

ANALYSIS OF THE POVERTY REDUCTION STRATEGY (PRS) FOR MALI

FINAL REVIEW REPORT

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LIST OF ABBREVIATIONS

AGEROUTE	<u>Agence d'exécution des travaux d'entretien de route</u> (National Road Works and Maintenance Agency)
ANPE	<u>Agence nationale pour la promotion de l'emploi</u> (National Employment Promotion agency)
APEJ/PEJ	<u>Agence pour l'emploi des jeunes</u> Youth employment agency
CAFPD	<u>Centre d'analyse et de formulation des politiques de développement</u> (Centre for the Analysis and Formulation of Development Policy)
CSLP	<u>Cadre stratégique de lutte contre la politique</u> (Strategic Framework for Poverty Reduction)
DNPD	<u>Direction nationale de la planification du développement</u> (Department of Planning and Economic Development)
ENP 2025	<u>Etude nationale prospective à l'horizon 2025</u> (National Prospective Study to the Year 2025 – “Mali 2025”)
ESAF	Enhanced Structural Adjustment Facility
FAFPA	<u>Fonds d'assistance à la formation professionnelle et à l'apprentissage</u>
GDP	Gross Domestic Product
HIPC _s	Highly Indebted Poor Countries
IMF	International Monetary Fund
MDGs	Millennium Development Goals
MTEF	Medium-Term Expenditure Framework
NEPAD	New Partnership for Africa's Development
ODHD/LPCM	<u>Observatoire de développement humain durable et de lutte contre la pauvreté</u> (Research Institute on Sustainable Human Development and Poverty)
PEJ/APEJ	<u>Programme emploi-jeunes/Agence pour l'emploi des jeunes</u> (Youth Employment Programme/Youth Employment Agency)
PNP	<u>Politique nationale de population</u> (National Population Policy)
PRECAGED	<u>Programme de renforcement des capacités nationales pour une gestion stratégique du développement</u> (Programme for Strengthening National Capabilities for Strategic Management of Development)
PRGF	Poverty Reduction and Growth Facility
SFPR	Strategic Framework on Poverty Reduction
SNLP	<u>Stratégie nationale de lutte contre la pauvreté</u> (National Poverty Reduction Strategy)
SOTELMA	<u>Société de Télécommunication du Mali</u> (The national telecommunication corporation)
TRBF	Donors' Round Table for Mali
UEMOA /WAEMU	<u>Union économique et monétaire ouest-africaine</u> (West African Economic and Monetary Union)

INTRODUCTION

The experience of Mali is a pointer to the challenges facing poverty reduction efforts in a country where over half the population live below the poverty line.

The national context of poverty reduction efforts derives from a phase of consolidation and deepening of the changes that began to be witnessed in the early 1990s in the political, economic and institutional realms, coupled with international commitments pertaining, in particular, to the poverty-reduction dimensions of the Millennium Development Goals (MDGs) and the New Partnership for Africa's Development (NEPAD) initiative.

At the country and the regional levels, the Strategic Framework on Poverty Reduction (SFPR), which is the outcome of a broad participatory process at both levels, will be the sole benchmark on Mali's development policy and orientations. Indeed, in the course of the deliberations of institutional mechanisms such as the Committee on Orientation, the Joint Committee of Mali and Development Partners, the Technical Committee and the Steering Committee, and in the seminars and working sessions (formal and informal) held on a bilateral basis, the advisory process has engendered a rich and varied range of opinions from the various actors on the requisite approaches to poverty in the context of fairly widespread and deep concern.

It should be noted, at the same time, that the SFPR is a renewing process. This means that improvements will be made on the document as new relevant data and analyses materialize. The overall objective is that the framework should serve as a "permanent open space" for all stakeholders and serve at all times as the best possible response to the challenge of combating poverty.

Mali's anti-poverty efforts began in earnest only in the mid-1990s. The orientation was given impetus by the adoption of "Initiative 20-20"¹, formulation of the National Anti-Poverty Strategy (SNLP) in 1998 and of the SFPR in May 2002, with the overall objective of achieving an average annual growth rate of 6.7 per cent, and reducing poverty levels from 64 per cent in 2001 to 47.5 per cent by 2006 with an investment rate of 22.6 per cent.

1. OVERVIEW OF EXISTING ECONOMIC GROWTH AND POVERTY REDUCTION STRATEGIES

- (a) What has been the recent experience of growth and poverty reduction? Is there any evidence of the impact of the PRS on: (i) poverty; (ii) growth, (iii) public expenditure?

- Recent experience of growth and poverty reduction

¹ Under this initiative, it is proposed that on average, 20 per cent of budgetary expenditure and 20 per cent of external assistance should be allocated to financing basic social services.

The International Monetary Fund (IMF) has continuously extended support to Mali since 1992 under three successive Enhanced Structural Adjustment Facility (ESAF) and Poverty Reduction and Growth Facility (PRGF) agreements.

Over the past few years, the Malian Government has recognized poverty reduction as a priority to be given primacy above all other priorities.

The national anti-poverty strategy had already been formulated and was at an advanced stage of operational planning by the time of the introduction of the highly indebted poor countries (HIPC)s initiative, which required highly indebted poor countries under adjustment schemes with the Bretton Woods institutions to draw up strategic frameworks on poverty reduction in order to qualify for debt alleviation measures. Only two years after the launching of the strategic framework on poverty reduction, a new process was set in motion in July 2000, and an interim strategic framework on poverty education for Mali was proposed.

Accordingly, the SFPR was formulated on 29 May 2002 following a highly participatory process. This document is now the only benchmark for Mali's development policies and strategies in the medium-term, and the main negotiating tool with all technical and financial partners. It is noteworthy that the SFPR is based on the National Prospective Study to the year 2025 (NPE-Mali 2025) conducted over the period from January 1997 to June 1999, which outlines a number of possible scenarios for the evolution of Malian society over a generation.

The way towards achieving the objectives set takes in factors such as the overall international environment, the financial viability of the State, observance of the Community convergence criteria established under the West African Economic and Monetary Union (UEMOA), and the need to ensure the competitiveness of the Malian economy within the context of subregional integration and globalization.

The follow-up and monitoring mechanism adopted for the SFPR rests on annual reports on the implementation process, to highlight the impact of policies, strategies and actions on the indicators established vis-à-vis the three strategic dimensions of the SFPR. The report is prepared on a participatory and periodical basis; thematic groups draw up annual reports and provide input for sectoral indicators. The Department of National Planning and Economic Development (DNPD) prepares a summary report which is submitted to the Steering Committee, the Joint Committee of Mali and Development Partners, and the Committee on Orientation, the last mentioned being the decision-making body, headed by the Prime Minister.

The first SFPR progress report was published in November 2003 and was among the documents presented to the Round Table of Donors (Mali TRBF), held in Geneva in March 2004. The implementation process was already in its second year in 2003, and the annual report was prepared in December 2004.

The economic and social survey covering the past few years has been conducted by reference to the results achieved during the initial years of SFPR implementation. The first two years of SFPR implementation (i.e. 2002 and 2003) were marked by somewhat unfavourable factors at the country, regional and global levels, and in particular, geopolitical upheavals

(notably in Iraq and Côte d'Ivoire), deterioration in the terms of trade and their implications on the Malian economy, and erratic rainfall attributable to the locust invasion which occurred in 2004.

None the less, despite that unfavourable environment, Mali managed to achieve significant progress over the past few years in the political, economic and social spheres. The political and social stability that has prevailed in Mali over the past few years has engendered a climate of confidence and the attainment of significant progress in poverty reduction and human rights.

- Evidence of the impact of the PRS

- Impact on growth

A review of macroeconomic indicators over the past few years shows that the Malian economy is characterized by an agricultural sector which is prone to considerable fluctuations in rainfall totals. It exhibits a low level of diversification and is heavily dependent both on external financing – owing to an inadequate domestic saving rate – and on fluctuations in the prices of basic commodities (especially gold and cotton). It is also characterized by a noticeable predominance of tax revenues as a source of government revenue.

To promote integration policies, UEMOA decided that with effect from 2003, all member States would compute their indicators, and in particular, GDP, along the same lines ((i.e. a harmonized GDP).

The recent macroeconomic profile was marked by robust economic growth in 2003, underpinned by exceptional agricultural production levels and a large-scale effort to clean up public finances and place external debt on a surer footing.

The GDP growth rate in real terms stood at 11.9 per cent in 2001, 4.3 per cent in 2002 and 7.4 per cent in 2003. This economic performance was made possible by the outstanding results realized in the primary sector which grew by 18.4 per cent in 2003, as compared to a 3.2 per cent decline in 2002. The dynamism of the primary sector is attributable to exceptional agricultural production realized during the 2003/2004 season. Production of cereals reached 3 380 885 tonnes in 2002-2003, which represents an increase of 33.8 per cent. Cotton production rose from 39 722 tonnes in 2002-2003 to 617750 tonnes in 2003-2004 – an increase of 40.5 per cent.

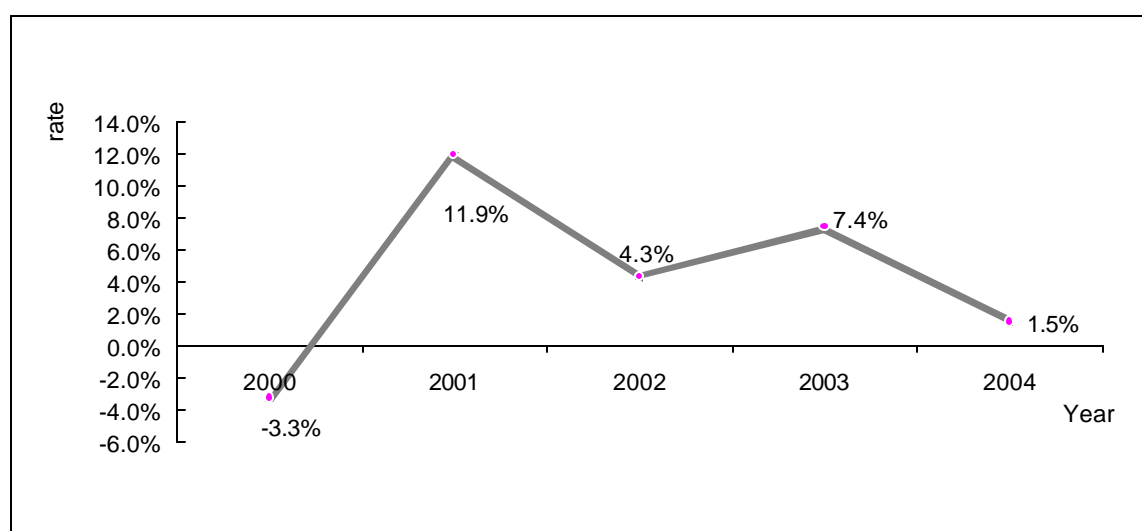
Growth in the secondary sector experienced a downward trend, due in part to the drop in gold production, which fell from 66.7 tonnes in 2002 to 54.6 tonnes in 2003 -- a decrease of 18.9 per cent – and also to a decline in manufactures, dominated by ginneries, which bore the brunt of low cotton production during 2002-2003. Overall, the secondary sector declined by 8.6 per cent in terms of value-added in 2003, compared to an increase of 18.9 per cent in 2002.

The tertiary sector grew by 8.3 per cent on average in 2003. This considerable growth was driven by trade, and particularly by a significant 13.1 per cent growth in imports.

Consolidation of external trade statistics has considerably modified the growth forecasts for trade as well as livestock production. The sector also stands to gain from the economic impact of the entry into the market of the first private telecommunication company, IKATEL. There was, in addition, the commendable performance of the service cluster in an unfavourable economic environment.

All told, the economy grew by 1.5 per cent in 2004, which is considerably below the 6.7 per cent growth rate forecast for the period 2002-2006 under the SFPR, with the figure reaching 7.4 per cent in 2003. This decline is mainly attributable to the performance of the primary sector and, in particular, gold production.

GDP profile, 2000-2004 (a period presenting greater comparability)



Source: DNSI/DNPD

With greater possibilities for comparison, and apart from 2000 when agricultural harvest was poor, GDP growth during the period 2001-2003 was 5 per cent on average; meanwhile, growth in 2002 was marred by upheavals in Côte d'Ivoire. The locust invasion and poor rainfall, coupled with the steady decline in gold production, had an adverse impact on growth in 2004.

Over the past decade, cereals, cotton and gold have been the main determinants of economic growth, accounting for nearly 40 per cent of national wealth creation during that period.

It should be noted that the country has embarked on large-scale irrigation projects characterized by well managed sustainability and controlled drainage, in order to reduce dependence on rainfall patterns to a minimum. Mali's potential hydro-resources for irrigation correspond to an estimated 2 million ha., which translates into a formidable asset in the quest for food security and in poverty reduction efforts.

- Impact on poverty

The set of actions set in motion under the participatory process for the formulation, implementation and follow-up of the SFPR have enabled all segments of the population to

develop an awareness of their health-, education-, and rights-related problems and to mobilize themselves towards the gradual improvement of their living conditions. One of the key outcomes ² of the open space for dialogue is that, over time, Government and stakeholders have gradually learnt to listen to each other with a view to a better understanding of the challenges facing them. Stakeholders are more and more inclined to bypass narrow interests and to focus on issues, together with Government, towards mutually acceptable positions. These good practices of open dialogue have helped bring about a fairly conciliatory atmosphere which has been propitious for the achievement of some of the government's economic objectives, including the strong economic growth witnessed in 2003.

The socio-political situation in the country has improved steadily over the past decade. Presidential, parliamentary, municipal and local elections since 1992 have been conducted in a conciliatory and peaceful political atmosphere. The process culminated in a peaceful transition which was buttressed by the successful holding of local elections in May 2004.

At the institutional level, Mali has embarked on a broad process of decentralization and devolution of powers since 1992, and this is a pointer to the resoluteness of Government to empower the localities in managing their development affairs. As a result of this process, the administrative structure has been remoulded into 703 communes, 49 zones (cercles), eight regions and one district.

Significant progress has been made in the social sectors as well, although some ground still remains to be covered. Among the areas in which progress has been made is the fact that budget allocations to education and health have been boosted considerably.

In terms of public – health indicators, the percentage of the population located less than 5 km from a health centre (i.e. 5 km radius) increased from 44 per cent in 2002 to 46 per cent in 2003; the figure, for a 15 km radius, stood at 69 per cent in 2003, as against 68 per cent in 2002. The proportion of women who had benefited from prenatal health care was 54 per cent in 2002 and 59 per cent in 2003, while deliveries assisted by medical personnel accounted for 40 per cent of the total in 2002, and 42 per cent in 2003. Data available for the end of 2004 indicate that the figures in respect of prenatal health care and deliveries assisted by medical personnel were 64 per cent and 42 per cent respectively. The vaccination coverage (“DTCP3”) for children under one year old had reached 79 per cent in 2003, as compared to 74 per cent in 2002; the target is 80 per cent annually. The figure by the end of 2004 was 79 per cent.

It should be noted that there was a major effort, throughout 2004, to strengthen capacities in the public-health establishments, in terms of human resources and in terms of revitalizing a set of programmes focused on the improvement of public health. These include the implementation of the multi-sector anti-HIV/AIDS plan, compulsory health insurance, and the Mutual Assistance Fund (FAM). In addition, 568 health workers were recruited in 2004, with the assistance of HIPC funds. The number of community health centers reached 674 in 2004, as compared to 655 in 2003 – an increase of 3 per cent. The number in place in 2004 represents 63 per cent of the target, which is 1070.

² Report on the second year of SFPR implementation.

As regards the education sector, the gross school enrolment rate increased from 64.3 per cent in 2002 to 67 per cent in 2003. The breakdown by gender for 2002 was 72.5 per cent (boys) and 49.95 per cent (girls); the enrolment rate in 2003 was 77.9 per cent (boys) and 56.4 per cent (girls). The school enrolment rate stood at 70.5 per cent in 2004. The average dropout rate has decreased appreciably and now stands at 4.2 per cent, on average, per year.

- Impact on public expenditure

In the economic and financial sphere, the IMF has continuously backed Mali since 1992, within the framework of three consecutive Enhanced Structural Adjustment Facility (ESAF) and Poverty Reduction and Growth Facility (PRGF) tranches.

Having been adjudged eligible for the HIPC's initiative in September 1998, Mali finally reached the completion point for Phase I of the process in September 2000. Mali is now a beneficiary of Phase II of the HIPC's initiative which was launched by the G7 Summit in Cologne in June 1999, in regard to which it reached the completion point on 28 February 2003. Considerable progress has been made in the area of macroeconomic management through the introduction and trial run of a macroeconomic model and the establishment of a forecasting and modeling committee (Comité de prevision et de modélisation) in 2003.

The resources mobilized under this initiative stood at FCFA 4.0 billion in 2003; FCFA 23.1 billion in 2001; FCFA 30.9 billion in 2002; FCFA 19 billion in 2003; and FCFA 29.6 billion in 2004. Education and health, which are the priority sectors, attained completion rates of – 37 per cent and 85 per cent respectively. Some progress has been made in both sectors, although there remain a number of deficiencies. Among the improvements made is the fact that budget allocations to the education and health sectors have received a major boost. Accordingly, budget allocations to essential social services rose steadily over the period 2001-2003.

As a result of these encouraging indicators, the Donors Round Table for Mali was able to make available FCFA 75 billion in budgetary support.

(b) What are considered to be the main challenges from PRS implementation for the next PRS round?

Despite the encouraging results realized over the past few years, a number of obstacles remain to be tackled in order to achieve the overall SFPR goals up to the year 2006.

Mali must seek appropriate solutions to some recurrent issues and address a number of future challenges (in line with the recommendations and proposals of the report on the second year of the SFPR implementation), if it is to achieve the goals it has set for itself by the end-point of the SFPR in 2006 and achieve the MDGs and the NEPAD objectives.

In order to overcome these constraints, which pose the risk of undermining the effective implementation of the SFPR and the achievement of its objectives, the Government must continue with its sensitization and negotiations with technical and financial partners with a view

to further securing their support for the principle of budgetary support, targeting in particular, the strategic dimensions identified under the SFPR.

According to the report on the second year of SFPR implementation to the year 2006, the main mechanisms that should be put in place towards consolidating and intensifying poverty reduction measures include:

- Establishment of a Steering Committee (Comité national de pilotage) charged with the devolution of governmental competencies to the localities, and a monitoring programme for the devolution process, on the basis of a clear identification of the requisite human, material and financial resources;
- Developing and putting in place a national disaster management policy;
- Provision of financing for the envisaged rural mechanization programme in order to enhance the level of mechanization in the rural sector;
- Promoting petroleum prospecting;
- Adoption of the National Water Supply Programme (Plan national d'accès à l'eau) for the period 2004-2015 with the target of 10000 new water supply points and, as a priority, the areas that still lack those facilities;
- Establishment of the national road works and maintenance agency (AGEROUTE), and in 2005, twelve toll stations which will also levy penalties for overloading;
- Diversifying the country's supply routes through the extension projects for Mali's overland depots in Mauritania, Senegal and Togo, and implementation of the transport corridors development project over the period 2004-2008 at a cost of \$US 48.7 million;
- Implementation of the updated national population policy (PNP), the priority programme on population – related investments, and integration of population issues into all development projects, programmes and strategies; and
- Revitalizing and institutionalizing the activities of the research institute on sustainable human development and poverty (ODHD/LCPM).

(c) How is the country prioritizing and sequencing achievement of the MDGs? What issues is this giving rise to?

Emanating from the Millennium Summit of world leaders, which renewed commitments by the international community toward “a better world for all”, the Millennium Development Goals (MDGs) constitute a framework of approaches and advocacy for the promotion of a long-term vision of development (to the year 2015). They also provide an input into capacity-building at the national level (including civil-society capacities), promotion of partnerships, and monitoring - cum-evaluation of development policies and strategies.

Mali must, alongside UNDP, consolidate the institutional streamlining and follow – up mechanism for the MDGs and the NEPAD objectives vis-à-vis the SFPR in order to complement the media-driven sensitization campaign on those objectives and provide an input into the envisaged second phase of the SFPR.

(d) How is the country approaching the issues of employment and youth?

The country’s strategy on youth employment is essentially based on the youth employment programme (PEJ). The first phase of this programme covers the period 2003-2007 and will cost FCFA 28.7 billion all told; a second phase (2008-2013) will be established by reference to the results obtained during the first phase. This strategy is built upon the presidential policy programme for the period 2002-2007.

The programme sets out to: (i) strengthen the employability of young people through vocational training and skills-building; (ii) develop youth self-employment; and (iii) provide access to credit facilities to self-employed youth. Its coverage is nationwide.

The objective of the strategy is to provide young Malians (men or women, skilled or unskilled) residing within or outside the country, in the rural or urban areas, who are seeking employment and are of an age at which they can benefit from vocational training, or can work, the utmost available employment opportunities either in salaried employment or as self-employed persons. However, positive discrimination is effected for women; their strategic and practical interests are taken into account in regard to all dimensions of the programme, with a view to minimizing their social vulnerabilities and increasing their access to employment, income-earning and decision-making opportunities, and also with a view to their advancement.

The youth employment programme ties in perfectly with the objectives of the SFPR and with the implementation of the growth and development compact (Pacte de solidarité pour la croissance et le développement). The strategy, as programmed, rests on a highly participatory approach of all stakeholders.

Through a participatory approach, the youth employment programme has embarked on a skills-building course for 1144 young people³. It has taken measures to regularize the financing of skills-building courses for 296 young people under an expansive nationwide programme (programme emploi solidarité), at a cost of nearly FCFA 63 813 654. In terms of vocational

³ Final PEJ document, March 2003.

training, the PEJ now has over 7500 young people in hand, out of which 880 young people are now qualified to work in various occupations, e.g. as biomedical technicians (30), and in computer programming (70) and soap making (2002), among other occupations.

- (e) How well integrated is the PRS into the overall planning and budgeting system?

The SFPR now constitutes the benchmark and the standard for sectoral policies and strategies. It is founded on three dimensions and targets to be achieved by the year 2006, namely:

- ? Institution-building, and improving governance and participation;
- ? Sustainable human development and promoting access to basic social services;
- ? Developing basic infrastructure and support to the supply-side sectors.

The technical task force on SFPR implementation and the Department of Planning and Economic Development (DNPED) are responsible for coordinating the implementation and follow-up/monitoring process, along with other structures whose roles and tasks are clearly defined in accordance with the simplified follow-up and monitoring mechanism illustrated in the annex. This mechanism is based on the maintenance of the participatory process which has underpinned the SFPR through various statutory bodies at the level of central government and at the local level. Consequently, as illustrated in annex 1, poverty reduction efforts are at the centre of the development planning system.

The Medium-Term Expenditure Framework (MTEF) is a document that highlights the probable macroeconomic situation over a three-year period. It therefore acts as a window through which we can gauge the level of expected budgetary allocations over that time frame and anticipate the sectoral resource outlays that will be required. This makes it possible to better plan for the realization of objectives set for each sector.

The MTEF also facilitates the rationalization of resource allocation in that it embodies development priorities and enhances accountability on the part of economic actors vis-à-vis the government's objectives over the medium-term, as stipulated in the SFPR. To date, no major problem has been encountered in regard to the coherence between the SFPR and the MTEF.

2. OWNERSHIP, LEADERSHIP AND ACCOUNTABILITY FOR POVERTY REDUCTION

- (a) How committed is the political leadership to the PRS? How have political groups and forces contributed to poverty reduction?

The SFPR was developed during the course of a lengthy participatory process based on an institutional mechanism that involved all stakeholders in the country's socio-economic

development (Government, civil society, private sector stakeholders, technical and financial partners). It is the realization of the political will to make poverty reduction a priority in public policy, in line with regional initiatives (NEPAD) and global initiatives (MDGs).

It is based on the involvement of all the advisory bodies that comprise the mechanism, namely:

- The Steering Committee;
- The Joint Committee of Mali and Development Partners;
- The Committee on Orientation (a policy-making authority headed by the prime minister).

At this point, it is necessary to clarify the importance of the SFPR framework for Mali. This document is the product of a lengthy participatory process at all levels that has lasted more than two years. It forms the backbone of all sectoral policies. Its preparation was given impetus by the results of the ENP “Mali 2025” prospective study, which was carried out between 1997 and 1999 throughout the national territory, and which captured Malians’ views and their vision of their society. It was also approved by the Malian National Assembly after its adoption by the Government. This underscores the support it enjoys from almost all political parties in the Assembly.

In addition, it is important to note that no single political party has been specifically associated with the development of the SFPR; consequently, no single party has had an apparent or exclusive bearing on the content of the SFPR.

- (b) How effectively have (i) parliament (ii) civil society groups and (iii) the private sector contributed to SFPR formulation (including its policy content) and monitoring? How is this expected to evolve in the next PRS round?

The SFPR process resulting from the ENP “Mali 2025” prospective study is the shared vision of all sectors of a generation of Malian society. All sectors of society were represented in the preparation of the SFPR document through the formation of 13 thematic groups covering all areas of society (including the economy, justice, culture and religion; see annex II).

The definitive document produced as a result of this broad participation was adopted in the first instance by the Government on 29 May 2002 and was then adopted by the National Assembly.

In order to develop the second round of the SFPR, the institutional mechanism will be strengthened by taking on board new data that the first phase uncovered (such as the environment, human rights, globalization and gender – see annexes), and this will allow for diverse considerations to be addressed in a more effective and efficient way.

- (c) How effectively has the PRS penetrated sector ministries and subnational government? How is this expected to evolve in the next PRS round?

All strategic Ministries were involved in the SFPR process, with a view to gathering and supplying all kinds of information. Furthermore, each thematic group falls under a ministerial department and is headed by one of its senior officials.

Some groups encountered significant problems due to a near-total lack of indicators relating to them in the SFPR. For that reason, all groups will be better informed and all the thematic groups will work in a more effective and efficient manner in the new round.

- (d) What effect did the PRS itself have on mobilizing parliament and civil society for poverty reduction?

The different actions carried out as a result of the participatory process in the development and implementation of the SFPR allowed all sectors of the population to become more aware of their health and education problems as well as their rights, and to mobilize themselves in order to gradually improve their living conditions. One of the most significant results⁴ of the “open space” is that, over time, the Government and various domestic partners have gradually learned to listen to each other with the aim of better understanding their respective constraints.

The decentralization process has also led to an increased public awareness in regard to the need to become involved and to look for suitable solutions to their integrated development problems. This is noticeable in the different sessions of the National Assembly, in which representatives show a great deal of interest and indeed challenge the executive on all matters relating to improving the living conditions of the local populations (including adoption of the Government’s general policy declaration, evaluation of the government work programme).

- (e) What role has the New Partnership for Africa’s Development (NEPAD) and the APRM played in the PRS?

NEPAD has had an advisory role in the PRS. A number of the 28 projects approved and included in the Yamoussoukro plan of action for the implementation of NEPAD relate to Mali. These include the study on the Dakar-Bamako rail and the Abidjan-Ouagadougou rail link via the Bamako-Sikasso-Ouangolodougou stretch, the construction and tarmacking of the Gao-Ansongo road, and the construction and tarmacking of the Bougouni-Manankoro road to the Côte d’Ivoire border.

The NEPAD goals have brought about a streamlining of certain SFPR goals, such as those relating to large-scale infrastructure projects.

- (f) What relationship has the PRS process (both formulation and monitoring) had to national legislative and oversight processes?

⁴ Report of the second year of the implementation of the SFPR.

The SFPR fits in perfectly with the country's legislative and regulatory measures because the final document was submitted for approval by the National Assembly after being adopted by the Government.

In addition, the National Assembly oversees the implementation of the SFPR through a parliamentary commission in charge of monitoring the SFPR.

3. INSTITUTIONAL AND CAPACITY-BUILDING ASPECTS

(a) How have capacity issues been approached in the PRS? How is this expected to evolve in the next round?

Capacity issues are addressed in the second pillar of the SFPR: "Sustainable human development and enhancing access to basic social services"⁵.

The strategy is based on the fact that the sustainable improvement of the standard of living and welfare of Malians, including the poorest segment of the population, requires a special effort to strengthen human resources and to promote universal access to basic social services. These two areas of development were identified in Vision 2025 as fundamental social issues for which voluntarist action can and should be undertaken in order to achieve the goal of accelerated growth and poverty reduction.

On an institutional level, this has found expression in the implementation of the programme for strengthening national capabilities for strategic management of development (PRECAGED), which is financed by the centre for analysis and formulation of development policies (CAFPD), the regular recruitment of new senior managers in the Government, the establishment of funds for capacity building of senior management, and the restructuring of the organizations that provide professional training and assistance to businesses (FAFPA, APEJ and ANPE).

All these actions will be consolidated in the second round by promoting a culture of scholastic excellence, in the second phase of CAFPD that will start in 2005, as well as by strengthening in-service training programmes for senior managers and introducing new university courses.

(b) Did the PRS process help prioritize capacity needs?

The PRS process has shown that achieving capacity-building targets necessitates the implementation of a set of strategies and priority actions not only in the essential and priority areas of health (including population and nutrition) and in education but also in other areas that have a bearing on living conditions (including conditions relating to housing, water and sanitation) and in related areas in employment, social security and gender.

⁵ Final document of the SFPR, page 52.

- (c) What impact did PRS have on public finance and expenditure management? Specifically, what was the experience with poverty funds; public expenditure reform; and the costing of PRS programmes? How are these expected to evolve in the next round?

The SFPR implementation strategy is based on a significant increase in domestic financing through increased mobilization of domestic resources. During 2002-2005, domestic financing will rise to CFAF 1664 billion, while external financing expected from development partners is estimated at CFAF 1043.6 billion, of which CFAF 793.1 billion corresponds to planned financing and CFAF 250.5 billion to additional financing to cover the financing gap in the Consolidated Government Financial Statement (TOFE) for the 2002-2005 period.

The experience with poverty funds is outlined in the summary report of the Mali donors' round table meeting on the strategic framework on poverty reduction, held in Geneva on 30 and 31 March 2004. The main goal of the donors' round table was to revamp the dialogue between the Government and its partners regarding implementation of the SFPR and the reform of the system of international aid for Mali, and to promote mobilization of resources for this strategy.

Implementation of the SFPR has highlighted the problem with monitoring indicators. This is also the case in regard to the question of absorptive capacity, especially in education and health, given the recurrent problem of donor policies and procedures. All these questions have a bearing on the implementation rate of projects and programmes and this is why it is essential to make the transition toward direct budgetary support.

Re-examination of the SFPR document should bring all these dimensions to the fore, and the commitment of Mali's development partners to the concept of budgetary support during the donors' round table will significantly improve the implementation of the new SFPR.

- (d) What is the status of poverty information, analysis and monitoring? How well are these integrated into the PRS planning and monitoring process?

The status of poverty information can be described in relation to the functioning of the SFPR institutional mechanism. Information is gathered by the thematic groups and transmitted to the SFPR technical task force, which coordinates with the Technical Secretariat. The various summary reports are then produced, discussed in technical groups, shared with all partners and adopted at the high policy-making levels.

Poverty analysis is carried out by several structures, including ad hoc surveys by the State on some of the indicators, and studies carried out by consultants or by organizations such as ODHD.

This information chain allows for poverty reduction to be fully integrated into the planning process and for wise choices to be made when allocating public resources.

4. EFFECTIVENESS AND MANAGEMENT OF EXTERNAL ASSISTANCE FOR POVERTY REDUCTION

- (a) What progress has been made in: (i) alignment of donor programmes with the PRS; (ii) harmonization of donor assistance with national processes and with each other; and (iii) predictability of donor assistance?

During the donors' round table, partners confirmed their commitment to the SFPR. Within the framework of the SFPR Technical Committee, a working group will study the concrete means of harmonizing programmes and procedures and of preparing for part of the international aid to be gradually redirected in the form of aid that passes through the national budget. Furthermore, the principle of establishing a special facility for Mali has been adopted by all of Mali's partners, with a view to coordination of effective aid management.

- (b) What progress has there been in shifting aid towards budget support?

The donors' round table for Mali brought together about a hundred bilateral and multilateral partners. The aim was to share with all partners the practicalities of direct budgetary support with a view to ensuring greater accountability and previsibility of aid.

Mali benefited from FCFA 76 billion to cover the financing gap in the Consolidated Government Financial Statement (TOFE) for 2004.⁶ Mali's partners have confirmed their intention to maintain and increase their development aid. For the period 2004-2006, the donors' round table registered declarations of intent to the overall amount of approximately US\$ 2.4 billion, of which a large part will take the form of non-allocated budgetary support.

- (c) What mechanisms exist to ensure donor accountability at the country level?

The institutional mechanism is now founded on results-based management in which all parties have the duty to provide a certain number of benchmarks on their areas of activity to the Government and to provide information about their activities to donors.

⁶ Conclusions and recommendations of the donors' round table on the SFPR/ Mali, held on 30 and 31 March 2004 in Geneva, page 2.

The organizations responsible for managing development, including planning and monitoring public investment, have information channels that support this process. A Presidential Council on Investment allows the government to have a clear picture on all questions linked to foreign aid and foreign direct investments.

(d) How is political conditionality being handled?

Donor intervention is practically the result of the socio-political environment and of the organizational reform that promotes democracy and the rule of law.

Mali's socio-political stability and macroeconomic performance during the last few years has merited the full confidence that donors have in Mali at present. The country has a very good image in the eyes of its donors.

(e) Is there a specific aid management strategy or policy?

The Public Debt Office (DGDP) is responsible for the management of official development assistance. The aid management strategy is based on a very concessional debt facility so that the burden of debt does not hinder the poverty reduction process and so that the country's debt is kept at manageable levels.

On the strength of recent experience, the strategy is focused on the direct budgetary support mechanism. This process has, for the most part, been approved by Mali's donors during the round table, and the donors all acknowledge that Mali is taking great steps towards sound macroeconomic management that promotes poverty reduction and that this political will should be supported by the international community.

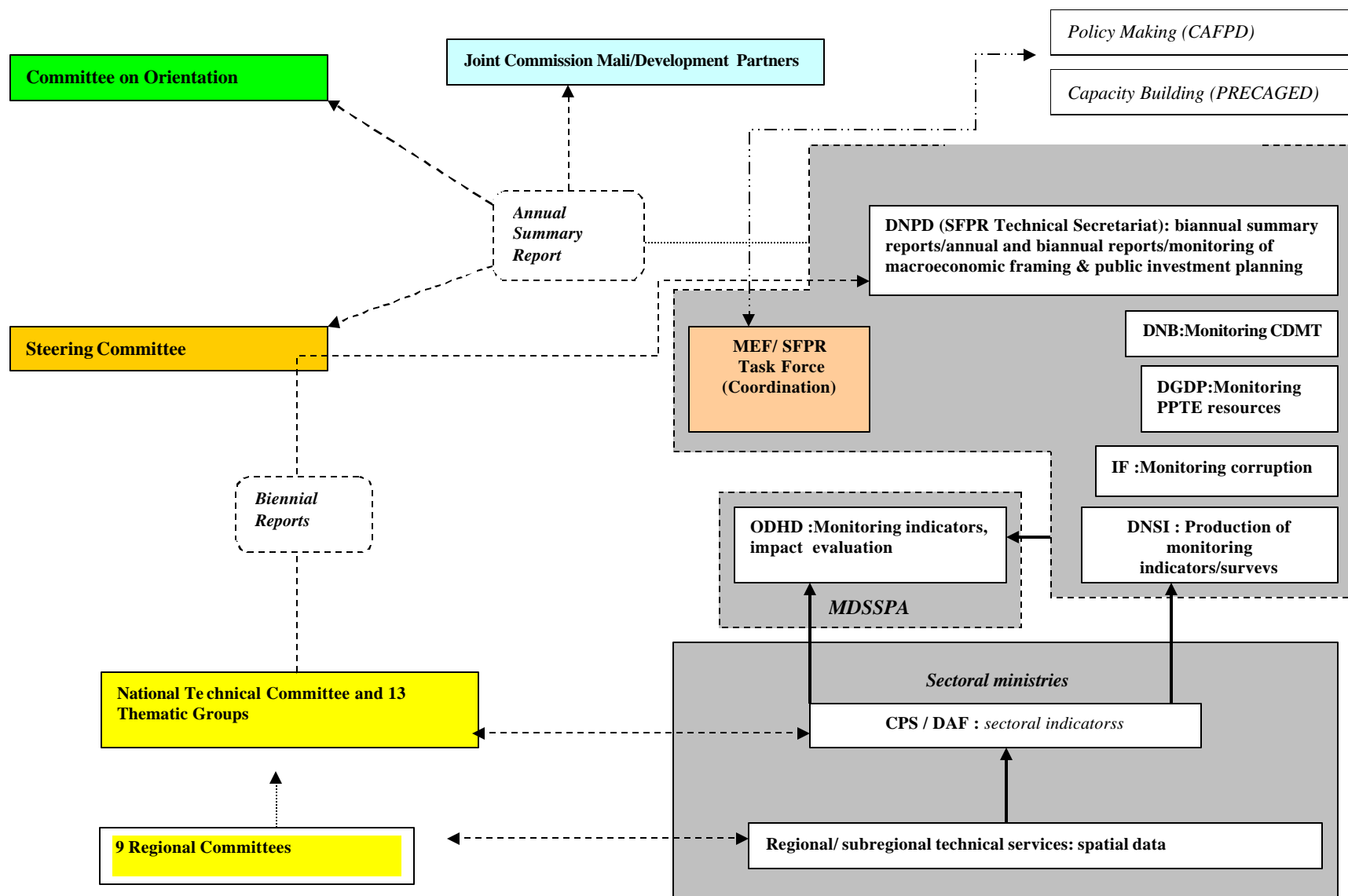
It should be noted that some ministries carry out their own negotiations, but only in regard to lending for projects, which requires counterpart funds from the Special Investment Budget (BSI). The signing of an agreement does not pose a problem at the level of the State. The Ministry of Foreign Affairs is involved in all stages of negotiations. Aid allocation itself is overarching rather than sectoral, even if it applies to the priority sectors established by the State, and it is coordinated by the organizations responsible for aid management.

CONCLUSION

All Malians from all political walks of life unanimously desire poverty reduction. This will is manifested by a universal determination to make poverty reduction a personal battle.

The determination of the highest political authorities and the determination of Mali's partners make it believable that the battle will be won.

Annex I: Diagram of SFPR Evaluation-and-Monitoring



Annex II: List of working groups in the SFPR follow-up and monitoring framework.

Group No.	Title	Areas of focus
1	Macroeconomic guidelines and growth objectives	<ul style="list-style-type: none"> - Economic situation; - Policies and macroeconomic guidelines; - Forecasting; - Sources of growth; - Financing plan; - Currency and finance.
2	Governance, institutions, Participation	<ul style="list-style-type: none"> - Public administration; - Development planning; - Public spending; - Aid coordination; - Decentralization; - Civil society; - Corruption; and - Justice.
3	Industry, craft industry, trade and competitiveness	<ul style="list-style-type: none"> - Industry; - Craft industry; - Trade; - Private sector; - Revenue-generating activities.
4	Opening up in the domestic and external spheres	<ul style="list-style-type: none"> - Transport infrastructures; - Communication infrastructures.
5	Rural development	<ul style="list-style-type: none"> - Food security; - Agricultural sectors; - Livestock farming; - Fisheries; - Water and agriculture development; - Sector growth and competitiveness.
6	Education and literacy	<ul style="list-style-type: none"> - Education and literacy in the context of decentralization (monitoring MDG indicators).
7	Health and population	<ul style="list-style-type: none"> - Health; - Population; - Monitoring MDG indicators.
8	Environment and living environment	<ul style="list-style-type: none"> - Environment and natural resources; - Living environment; - Pollution and nuisances.
9	Decent employment	<ul style="list-style-type: none"> - Decent work (basic employment law); and - Professional training.
10	Culture, religion, peace and security	<ul style="list-style-type: none"> - Culture; - Religion;

		- Peace and security.
11	Analysis and monitoring of poverty, social security and welfare	- Monitoring MDGs and SFPR indicators; - Social security and welfare.
12	Poverty and gender	- Women and poverty; - Equity; - Child and family welfare; - Gender equality.
13	Mining, energy and water	- Mining and craft sectors; - Energy, water.

Source: SFPR technical task force.

LIST OF PERSONS MET

			Organization	Function
1	Mr. Sékouba	DIARRA	SFPR technical task force	Coordinator
2	Mr. Modibo	DOLO	Department of Planning and Economic Development	National Director
3	Mr. Mahmoudou A.	SAKO	Department of Statistics and Informations	Deputy National Director
4	Mr. Mamadou	MAGASSA	SFPR technical task force	Deputy Coordinator
5	Mr. Abdoulaye I	TOURE	Youth Employment Promotion Agency (APEJ)	Finance Officer
6	Mr. Tiéoule	KONE	Research institute on Sustainable Human Development and Poverty Reduction	Coordinator
7	Mr. Inhayé Ag	MOHAMED	Ministry of Planning and Regional Development	Technical Advisor and Head of the Economic Forecasting and Modelling Committee
8	Mr. Adma	COULIBALY	Planning and Statistical Unit, Ministry of Agriculture	Researcher
9	Mr. Oumar	DIALLO	Department of Planning and Economic Development/Forecasting and Economic Analysis Division	Researcher
10	Karounga	CAMARA	Central Bank of West African States (BCEAO)	Researcher