Journal. All financial legislation is published in the Official Journal and summarized for the public in the media.

74. Official commitments have been made to disseminate information more regularly during the year. In April 2001, for example, Mali committed itself to disseminating quarterly data in line with IMF's SGDD standards.

### **Statistical Data and Surveys**

75. Since the 1980s, Mali has conducted three household surveys:

- The 1988-1989 budget-consumption survey conducted nationwide and aimed essentially at assessing household consumption expenditure by consumer item, yielded few demographic and social findings;
- The 1994 survey of economic and social conditions sought to establish a poverty profile and to assess the impact of structural adjustment. The findings were quite superficial and appeared reliable only from a food expenditure point of view; and
- The 1996 Bamako household expenditure survey, aimed at improving the consumer price index, naturally failed to provide data for the rest of the country.

76. To complement preceding surveys, use can be made of the findings of national demographic and child health surveys conducted in 1987 and 1995-1996 as well as the partial findings of the 2000-2001 national budget-consumption survey conducted to assess the incidence of poverty (EMEP). This four-phase survey, whose concluding exercise was to be conducted on 15 January, uses three types of questionnaires: (i) the budget questionnaire, (ii) the food questionnaire and (iii) the household questionnaire. Finally, Mali also has the unified questionnaire on development indicators (QUID) which covers the education, health, employment, household asset, housing characteristics and poverty forecasting sectors.

77. CSLP refers to data considered as the most reliable, namely:

- Situation in the country as a whole: results of the 1994 national food expenditure survey together with the partial results of the 2000-2001 survey measuring the poverty line on the basis of rice-consumption equivalence; and

- The results of the 1996 Bamako household expenditure survey.

78. The surveys have a very low frequency. It will be necessary, with donor or domestic resource support, for an annual budget-consumption survey to be conducted over the coming five years. This can be used to establish time-series data for poverty analysis and will also be useful for assessing the impact of programmes and policies pursued within the CSLP context.

79. Investigations have shown an urgent need to beef up the material and human resources of DNSI. Indeed, the spacing of budget-consumption surveys raises some issues having to do with the stability of the sample. The findings do not have the necessary comparability for monitoring poverty indices. Furthermore, further training would be welcome if only to enable the updating of the quantitative analysis techniques used and the application of more diversified poverty measurements.

## **VII. THE GENDER DIMENSION OF CSLP**

80. The national policy for promoting the advancement of women can be found in the 1996-2000 Gender Action Plan.

81. The general policy orientations are the following:

- Improving the image of women in Malian society and enabling them to become more involved in the ongoing democratization process;
- Identifying ways and means of recognizing and respecting the rights of women;
- Promoting women's access to production factors and economic resources;
- Enabling women to combine their various roles with production activities and improving both their productivity and income;
- Facilitating mother and child access to social and health services; and
- Supporting the new policy of rethinking the national educational system.

Table 7: Summary of the Six Priority Areas of the 1996-2000 Gender Action Plan

Sectors	General Objective	Strategies
Education	Promotion of girl-child education, women's literacy and vocational training	Reinforcement of the basic school infrastructure, creation of vocational training centres, organization of sensitization campaigns and the formulation of a national women's literacy policy
Health	Improvement of women's health	Promotion of health in general and of SMI/PF activities and law review in order to repeal in helpful provisions
Women's Rights	Improvement of women's legal status	Wide dissemination of legal texts so that most women will have access to useful information.
Economic Advancement	Women's Poverty Reduction by emphasizing their role in the economy	Instituting machinery to secure women's access to production facilities and factors and the promotion of income-generating activities, taking into account their influence on the environment
Participation in public life	Increasing the number of women in decision-making	Intensified IEC to remove social prejudices Enhanced professional skills for women
Environment	Involving women fully in natural resources management and environmental protection	Involvement of women natural resource decision-making structures Promoted use of improved stoves and renewable energy

82. It would appear that the gender issue was not explicitly addressed in the interim strategy document. In discussions with the authorities, however, it seemed that the issue had been broached and two options were possible in terms of methodological approach. It could be treated as a cross-cutting issue within the themes considered by each subgroup or separately addressed within a subgroup specifically set up to consider gender issues.

83. It was finally decided to pursue a mix of the two approaches. Accordingly, the gender issue was singled out for subgroup 11 while at the same time allowing for active participation of the women's affairs ministry in the work of each group. The reason for this was that policy support for women's advancement was often sector-based (agriculture and SME financing being cases in point). The Ministry of Women's Affairs ended up participating in all the 11 subgroups established.

84. In the preparatory document, gender was addressed through health and education sector programmes and under one section devoted to human rights. The initiatives and projects falling under the systematic gender approach (which incorporated the dimension of promoting women's rights at all levels of development strategy) combined with the right of women to genuine equality and effective citizenship to become a primary objective of sustainable human development.

85. From this department, the contribution has basically been one of updating the 1996-2000 plan of action whose thrust continued to be taken into account by CSLP. A Beijing + 5

document head by the authorities on the occasion of the United Nations review served as a basis for preparing the contribution of the Ministry of Women's Affairs to CSLP.

86. In discussions with representatives of that ministry, the thrust of programme activities described was to institute income-generating activities, reduce the time spent by women in doing household chores and provide them access to pre and post-natal health care.

## **VIII. THE HIV/AIDS DIMENSION OF THE STRATEGIC FRAMEWORK**

87. In the interim CSLP strategy, the issue of HIV/AIDS is very briefly and superficially addressed. The main reason given for that is the time constraints for conducting extensive consultations with the Ministry of Health. For some members of this department, therefore, the interim strategy was essentially the business of the Ministry of Finance. This perception has been largely corrected in the preparation of the final document during which process a subgroup was asked to consider health issues with major emphasis on: (i) achieving coherence among PRODESS, PNLs and CSLP; (ii) providing enough indicators for the monitoring of human development; (iii) quantifying more precisely needs on a multi-year basis so as to integrate them in the macroeconomic framework. This task conducted in a committee chaired by the Ministry of Health provided comprehensive input from this department into the drafting of the final document.

88. With specific reference to HIV/AIDS, Mali is pursuing a national AIDS control strategy over the period 2001-2005 (PSN 01-05). The strategy provides the framework for all AIDS control initiatives and activities in Mali. In the document, both the strategic plan and framework have equal meaning.

89. Added to this is the reference action plan for implementation which is designed for use by all partners in the struggle against HIV/AIDS at the community, district, provincial, NGO and CSO, business and ministerial department level together with all partners developing sectoral action plans for AIDS control. Each partner will select objectives and strategies reflecting its area of competence and develop relevant programme activities.

90. One major gap in the AIDS control strategy is the lack of recent survey for assessing the prevalence rate. The most recent estimates have been extrapolated from the 1992 survey which places the prevalence rate around 4 per cent with pockets reaching 11 per cent in the border areas. The initial results of DHS which are expected in late October would provide a more recent basis for quantitative analysis.

91. With regards to the financing of the AIDS action plan, an initial cost estimate for 2001-2003 has been made. The annual amounts are: 2001 CFAF 4.5 billion, 2002 CFAF 3.9 billion, 2003 CFAF 4.2 billion, all of which total CFAF 12.7 billion. Work is continuing to extend these projections up to 2005.

92. With regards to the health sector, funding will be covering four major programme elements:

- HIPC budget appropriations will be used to conduct such health activities as universal vaccination, preventive care, information services by civil society organizations and the development of a system of recruiting and motivating staff who will be trained in delivering health care to remote areas;

- Mobilization of grants and/or fresh debt reduction with a view to using the proceeds to conduct large-scale initiatives in the control of contagious diseases (Roll Back Malaria, GAVI, and access to antiretroviral medication);
- The appropriate modality will follow efficiency, equity and quality criteria and form part of the medium-term public expenditure programme; and
- The predominant mode of payment for services by patients should increasingly yield space to other more equitable financing mechanisms such as mutual health and social security plans as well as targeted subsidies.

93. In the 2001 budget, CFAF one billion has been appropriated for AIDS control programme and CFAF one billion for human resource development and malaria control. Already, CFAF 500 million has been invested in the first purchase order for antiretroviral medication. Like other African countries, Mali is benefiting from the initiatives taken by some multinational pharmaceutical companies to reduce AIDS treatment costs by 75 per cent. Given the fact that the cost of treatment remains very high for poor people, it is subsidized from budget resources.

94. In streamlining the use of resources under this AIDS control approach, a one district/one NGO initiative has been instituted. In the specific field of health however, the diversity of donor funding procedure does not make for a high absorption rate of available resources.

## IX. CONCLUSION

95. CSLP formulation is an exercise which elicited active participation of most components of Malian society in drafting a document which will be Mali's reference development policy paper for the next five years.

96. What Mali has learned from this exercise demonstrates the importance of building on existing structures and experience. Indeed, the consultative process launched by the authorities formed part of a tradition which began with democratization in Mali. The fact that the authorities did not artificially impose a consultative process outside of the existing framework enhanced the legitimacy of the process as witnessed by the broad participation of civil society.

97. One lesson to be drawn from this participatory experience is the need to avoid giving the impression that the consultation of various segments of the population is a donor conditionality. To dispel that notion, it is necessary to base the consultation exercise on a sustainable institutional approach. This is why the main shortcoming would appear to be the low degree to which parliament was involved in the entire process. Given the fact that in democracy, parliament is the highest form of expressing the will of the majority and the place where all laws including financial and budget legislation are adopted, parliament must necessarily be able to participate in any national consultation exercise.

98. This study has also demonstrated the difficulty of pursuing a self-contained policy of reducing the gender gap. Indeed, most of the underpinnings of such a policy can be found in the sectoral policies pursued in what have been termed the social sectors. The tools of gender approach and analysis will both have to be more fine tuned in working with domestic and external partners.

99. Like other countries of the subregion, Mali has adopted a national programme for AIDS control whose incorporation into the CSLP strategy was taken into account. Lack of recent statistics however, severely limits an accurate estimation of national needs.

100. More generally, the availability of higher frequency statistical data should be given every consideration in order to enable the monitoring and assessment of poverty reduction programme and policies.

# Annex I. Economic and financial indicators (1998-2004)

	1998	1999	2000 est.	2001 proj.	2002 proj.	2003 proj.	2004 proj.
	<i>(annual percentage variation)</i>						
<i>National revenue and prices</i>							
GDP in real terms	4.9	6.6	4.3	-1.2	7.0	6.6	4.0
GDP in nominal terms	1592.5	1649.4	1736.9	1784.0	1948.3	2119.4	2292.6
GDP Deflator	6.7	-1.7	-0.3	4.0	2.1	2.0	2.0
Consumer price index	4.1	-1.2	-0.7	4.5	3.1	2.0	2.0
<i>External sector</i>							
Exports (f.o.b)	1	6.2	4.7	25.3	11.0	16.2	9.2
Imports (f.o.b)	3.4	13.2	13	8.6	11.2	6.7	6.5
TCEN	2.7	-2.4	-4.3				
TCER	4.4	-4.1	-7.4	...	...	...	...
<i>Budget</i>							
Domestic revenue	11.0	6.9	-1.0	16.5	12.3	11.4	10.6
Current expenditure	0.1	15.1	3.1	29.7	-6.2	2.8	8.7
Capital expenditure + net borrowing	21.5	4.0	7.3	19.5	1.0	1.1	6.1
<i>Currency and credit</i>							
Net domestic assets	13.8	11.5	-2.1	-1.0	6.2	...	...
Money supply (M2)	4.4	1.3	11.9	2.8	9.2	...	...
	<i>(as percentage of GDP)</i>						
<i>Investments and savings</i>							
Gross domestic investment	21.1	20.0	21.3	20.7	21.2	21.7	22.4
Gross domestic savings	12.8	10.0	9.3	10.5	11.4	13.7	15.3
<i>Budget</i>							
Domestic revenue	16.0	16.3	15.5	17.6	18.1	18.6	19.0
Total current expenditure + net borrowing	24.1	25.0	25.3	30.6	27.4	25.6	25.4
Total commitments, excluding grants	-8.1	-8.7	-9.8	-13.0	-9.2	-7.1	-6.5
Basic balance	1.3	0.1	-0.8	-3.2	-0.1	1.6	1.9
<i>External sector</i>							
Current balance excluding official transfers	-9.3	-10.8	-12.4	-13.9	-11.9	-10.2	-8.9
Current balance including official transfers	-7.5	-9.3	-9.8	-13.0	-9.2	-9.6	-8.4
<i>Debt service ratio</i>							
Pre-relief	11.4	12.5	13.6	12.4	13.4	12.0	11.7
Post-relief	11.4	12.5	13.0	9.8	10.5	9.6	9.2
	<i>(In \$ US millions)</i>						
Total balance of payments	-38.2	-20.7	34.8	-52.7	-35.6	-5.1	-7.3
External reserves (import months)	4.6	4.1	4.3	4.2	4.3	4.4	4.4

Legend: est = estimates, proj. = projections

## Annex II. Results of the various scenarios

	2001	2002	2003	2004
<b>Real GDP (%)</b>				
Basic scenario	-1.2	7.0	6.6	6.0
Inclement weather	-1.2	5.2	4.7	3.9
Low cotton prices	-1.2	7.0	6.1	5.8
<b>Current account (as % of GDP excluding grants)</b>				
Basic scenario	-13.9	-11.9	-10.3	-8.8
Inclement weather	-13.9	-13.2	-11.6	-10.7
Low cotton prices	-14.0	-12.8	-11.4	-10.4
<b>Budget funding requirements (in CFAF billions)</b>				
Basic scenario	51.2	29.2	0.0	0.0
Inclement weather	51.2	39.8	11.2	22.1
Low cotton prices	51.2	30.2	6	9.6
<b>Budget balance (as % of GDP )</b>				
Basic scenario	-3.2	-0.1	1.6	1.9
Inclement weather	-3.2	-0.6	1.1	1.0
Low cotton prices	-3.2	-0.1	1.3	1.5

### **Annex III. The Civil Society Declaration on CSLP**

We, members of the Malian Civil Society Organizations meeting successively at:

- CCA/ ONG headquarters in Bamako, on 8 and 9 May 2001;
- Koulikoro, Sikasso and Mopti on 14 and 15 May 2001;
- Mopti on 15 and 16 May 2001;
- Segou on 22 and 23 May 2001; and
- The Bamako Workshop on 6 and 7 June 2001;

Having extensively and fruitfully discussed the new political, economic, social and cultural challenges to be addressed under the poverty reduction and economic growth approaches gradually introduced from 1996 by the World Bank, IMF, the Paris Club and the G7,

Having reached a consensus built around our common understanding that:

- Information about CSLP has been limited and its formulation neither publicly debated nor secured the active and broad participation of the poor social classes;
- Enhanced structural adjustment facility (ESAF) resources linked to the HIPC initiative for relieving unsustainable debt were converted under pressure from the global campaign for debt cancellation and poverty reduction (FRPC) which is the focus of the CSLP;

Express our view that: CSLP should be considered as a debtor-driven strategy to be used as a key instrument in relations with the donor community. CSLP should provide additional justification for concessional lending from World Bank and IMF to HIPC countries. Poverty reduction and growth strategies are new names for structural adjustment policies. Acceptance of these policies through HIPC/PRGS is a condition without which the World Bank, IMF and the Paris Club can refuse an HIPC like Mali debt relief and fresh adjustment lending.

CSOs in Mali are aware of the extreme poverty (68% according to official statistics) and the deepening social inequities created by structural adjustment conditionalities which have been imposed on the country since 1992.

The results of the action taken by international policy makers have been economically and socially disastrous for Mali in terms of: declining household consumption, falling production levels, liquidation of businesses through imposed privatization, unemployment, rising food dependency, declining value of such exports as gold and cotton, increasing charges for such essential items as water, electricity and cereal staple (making them unaffordable for most people), deteriorating health (resurgence of diseases like tuberculosis, malaria and HIV/AIDS) and educational conditions (the current blockage of the educational system), not to mention the breakdown of traditional values which hold our social fabric together.

No matter how seductive the change in language and concept advocated in the design of the strategic framework, we the CSOs would like to draw the attention of all social groups, opinion leaders and government in Mali to the fact that:

- The extreme poverty and deepening social cleavages are unacceptable and intolerable;
- The HIPC/PRGS/CSLP initiative is not effective for reducing poverty in Mali given the proof that in September 2000, Mali was granted CFAF 340 billion as debt relief for 30 years, broken down arithmetically at approximately CFAF 11.3 billion per year;

CSLP does not challenge the structural adjustment principle which remains the basis for conditionalities and perpetuates the risk that such conditionalities might become increasingly exacting, with even more tragic consequences for the people;

Short of purely and simply rejecting CSLP as a framework for Mali's development, CSOs in Mali demand that:

- Public debate should be instituted in order to inform the people fully and to elicit their view on the relevance of a document of such importance to their future;
- The conditionalities of PRGS/CSLP should be set by Mali;
- Grassroots communities, locally elected representatives and members of civil society should be genuinely involved in designing the document. Time will have to be made for this requirement;
- Simple, effective and understandable machinery and strategies should be instituted speedily for CSLP monitory and evaluation.

## Annex IV. Mali's Poverty Profile

### Monetary poverty

The quantitative survey of household living conditions conducted in 1994 revealed a situation of widespread poverty. Mean income per capita was as low CFAF 160,000. From a poverty threshold set at CFAF 97,843, the incidence of poverty nation wide affects 64.2 per cent of the people. Poverty has a higher incidence in the rural areas where it affects 71.3 per cent of the people as compared to 31.2 per cent in the urban areas. Using an extreme poverty threshold of CFAF 39,500, the incidence of poverty in 1994 was evaluated at nearly 35 per cent of the population. In the 1996-2000 growth years, the incidence of poverty declined overall by 1.8 per cent each year but due to lack of information on the pattern of inequities, it is difficult to have a precise idea of absolute poverty.

The main characteristics of monetary poverty are the following:

- Poverty is essentially rural and its incidence (especially extreme poverty) varies sharply from region to region:

1994 (as % of population)	Bamako	Other urban areas	Rural				Mali
			North	West	East	South	
Very poor	3,0	13,5	17,5	39,7	47,0	49,5	34,4
Poor	21,2	35,0	44,5	29,6	36,2	36,9	34,4
Non poor	75,8	51,5	38,0	30,6	16,7	13,6	31,2
Total	100	100	100	100	100	100	100

Source: 1994 survey (SNLP July 1998)

- Apart from Bamako and Gao/Kidal, each region has more than half of its people living below the poverty line. Poverty is therefore substantially spread out throughout Mali even though its incidence is more significant in Mopti, Sikasso and Koulikoro which have three fifths of the population and four fifths of the poor in Mali.

1994	Kayes	Koulikoro	Sikasso	Ségou	Mopti	Timbuctoo	Gao-Kidal	Bamako	Mali
Incidence	45,1	74,0	84,6	85,0	71,5	58,0	20,0	24,2	
Depth	18,9	39,8	42,2	41,7	30,6	18,2	4,0	6,4	

Source: ODHD

2000	Kayes	Koulikoro	Sikasso	Ségou	Mopti	Timbuctoo	Gao-Kidal	Bamako	Mali
Population	1,44	1,65	1,89	1,75	1,53	0,46	0,45	1,11	10,28
Urban	18,3	16,1	21,1	17,8	13,3	19,6	33,5	100	
% of total population	14,0	16,0	18,4	17,0	14,9	4,5	4,4	10,8	100

Source: Population census

- Poor households tend to have more children than non-poor households.

- The older the head of household, the more exposed that household is to poverty.
- Households whose heads have some education are generally less poor than those headed by illiterates.
- Households headed by women are particularly vulnerable since the law does not recognize their de facto status and excludes them from the granting of most production factors.
- It is difficult to estimate the number of vulnerable persons because they may belong to various groups such as female-headed households, disabled, elderly, unemployed, school dropouts, juvenile delinquents or AIDS victims.
- The degree of poverty is both substantial and varies by administrative regions: the average income of the poor is about 60 per cent of the global monetary poverty line; the gap is particularly wide in Sikasso, Mopti and Koulikoro regions and average for Segou while it is low in Kayes, Timbuctoo, Gao and Bamako.

The growth pattern of monetary poverty is not easy to determine; for the period 1994-2000:

According to ODHD estimates, poverty increased from 1994 to 1996, then declined from 1996 to 1999 when its incidents diminished sharply by 7.7 per cent per year in the urban areas and 3.0 per cent per year in the rural areas. The average revenue level of the poor is reported to have risen and the depth of poverty declined faster than its incidence. These findings corroborate the national accounts and the Bamako survey statistics which reveal that the upsurge in growth from 1994 has yet to have an impact on employment and living standards (per capita consumption).

### *Human Poverty*

Human poverty is reflected in the absence of basic capacity in major areas of welfare: illiteracy, malnutrition, reduced life expectancy, poor health and housing, reduced participation in economic, social and political life of the country.

It is difficult to corroborate the monetary poverty patterns observed by looking at other quality and standard of living indicators. Some indicators have significantly improved in recent years (health—life expectancy at birth rose from 47 years in 1990 to 54 years in 1999), (governance—democracy, press freedom, NGO development and lobbies for the poor). And yet, the quality of life indicators demonstrate overall the same negative situation as the monetary indicators.

### **Poverty in Bamako: a specific analysis<sup>12</sup>**

Although the situation in Bamako appears better, on the whole, than that of other regions, there is no discounting the fact that poverty exists in Bamako.

The first thing to note is the low rate of literacy: nearly half of the adult population is unschooled (44 per cent of the men and 57 per cent of the women) and only 3 per cent of the people has university education.

<sup>12</sup> Source: DIAL paper submitted to the poverty forum in June 2001

The second thing is the large size of households which is on the decline. Extensive households accounted for 50 per cent of households in 1996 as compared to 55 per cent in 1989.

Next to be underscored is the job market deterioration from 1994-1996 by five percentage points in activity rate from 59 per cent to 54 per cent, a rise in unemployment from 23.3 per cent to 25.6 per cent, and a ten percentage increase in the proportion of self-employed. The number of people migrating to the capital for economic reasons exacerbates the pressure on the job market.

From 1989 to 1996, the worsening trend was obvious. The number of people below the poverty line of two dollars per day increased from 33 per cent to 57.2 per cent and those earning below one dollar per day from 4.7 per cent to 16.7 per cent. While the number of the poor was on the increase, the average living standards were declining and inequities increasing significantly. The Gini coefficient rose from 0.27 to 0.38.

The impoverishment of the people of Bamako is evidenced in declining indicators for children. The number of children affected by acute undernourishment (weight/height ratio) rose from 10 to 28 per cent and chronic weight deficiency rose from 22 to 31 per cent.

Some welfare indicators have improved however. The level of education has risen, particularly among women. Infant and child mortality has declined and access to drinking water and electricity increased.

Living in the capital does not appear to be a way out of the poverty cycle if no member of the family has been to school and/or can find a paid job. In contrast, the fact of a household being headed by a woman is less inhibiting than in the rural areas because women in Bamako can more easily engage in commercial activity.

The upshot is that while the income and expenditure situation is better overall in Bamako, surveys are reporting a decline of purchasing power, deepening inequities and an insignificant impact of recent growth because of such factors as the downsizing of the modern wage sector, restrictive wage policies, liberalization policies and heavy investment in the mining and agricultural sector.

## **Annex V. Summary of the National AIDS Control Strategic Plan**

The regional workshop on strategic planning organized by UNAIDS in Ouagadougou in January 1999, offered the opportunity to finalize the timetable for the strategic planning process in Mali. The workshop which was held at Fana from 18 to 20 February 1999 Centred on the preparation of the situational analysis and the national response to the AIDS epidemic and formed the actual beginning of the process. The documentary review and other studies carried out in the field by research teams made it possible to obtain useful data. In order to better take into account all the local and regional specificities, the results of the situational analysis and the response were presented for discussion at the level of the eight regions and the district of Bamako. On 25 October 1999, the national workshop on the restoration and validation of the results of the situational analysis and the response was held in Bamako. A comprehensive report was prepared by the national team on the situational analysis and the response and presented to the inter-ministerial Council on 30 November 1999.

Workshops on HIV and development proposed planning/programming tools which enabled the nationals of the public and private sector, NGOs/associations and Cooperation agencies and partners in the national AIDS Control Programme to lay down major guidelines in the 2001-2005 Strategic plan, the intervention priorities and the strategies deemed relevant. The Ministry of Health, which is responsible for planning government policy on the control of HIV/AIDS, laid down its major guidelines in the Ten-Year Health and Social Development Plan 1998-2007, whose implementation instrument was the Health and Social Development Programme 1998-2002.

The analysis of the epidemiological situation showed that the recent figures available from sentinel monitoring dated from 1995. A survey conducted in the first half of 2000 by the Centre for Disease Control (CDC) Atlanta in the high prevalence regions helped to update some figures. Populations considered particularly vulnerable were: migrants, lorry drivers, and their learner drivers, street peddlers, servicemen, prostitutes, youth in schools and out of school, women old enough to procreate and the prison population. People living with HIV were at the centre of the fight against HIV/AIDS. The factors of vulnerability were: mobility (internal and international migrations), economic instability, prostitution networks and weak moral and legal environment. The magnitude of the challenge to reduce poverty and job insecurity and the difficulty of determining the migratory phenomenon and the level of clandestine prostitution were obstacles to be taken into account.

The impact on the well-being of people infected with HIV, the social impact of the epidemic on families and the Community, the impact on the health sector and on sectors other than health, particularly in public and private enterprises, were priority areas of intervention. The precarious economic situation of the country and the generally low health coverage were constraints to reducing the impact of the epidemic. However, the Health and Social Development Programme had envisaged a substantial improvement in the health coverage and the creation of Activity and Counselling support centres in two regions to care for infected or affected people.

According to the overall result obtained from the national response, the implementation of PMT2 recorded major achievements particularly in preventing the transmission of sexual diseases, even though the change in risk behaviour was relatively slow to come. The fight against Sexually Transmitted Diseases (STDs) and the psychosocial care for people living with HIV recorded some progress. The achievements and lessons learnt from the implementation of PMT2 were taken into account in the National Strategic Plan (PSN) 2001-2005. Strategies such as the implementation of sectoral plans in ministries other than the ministry of health, the capacity building of the National AIDS Control Programmes and research in the area of HIV/AIDS deserve to be developed further over the next five years. The STD Control Strategies should be evaluated, improved if necessary and extended to cover the entire country. New strategies such as prevention of mother-child transmission through the administration of an antiretroviral drug and promotion of local response would be implemented over the next five years. The management of the National AIDS Control Programmes was strengthened during PMT2, but the structures and mechanisms remain to be improved and particularly the decentralization, coordination and collective management of the programme.

The priority areas of intervention of the Strategic Plan 2001-2005 were defined, during some workshops on HIV and development, on the basis of the conclusion of the situational analysis and the response. The priority areas of intervention were the following:

- Greatest and fullest political commitment within the Republic's institutions and the Malian Civil Society;
  - Prevention of heterosexual transmission within the population at large with particular emphasis on the most vulnerable population groups;
  - Improvement of the quality of life of people living with AIDS;
  - Prevention of mother-child transmission;
  - Systematic control of STDs in all CSCOMS and CSARS according to the syndromic approach defined in the strategic plan for the control of STDs;
  - Lightening of the burden of the impact on affected families and the Community;
  - Favourable moral and legal environment for the respect for human rights.
- Reduction of the impact on health services;
  - AIDS in the work place;
  - Control of HIV blood transmission at health centres.

The objectives relate to the priority areas of action and reflect what the strategic plan expects to achieve by late 2005.

**Objective 1:** Commitment of political and civil society leaders and translation into concrete action of HIV/AIDS control measures in public institutions and CSOs within the context of an expanded multisectoral and decentralized response.

Objective 2: The general public most specifically those most at risk and vulnerable adopt sexual behaviour which will protect them from HIV infection.

Objective 3: The quality of life of people living with AIDS is improved through a comprehensive and coherent approach in terms of medical, psychological and social care.

Objective 4: Mother to child transmission is reduced by providing anti-retroviral medication to all pregnant women who test positive.

Objective 5: STD diagnosis and treatment is provided in all health centres.

Objective 6: The impact of HIV/AIDS on families and communities is alleviated.

Objective 7: An enabling ethical and legal environment respecting the dignity and rights of infected or affected people is created.

Objective 8: The impact on health services is reduced through extension of health coverage and skills development to cope with HIV/AIDS at the local and community levels.

Objective 9: Infection by blood transfusion is better prevented.

Objective 10: Updated and more comprehensive information should be available on HIV/AIDS and its impact nation and region wide both on the general public and those particularly at risk in the rural and urban areas.

In line with these objectives and in conformity with government policy, the following strategic focus was adopted for the pursuit of the 2001-2005 national strategic plan activities:

- Decentralization of programme management structures and organs and development of a local response;
- Forging of partnership with those working in the field while directing and coordinating BC/PNLS activities;
- Extension of the national response to sectors other than health through an integrated multisectoral approach;
- Consideration of the HIV/AIDS epidemic and its impact in the work place;
- Extension of the national response by introducing new strategies suited to addressing new and/or emerging problems.
- Pursuit of strategies that have proven their effectiveness in IEC for the general public, promotion of contraceptive use through social marketing, focus on those groups of people most at risk in order to change their sexual behaviour;
- Systematic control of STDs using the syndrome approach defined in the STD strategic plan;

- Promotion of counselling and voluntary testing;
- Improvement of the welfare of people living with AIDS;
- Improvement of the health information system concerning HIV/AIDS and STDs.

Institutionally, PNLS should be reskilled to meet the dimension of the epidemic, not to mention the national response and those structures and organs responsible for managing AIDS control. Politically, PNLS is coordinated by the Office of the President and substantively by the Ministry of Health, which is the sponsoring ministry. It is attached to DNSP and enjoys a degree of independence. The restructuring of PNLS is addressed in a separate document which forms part of PSN 2001-2005.

- The National Council for AIDS Control (HCNLS) is a forum for advocacy and resource mobilization. It is an organ for multi-sectoral policy and administrative coordination. It is chaired by H.E. the President of the Republic and provided with secretarial backstopping by the Minister of Health.

Additional members are the Prime Minister, the Minister of Finance and Economic Planning, the Ministry of Health, the Departmental Heads of Ministries conducting AIDS control activities and one representative from each CSO.

- The National AIDS Control Committee (CNLS) is the policy organ and multi-sectoral coordinator of the programme. It is chaired by the Ministry of Health and composed of all partners working in AIDS control. It should enable each party to feel they are an integral part of PNLS.
- CNLS is made up of 7 thematic groups (CTS) whose task it is to manage the substantive aspects of PNLS in close cooperation with BC/PNLS. The thematic groups focus on: advocacy/social marketing/communication; STDs; safe blood at health care centres; medical, psychological and social care cum mother to child transmission; epidemiological monitoring and laboratories; ethics and law, socio-economic impact; AIDS in the work place and socio-economic support to people infected with or affected by AIDS.
- BC/PNLS is the coordinating structure for the national AIDS control programme.

These PNLS structures and organs are decentralized at regional, district and community levels.

- The joint thematic coordination and monitoring group (GTMCS) has the essential task of mobilizing resources and securing material and technical support. In that capacity, it is an associate member of HCNLS. GTMCS is composed of heads of cooperation agencies, one of whom, together with the Minister of Finance and Economic Planning, co-chair the group while the Minister of Health serves as Vice-Chairperson.
- The joint technical working group (GTTM) is the linchpin in the work of TMCS and manages the technical and financial aspects. GTTM is made up of cooperation

## **Annex VI. Broad outlines of the Plan of Action for the reform of the cotton sector**

**In the short term:**

CMDT will be financially restructured as follows:

- Finalization of the plan for resolving the financial crisis before 30 June 2001;
- Preparation of a plan for refunding the 30 billion owed by CMDT to the banking system before late June 2001;
- Preparation of a medium-term restructuring plan for CMDT before late 2001.

CMDT will refocus on its major activities particularly through:

- The adoption by CMDT of a plan for withdrawal from its public service activities and the adoption of additional reorganization plan before late October 2001;
- Preparation of a study on the modalities of a total withdrawal by CMDT from cotton seed transport with a 30 per cent intermediary objective for the period 2001-2002 before October 2001;
- Preparation of terms of reference on the transfer modalities of activities identified as being outside the main activities of CMDT before late November 2001;
- Preparation of study on the possibility of giving credit directly to producers before December 2001;
- Finalization of the transfer from public services before late June 2002; and
- Agreement between CMDT, private operators, banks and producer groups on loan recovery modalities in the OHVN region before June 2002.

An autonomous area will be developed and managed by the private sector:

This area will include the OHVN region which will be considered as the first entity; which could be extended to other border regions to enable the establishment of a viable economic zone, through:

- The finalization of the terms of reference for opening the autonomous area to the private sector before October 2001;
- The launching of the putting up for sale of the assets by the CMDT and OHVN before December 2001;
- Finalization of the sale before June 2001.

The study for the tota