

REPUBLIC OF MALI
One People – One Aim – One Faith

FINAL PRSP

DOCUMENT PREPARED AND ADOPTED BY THE GOVERNMENT OF MALI

MAY 29, 2002

Poverty Reduction Strategy Paper

The government of Mali has, in recent years, expressed its desire to make the fight against poverty the priority among all development priorities. This desire responds to a twofold need: on the one hand to make development programs more effective to the benefit of poor people; and on the other, to define new policies, new systems and finally to take appropriate short- and medium-term measures permitting the government to make rational and efficient use of internal and external funding.

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List of abbreviations

AEPA	<i>Approvisionnement en Eau Potable et Assainissement</i> (Water Supply and Sanitation)
ANICT	<i>Agence Nationale d'Investissement des Collectives Territoriales</i> (National Investment Agency of the Collectivités Territoriales)
AZI	<i>Agence pour l'aménagement et la gestion des zones industrielles</i> (Agency for the development and management of industrial zones)
CAFPD	<i>Centre d'Analyse et de Formulation des Politiques de Développement</i> (Center for Analysis and Formulation of Development Policies)
CDC	<i>Centre de Développement Communautaire</i> (Center for Community Development)
CMDT	<i>Compagnie Malienne de Développement du Textile</i> (Malian Textile Development Company)
CNPI	<i>Centre National de Promotion des Investissements</i> (National Center for Investment Promotion)
CSAR	<i>Centre de Santé d'Arrondissement Revitalisé</i> (Revitalized District Health Center)
CSCOM	<i>Centre de Santé Communautaire</i> (Community Health Center)
DAC/OECD	Development Aid Committee of the OECD
DGDP	<i>Direction Générale de la Dette Publique</i> (National Public Debt Department)
DNB	<i>Direction Nationale du Budget</i> (National Budget Department)
DNP	<i>Direction Nationale de la Planification</i> (National Planning Department)
DNSI	<i>Direction Nationale de la Statistique et de l'Informatique</i> (National Statistics and Information Technology Department)
EDM	<i>Energie du Mali</i> (Mali Energy Company)
EDS	<i>Enquête Démographique et de Santé</i> (Demographic and Health Survey)
EMEP	<i>Enquête Malienne d'Evaluation de la Pauvreté</i> (Malian Household Poverty Survey)
ENP	<i>Etude Nationale Prospective Mali 2025</i> (National Prospective Study – Mali 2025)
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GFCF	Gross Fixed Capital Formation
HIMO	High Labor-Intensive
HIPC	Highly Indebted Poor Countries
IEC	Information – Education – Communication Program
IMF	International Monetary Fund
MTEF	Medium-Term Expenditure Framework
NGO	Non-Government Organization
NTIC	New Information and Communication Technologies
ODHD	<i>Observatoire du Développement Humain Durable</i> (Sustainable Human Development Monitoring Body)
OECD	Organization for Economic Cooperation and Development
PISE	<i>Programme d'Investissement du Secteur de l'Education</i> (Education Sector Investment Program)
PMA	<i>Paquet Minimum d'Activités</i> (Minimum Package of Activities)

PRECAGED	<i>Programme cadre de renforcement des capacités nationales pour une gestion stratégique du développement</i> (Program for Strengthening National Capabilities for Strategic Management of Development)
PRGF	Poverty Reduction and Growth Facility, IMF
PRODEC	<i>Programme Décennal de Développement de l'Éducation</i> (Ten-year Education Development Program)
PRODEJ	<i>Programme Décennal pour le Développement de la Justice</i> (Ten-year Program for Development of the Judicial System)
PRODESS	<i>Programme Décennal de Développement de la Santé et de l'Action Sociale</i> (Ten-year Program for Development of Health and Social Action)
PSRP	Poverty Reduction Strategy Paper
SMEs	Small- and Medium-sized Enterprises
SNLP	<i>Stratégie Nationale de Lutte contre la Pauvreté</i> (National Strategy for Poverty Reduction)
SOTELMA	<i>Société de Télécommunication du Mali</i> (Malian Telecommunications Corporation)
TOFE	<i>Tableaux opérationnelles des Finances et économie</i> (Consolidated Government Financial Statement)
WAEMU	West African Economic and Monetary Union

FOREWORD

The Ministry of Economy and Finance is pleased to make available to all persons who are interested and involved in Mali's development (public administration, civil society, private sector, and decentralized Communities, as well as technical and financial partners) the final Poverty Reduction Strategy Paper (PRSP) adopted by the Council of Ministers at its Session of 29 May 2002. This document, which from now on will constitute the sole reference framework for Mali's development policies and strategies, is the result of a wide-ranging participatory process at both the national and regional levels. In fact, whether through the meetings of the various institutional groups that have been formed (Policy Committee, Mali-Development Partners' Joint Committee, Technical Committee, Steering Committee), or through seminars, workshops, and working meetings (formal or informal, organized in a bilateral manner), the consultative process has gathered together a rich and varied range of opinions expressed by the agents on what actions need to be taken on a matter that is of major and almost universal concern—poverty.

This document is the outcome of this long effort, that has lasted more than two years. It represents the unifying framework for all sectoral policies. Its preparation has been based largely on the results of the National Prospective Study Mali 2025 (*Etude Nationale Prospective Mali 2025 – ENP*) undertaken between 1997 and 1999 which covers the whole country and provides an understanding of Malian perceptions and their vision for society over a generation.

The Final PRSP makes it possible to review, in the light of the primary objective of poverty reduction, all sectoral, national and thematic policies. These considerations have not only highlighted the causes of poverty and major obstacles to its reduction, but have also identified the main economic and social strengths that will ensure strong growth and guarantee sustainable development.

I also believe that it is important to point out that the PRSP process is an iterative one. Accordingly, improvements will be made to the document as new information becomes available and the relevant analyses are completed. The aim is for the PRSP to serve as a permanent reference for dialogue between all development participants and to constitute, at any time, the best possible response to the objective of reducing poverty.

The work of preparing this document generated a series of intermediate documents that the Ministry of Economy and Finance will make available to interested parties. These include, in particular, reports from the thematic groups and regional consultations on the PRSP.

Finally, I would like to thank all participants, and especially our development partners, for the quality of their input to the PRSP process which nevertheless can still be improved upon and is open to all. After all, beyond producing a reference document, the major challenge remains its implementation and its monitoring and evaluation, the success of which will ensure that the desired objectives are achieved. These will define success for the PRSP process.

Le Ministre de l'Economie et des Finances (Minister of Economy and Finance)

Bacari KONE

EXECUTIVE SUMMARY

THE CHALLENGE AND SIGNIFICANCE OF THE PRSP

1. The Government has decided to make the Poverty Reduction Strategy Paper (PRSP) the sole framework for its medium-term policies and strategies and the core document for negotiation with all technical and financial partners.
2. The PRSP is an expression of the Government's desire to engage in development activity that is more intense, more organized, more consensus-based, and more effective, and capable of bringing about lasting poverty reduction. While redistribution activities and social protection systems are necessary in the short term in order to reduce the impact of poverty, it is above all a matter of integrating these activities into long-term strategies that will put the poor in a position to help further their own economic and social well-being.
3. The challenge facing Mali is two-fold: a) the need to articulate a national policy that is capable of ensuring strong and sustainable growth and more effective development; and b) the need to put in place the ways and means of involving the poor in this process of growth and development.
4. The choice of a participatory process for the preparation of the PRSP was intended to promote efficiency, responsibility, confidence and better governance. Eleven working groups, bringing together people from government, civil society, the private sector and external development partners, took part in the preparation of the PRSP, the final version of which is mainly a result of such consultations. In addition, regional consultations have contributed significantly to making the document the sole frame of reference for Mali's policies and strategies.

STATUS REVIEW OF POVERTY, EMPLOYMENT AND GROWTH

5. Poverty is widespread in Mali: 63.8% of the population live in poverty and 21% in extreme poverty. While poverty is mainly a rural phenomenon, it is increasing in the large towns as a result of the deteriorating labor market and migration.
6. Poverty is characterized by illiteracy, malnutrition, reduced life expectancy, poor health, unhealthy environment, reduced participation in economic and social life. The three risk factors most commonly cited by the poor themselves relate to food, illness, and a lack of jobs.
7. There are various types of obstacles to reducing poverty: persistent natural disasters; socio-cultural factors; isolation and difficulties in accessing basic services; problems of governance and public management; lack of economic opportunities; weakness of social protection mechanisms; and inadequate and unstable growth linked to international economic events (prices of core commodities). Yet, strong growth in itself would provide insufficient benefit to the poor in the absence of complementary measures to improve the distributive effects and finance new initiatives aimed at the poor.
8. GDP growth is weak because Mali's economic potential remains largely untapped. The rural sector, which employs 70% of the economically active population, suffers from constraints that hinder its development: high exposure to climatic risks, lack of infrastructure, isolation, insufficient financing, training, land security, and poor performance of agricultural services and producer organizations. The non-agricultural private sector also suffers from a number of

constraints: lack of qualified and suitable human resources, a shortage of non-labor factors of production at competitive costs, inadequate financial systems, weak institutional and legal environments, and barriers to competition in key markets (i.e. some products, services, and factor markets).

9. The labor market is beset by major imbalances. Many workers in the rural sector are under-employed. The formal sector, both public and private, employs less than 2% of the economically active population and provides very few new jobs each year.

LONG-TERM STRATEGIC VISION

10. A consensus-based vision of the country's future in the period up to 2025 has been developed around the aspirations of individual people. It states what the majority of Malians, including the poor, desire: **“a nation united around a diversified and rehabilitated cultural base; democratic institutional and political organization that ensures development and social harmony; a strong, diversified and open economy; a reduction in poverty and social progress that extends to all regions and all levels of the population”**.

11. This is a voluntarily determined vision. It invites a proactive attitude that involves not just putting up with events but acting to make things happen. It also involves mobilization of spirits and energies towards delivering poverty reduction and sustainable development. It is an extension of the international commitments made at various world summits for the year 2015.

THE MAIN THEMES OF THE STRATEGY

12. In the short- and medium-term, the strategy of the PRSP has been built around three priority areas, each meant to be mutually beneficial to the others, in order to achieve the key objective of strong and sustainable growth that is poverty reducing. The three-fold concern of efficiency, equity and institutional and financial viability is what drives the entire PRSP approach.

First Pillar: Institutional development and improved governance and participation

13. The first strategic pillar aims at reinforcing institutional capacities so as to ensure sound management of public affairs, harmony and social stability. Although the focus is currently on the decentralization process, this pillar comprises a number of other aspects that are just as important, namely: the strengthening of the rule of law and improvement of the judicial system and its organization; the strengthening and modernization of public services and the reform of the civil service; the strengthening of the capabilities of civil society; and the fight against corruption.

Second Pillar: Human development and strengthening the access to basic social services

14. The second strategic pillar emphasizes better provision of core basic social services. This includes in particular: primary health care; a multi-sectoral approach to fighting malaria, tuberculosis, trypanosomiasis and the avoidable illnesses such as HIV/AIDS; and education and literacy initiatives aimed at fostering a better linkage between education/training programs and labor market needs. The fight against poor health status involves action on a number of complementary fronts, namely: nutrition, fertility, reduction in personal risk factors, access to potable water, access to credit, unhealthy housing conditions, healthy environment, and access to social protection.

Third Pillar: Development of infrastructure and support for key productive sectors

15. The third strategic pillar aims at improving the environment for productive activities so as to increase productivity and thereby spur economic growth. The emphasis is on actions in three areas:

a plan for balanced regional development and a policy of suitable infrastructure. A major element of the PRSP is the construction and maintenance of transport systems that are vital to the country, and essential for improving the living conditions of the population and of disadvantaged areas. This is to be done through use of innovative methods (such as maintenance funds and subcontracting by national corporations). Such infrastructure expenditure will be a major source of worker incomes, and have a significant positive effect on growth and development in the short-term; it will also result in lower costs of the factors of production and facilitate access to basic services. Other infrastructures are also important: transport, energy, telecommunications, industrial zones and handcraft areas.

a new vision for rural development and a multidimensional approach to food and nutrition security. The new vision for rural development is built around a master plan that incorporates, among other things, an approach by product sector, a shift in responsibilities towards key stakeholders (private sector entities, producer organizations), and a desire for sustainable management of natural resources and the environment. The policy for rural development and food security involves actions on a number of fronts: inputs, agricultural equipment, land security, non-farm revenue-generating processes, crisis-prevention measures, programs for emergency actions, and education, health and environmental measures.

a new commercial policy and an integrated framework for development of the private sector and key competitive product sectors. Development of trade within the regional context and at a worldwide level will spur economic growth. This theme involves a number of aspects: facilitating access to markets, improving the legal and fiscal environment, reinforcing the consultation process and the partnership between the Government and the private sector, continued privatization of state-owned companies, building solid financial systems, strengthening the capabilities of the private sector organizations, fostering development of key product sectors through import substitution and export promotion programs, etc.

16. For each of the components, the emphasis is placed upon the need for specific and corrective actions in order to involve the poor and to reduce the disparities among regions, among communities, between urban and rural areas and between the sexes. In particular, the broad orientations specified in the National Poverty Reduction Strategy (Stratégie Nationale de Lutte contre la Pauvreté – SNLP) are also found in each pillar, namely: an improvement in the political and legal environment that the poor face, and a greater involvement of the poor in decision-making; improved access of the poor to healthcare, nutrition, drinking water, housing, basic education and training; promotion of high labor-intensive activities; improved access of the poor to micro-finance and other factors of production; promotion of product sectors in which the poor are employed; activities favoring small- and medium-sized enterprises (SMEs) and revenue-generating activities.

OVERALL OBJECTIVES AND MACRO-ECONOMIC FRAMEWORK

17. The final PRSP consolidates and builds upon the themes and objectives of the Interim PRSP adopted by the Government of Mali in July 2000. The main objective is to reduce poverty from 63.8% in 2001 to 47.4% in 2006.

18. The overall objectives for growth and employment are: average GDP growth of 6.7% a year, and creation of a minimum of 10,000 jobs a year in the non-agricultural formal sector.

19. The core overall objectives for poverty and social indicators are: a reduction in the incidence and depth of monetary-based poverty with a reduction in the inequalities between regions, and between the rural and urban areas; a reduction in the infant and maternal mortality rates; and an increase in the rates of formal education and literacy, with a reduction in the inequalities between boys and girls and between regions.

20. To this end, the macro-economic policies and the structural reforms have been adapted in order to support and promote the programs listed above. For the four priority sectors (health, education, rural development and infrastructure), public expenditure is increasing significantly in both absolute and relative terms, from 61.8% of total budgeted expenditure in 2002 to 63.2% in 2005. Within these sectors themselves, the shares allocated for reducing disparities constitute the core of the action plans. At the same time, the viability of the PRSP is ensured by adherence to the main regional convergence criteria.

COSTS AND FINANCING OF THE PRSP

21. The strategy for implementing the PRSP is based on a major increase in domestic financing by means of greater mobilization of internal resources. Over the period 2002-2005, domestic financing will increase to CFAF 1,664 billion while financing anticipated from external development partners is estimated at CFAF 1,043.6 billion, of which CFAF 793.1 billion is already programmed and CFAF 250.5 billion represents additional requirements corresponding to the financing shortfall for the period 2002-2005 identified in the TOFE (the consolidated government financial statement).

22. In implementing the PRSP, the Government will proceed with a reallocation of resources towards the priority sectors. Additional expenditure resulting from the PRSP through domestic financing is estimated at CFAF 233.2 billion over the period 2003/2005 or an average of CFAF 74.4 billion a year.

23. Over the period 2002-2004, the total resources anticipated within the framework of the HIPC Initiative is estimated by the National Debt Department (*Direction Générale de la Dette Publique* – DGDP) at nearly CFAF 75 billion. The proposal is to allocate this sum to priority sectors: **45.0%** for education/literacy, **15.0%** for health/population, **14.4%** for revenue-generating activities and micro-finance for target groups, **12.9%** for rural development and natural resources, and **12.7%** for the other sectors (water supply and sanitation: 6.1%, vocational training and job creation: 3.1%, basic infrastructure: 2.5%, and improvement of statistical data and monitoring/evaluation: 1.2%).

IMPLEMENTATION, MONITORING AND EVALUATION

24. The implementation, monitoring and evaluation strategy is fundamental to the success of the PRSP. For the implementation of the priority programs, the use of simplified procedures and participatory methods involving the NGOs and local communities will be given priority. While the success of the PRSP is measured in the long-term by the achievement of global indicators of its impact, particular attention will be paid to monitoring outcome indicators that tie each major program to a specific target according to a rigorous program of interventions by objectives. Each program will be associated with a performance monitoring system that incorporates the main status, process and quality indicators.

25. Coordination of implementation, monitoring and evaluation of the PRSP will be ensured by means of the institutional mechanisms set up and already successfully used in the preparation of the PRSP. The Ministry of the Economy and Finance is the department responsible for this coordination. In particular, the PRSP Unit will have the tasks of: promoting and implementing Information-Education-Communication (IEC) activities in favor of the new strategic orientations for the country that will be directed toward the population, external development partners and the international community; ensuring that the information system permits a close and regular follow-up of the PRSP; coordinating all activities and continuing the participatory approach used during the PRSP preparation phase; monitoring the performance indicators; and developing an evaluation capability as a tool for decision-making and a means for improving the efficiency of the public sector in collaboration with the entities concerned (ODHD, PRECAGED, CAFPD, etc.) and in partnership with the administrations and other national actors. The other sectoral departments, in particular those with representation at the administrative level of the *cercle*, will also have the responsibility to promote and raise awareness both in terms of securing funding for the planned activities and of informing and educating the population and external development partners with whom they work on a day-to-day basis.

26. The risks of the PRSP are essentially of an exogenous nature (natural disasters, epidemics, terms of trade, instability and delays in foreign aid, etc.). In any event, the resistance to shocks will be improved in the short-term by an increase in foreign aid and by the institutional mechanisms for rigorous monitoring that have been put in place. In the medium- and long-term, the economic takeoff and poverty reduction that are anticipated from the PRSP will permit a reduction in the negative impacts of any risks.

PRESENTATION OF THE PRSP DOCUMENT

27. The final PRSP is the outcome of the work of many government and non-government entities (in particular the 11 thematic working groups) which have undertaken a process of diagnosis of the various sectors; assessment of implemented strategies; reflection on the reorientation needed in order for these strategies to better correspond to the vision for 2025 and the objective of fighting poverty; identification of the priority sectors on which the Government must work in order to achieve the poverty reduction objective; and finally, identification of the priority actions to be implemented within these sectors and sub-sectors.

28. The final PRSP is therefore a truly consensus-based document that takes account of the concerns and priorities expressed by all the parties involved in development, priorities that are subject to the constraints of maintaining a stable macro-economic and financial framework and of financing that is available or can reasonably be anticipated.

29. The document is structured as follows: the introduction presents the challenges and significance of the PRSP as well as the process pursued in its preparation. The document has three main sections: the first section describes Mali's socio-economic context and identifies the constraints and major strengths in each priority area; the second section recalls the development vision for Mali and identifies within this context the general and specific objectives that are pursued by the country in its efforts to fight poverty; the third section presents the macro-economic policy and the three main strategic pillars to be pursued to combat poverty; and the fourth discusses the anticipated costs and financing of the PRSP and develops the mechanisms that will be put in place for the implementation, monitoring and evaluation of the PRSP.

1 Introduction: The Challenges and Significance of the PRSP

30. Mali is a vast, landlocked country in West Africa with a population of approximately 10.6 million inhabitants (1999): the rate of natural demographic growth (around 3% a year) is moderated by significant emigration resulting in a net rate of population growth of around 2.2% a year. Around 7.6 million inhabitants reside in rural areas, despite high mobility between the rural areas and the towns (rural exodus phenomenon).

31. The per capita income of Mali is estimated to be US\$240 (compared with an average of US\$510 for Sub-Saharan Africa in 1998), and the social indicators place Mali in 166th place in the world according to the UNDP Human development index. In the World Bank's debt relief program, Mali meets the criteria of a Highly Indebted Poor Country (HIPC) and is currently in the process of meeting the conditions for arriving at the completion point under the Enhanced HIPC initiative (or HIPC2).

32. Dominated by the primary sector (44.5% of GDP), the economy is exposed to climatic risks and price fluctuations of its primary commodity exports on the international market. Agriculture, by which about 80% of the population earns a living, accounts for 42% of GDP and 75% of export earnings. The main products are cotton, cereals and livestock. Fluctuations in the world cotton price have a significant impact on the economy. Fishing is significant in the Niger Delta. Mali is now the third largest exporter of gold in Africa. Between 1960 and 1990 more than 2 million Malians emigrated to neighboring countries. Migration is a strategy that has been adopted in response to the precarious environmental conditions and is an important factor for assessing the local means of existence and the strategies for fighting poverty.

1.1 Challenges and the Long-Term Strategic Vision

33. The need for a strategic framework for medium-term development of the economy was born out of the shared observation that there has not until now been a unique consensus document of reference laying out the orientations for development with a view to ensuring greater visibility of development policies and strategies taking into account the macro-economic and financial constraints of the country. The two key existing policy documents on development (see chapter 5), namely the *Etude Nationale Prospective Mali 2025* (National Prospective Study – ENP Mali 2025) and the *Stratégie Nationale de Lutte contre la Pauvreté* (National Strategy for Poverty Reduction – SNLP), could not in fact be translated into strategies set within a medium-term framework and thus subject to macro-economic and financing constraints.

34. The need for a medium-term frame of reference was expressed on two occasions, which were the turning points in the process for conducting/managing our development: (i) the workshop on renewal of the planning process held in 1996 at Ségou (see section 8.2); and the workshop on institutional reforms for better coordination of aid to Mali, held in November 1999 (see Box 3).

35. The lessons that emerged from these workshops prompted the Government to prepare the PRSP, to be the sole frame of reference for its development policies and strategy which, from now on, will govern relations with its external technical and financial partners. It is, in fact, essential that all sectoral policies and strategies be integrated in a coherent macro-economic framework in order to ensure greater efficiency in their implementation and their monitoring.

36. Mali, like other countries, is faced with a double challenge of vital importance. One is designing and implementing a national policy that is capable of ensuring strong and sustainable growth and more efficient development. The other is devising and putting in place ways to integrate, or even favor, the poor in the process of growth and development.

37. The PRSP is an opportunity to make a new start that responds to this twofold requirement. It is an expression of the desire of the Government to engage in development programs that are more intense, more organized, more consensus-based and more effective, and that are capable of bringing about lasting poverty reduction. It reflects the concern and the need for more sustained growth, supported and accompanied by corrective and voluntary action in favor of the poor. Within this framework the Government is aware of the utility of re-distributive action in order to reduce, in the short- and medium-terms, the impact of poverty. The long-term goal is to enable the poor to take real charge of their own economic and social development.

38. The PRSP is the start of a voluntary and complex process that still, at this stage, needs to be somewhat flexible – all the more so since the economic and institutional weaknesses continue to be substantial. Nonetheless, a number of advantages and opportunities exist for this new beginning:

At the national level: progress with democratic processes and availability of good leaders, the awakening of civil society, the spirit of reform pervading the country, etc.;

At the international level: heightened focus on the difficulties of less advanced countries, greater awareness of the risks of persistent or acute poverty, the search for aggressive solutions to the indebtedness of poor countries, etc.

1.2 Participatory Process of the PRSP: An Exercise off to a Good Start and to be Continued

39. The participatory approach was followed throughout the preparation of the PRSP. The involvement of stakeholders in a process of reflection or drawing up of a strategy, policy or program is nothing new to Mali. Major issues or strategy documents have been submitted for discussion and have benefited from the improvement that comes from widespread debate. Mali's participatory process is based upon the idea that social dialogue almost always results in a consensus on the major issues up for discussion. A number of experiences in Mali bear witness to this assertion, including decentralization (1992), the National Strategy for Poverty Reduction (1998) and the National Prospective Study - Mali 2025 (1999).

40. However, the participatory process never before had the breadth and systematic approach from which the preparation of this PRSP has benefited, even if an even wider participation of the general public is possible. The participatory approach has been followed throughout the preparation of the PRSP, in a number of ways:

by establishing a broad mechanism for dialogue and exchange at both the steering and the technical work levels (see Box 1);

by involving a wide range of actors and interested parties at the level of the public administrations, social partners, civil society, external development partners, and so on;

by making arrangements for the involvement of the decentralized communities;

by conducting surveys on the views of the poor;

by organizing seminars, workshops, video-conferences, and so on, at the various stages of the process or on particular themes, with all or some of the partners involved.

Box 1: The Participatory Approach of the PRSP

The participatory approach of the PRSP truly started on 1 February 2001 with the organization of a national workshop on the participatory process of the PRSP. This workshop, which brought together around one hundred participants representing the ministerial departments and their core technical services-civil society in its widest sense-and all the external development partners, yielded a consensus on institutional mechanisms to govern the participatory process. A decree from the Prime Minister (No. 01-175/PM-RM of 12 April 2001) formalized this mechanism which comprises:

1) A Policy Committee chaired by the Prime Minister and consisting of 9 ministers and 7 members of civil society (employers' organizations, unions, agricultural organizations, associations of NGOs).

2) A Mali-Development Partners Joint Committee chaired by the Minister of Economy and Finance. This committee is the forum for dialogue between the Government and all the external development partners concerning the reform of aid to Mali.

3) A Technical Committee in the form of 11 working groups, each group being chaired by a ministerial department and consisting of representatives from the Government, civil society and external development partners. It is represented at the regional level by the PRSP regional committees, chaired by the High Commissioners.

4) A Steering Committee consisting of the chairmen of the thematic groups, representatives of civil society and of external development partners. It met on average every other month.

5) A Technical Secretariat represented by the National Planning Department responsible for implementation.

6) A Technical unit for coordination of the PRSP was set up by the Minister of Economy and Finance in order to coordinate the operation of this mechanism.

The participatory process will be continued at the level of the regions, basic communities, institutions of the Republic (National Assembly, Economic, Social and Cultural Council), the media and the private sector, better internalization of the process and a better understanding of the stakes entailed by the PRSP, with a view to greater involvement of all actors in the implementation, monitoring and evaluation of the PRSP (see 20.1).

41. Two important facets of the participatory process are worth highlighting. First, regional consultations were held in each of the eight regions and the Bamako district. These consultations, which took place between 20 December, 2001 and 5 March, 2002, had four fundamental results:

full support of regional and local actors for the PRSP process;

better identification of the major constraints and strengths of each region;

taking specific regional factors into account in the projects and programs of the PRSP;

creation of the regional and local committees charged with directing the PRSP process: these committees are chaired, at the regional level by the High Commissioner, at the level of the *cercle* by the Prefect and at the Commune level by the Mayor. These permanent committees are made up of the technical departments, representatives of the decentralized communities, local elected representatives, civil society, the private sector and external development partners. Secretariat functions for each committee are provided by staff of the planning and statistical units.

42. Second, the creation of the 11 thematic discussion and working groups under the National Technical Committee was a central element in the preparation of the PRSP. The National

Technical Committee brings together members of the administration, civil society and external development partners. In this way each involved development partner was able to play a part in drawing up the national strategy within one or (more often) a number of thematic group(s). These thematic groups were created for the following themes: (i) the macro-economic framework, growth, and competitiveness; (ii) governance, institutions and democracy; (iii) revenue-generating activities, solidarity and social security; (iv) basic infrastructure for development; (v) rural development and natural resources; (vi) education and literacy; (vii) health and population; (viii) environment and living conditions; (ix) jobs and training; (x) culture, religion, harmony and security; and (xi) analysis and monitoring of poverty and gender. The work of each group consisted of a status review of its thematic area, including the analysis of the policies being implemented; determining the strategic priorities for achieving poverty reduction and the ENP 2025 objectives; establishing a priority action plan and identifying the costs of these actions. The reports from these groups, therefore, really form the detailed working documents by sector that reflect the concerns of all parties involved. These reports form the basis of the final PRSP.

43. Despite the participatory approach adopted in the preparation of the PRSP, two observations are necessary: first, beyond consultation with civil society on the major subjects or programs, participation and dialogue are not yet widely established as a systematic practice and method for managing public affairs; second, the participatory process that has been initiated within the framework of the PRSP has not been well enough targeted to permit sustained dialogue with the poor sections of the population, a social category that is not sufficiently organized. A major effort will be made to improve this process.

44. Progress remains to be made in a number of areas:

- by establishing within the framework for monitoring and periodic development of the PRSP, a mechanism for participation of all parties involved, in particular target groups and principal beneficiaries of the PRSP, as well as structures with equality of representation, and organizations that are recognized by the Republic as protecting the interests of identified social groups or entities, independent of the associations and NGOs involved in development;
- by seeking to strengthen the skill base of civil society representatives, in particular in terms of their ability to analyze and reflect upon sectoral and macro-economic policy – an issue area recognized by NGOs themselves as a priority if their participation in policy discussions and decision making is to be optimized;
- by systematizing, wherever possible and desirable, the use of consultation in defining and implementing specific strategies, policies or programs falling within the context of the PRSP. In this respect, it is stressed that there is a need to strengthen the tripartite social dialogue on the various aspects of decent employment (jobs, adherence to standards, basic employment principles and rights, social protection, etc.) or also the need to breathe new life into the consultation process between the Government and the private sector;
- by taking IEC actions intended to promote organization of the poor and their empowerment, to ensure they are able to defend their own positions more directly;
- by expanding the establishment of PRSP committees from the present regional level (as well as certain *cercles*) to the level of the smaller, more decentralized communities (*cercles* and *communes*);

by undertaking qualitative surveys to provide a good understanding of poverty and the strategies to combat it.

PART ONE: THE SOCIO-ECONOMIC CONTEXT OF MALI

2 Recent Economic Developments in Mali, 1994-2001

45. This period is characterized by a consolidation and extension of the changes that took place at the start of 1990s on the political, economic and institutional fronts. On the economic front, the reforms that were implemented and the 1994 devaluation induced a sharp rise in exports and investment, and this resulted in a general recovery of production in all sectors. The acceleration of growth was significant between 1995 and 1997 and remained encouraging in 1999 despite a fall in investment and in the prices of the core export products as well as an unfavorable international environment in 1998. For the first time since the end of the 1980s, Mali experienced an increase in its per capita income (+2.6% between 1994-1996 and +3.2% between 1996-1999). However, the crisis in the cotton sector in 2000 slowed economic activity considerably in 2000 and in particular in 2001, reducing the annual rate of economic growth to 3.7% and 1.5% (estimated), respectively, compared with average annual growth of 5.2% over the period 1994-2000.

46. The Malian economy experienced an average rate of economic growth of 5.2% over the period 1994-2000. This economy, which remains dominated by the primary sector (44.5% of GDP), is vulnerable to uncertain climatic conditions and fluctuating prices of primary commodities on the international market.

47. Over the period the primary sector experienced average growth of 5.4%, essentially as a result of the good performance of cotton and rice production. Except for 1996 and, to a lesser extent, 1998, climatic conditions remained favorable for agricultural production over the period (see also Figure A-3 in Annex 4). However, 2001 was a particularly disastrous year for the sector due to a drop in cereal production of 17% and in cotton production of 50%.

48. It was in the secondary sector that the strongest growth rates were recorded: 9.9% in 1995 and 23.2% in 1997, or an average of 7.5% a year. This was, in particular, due to the substantial increase in gold production. In fact, if the mining industry were left out average growth in the sector would have been 3.7% a year, due essentially to the textile industry (+5%) and to water and electricity (+8.6%). The sector has, however, experienced a slowdown since 1998 due to the significant fall in investment, the energy crisis, and the weak competitiveness of the sector.

49. Growth in the tertiary sector has likewise been erratic. The sectors that have been driving growth are transport and telecommunications (+6.5% on average) along with the expansion of export crops.

50. The economic recovery following the devaluation was accompanied by a recovery in investment (GFCF) which represented more than 25% of GDP in 1994 and 1995. Investment remained high until 1997 but fell below 20% in 1998. Public investment remained relatively stable at around 7% of GDP over the period, whereas private investment experienced a real slowdown, from 18.6% in 1994 to 12.3% in 2000.

51. After the strong impetus that followed the devaluation in 1994, inflation was brought quickly under control in Mali, thanks to a combination of restrictive monetary policy and a

prudent wage policy. In fact, two years after the devaluation, the level of inflation was being contained below 3%.

52. The status of public finances (see Figure A-4, Annex 4) was characterized by a doubling of total revenue since 1994, from 14.2% of GDP in 1994 to 15.5% of GDP in 2000. Over the same period change in expenditure was less marked, moving from 25.2% in 1994 to 28.6% of GDP in 2000. This evolution illustrates a trend towards better containment of current expenditure which fell by 2 percentage points of GDP between 1994 and 2000. This improved the budget deficit (excluding grants) which fell from 14.4% of GDP in 1994 to 9.7% in 2000, or [to] an average of 9.7%.

53. Since 1994, exports have evolved favorably following the devaluation which restored competitiveness. Exports increased from CFAF 185.9 billion in 1994 to 388.1 billion in 2000, an increase of 108.7%. Imports were characterized by an increase in the cost of imported goods. In value terms, they increased by 69% between 1994 and 2000. The trade balance improved markedly following the devaluation and was positive in 1997. Thereafter it worsened, dragging along with it the current account balance (including grants).

3 Status of Poverty

3.1 Definition of Poverty

54. Poverty is a multidimensional phenomenon: there is no consensus on a single definition or concept. However, measurements of poverty depend heavily on which concept is used. Previous studies undertaken in Mali on this subject discussed three forms of poverty. These are:

55. *Poverty of living conditions*, defined as the lack of food, education, health, housing, etc.;

56. *Monetary or income poverty*, defined as the lack of sufficient funds, resulting in low levels of consumption;

57. *Potential poverty*, defined as the lack of capital (access to land, to equipment, to credit, to employment, etc.).

58. The poverty analysis that follows deals solely with the poverty of living conditions. The data on incomes from the Malian survey for assessment of poverty (EMEP) carried out between January 2001 and January 2002, will not be available until the end of 2002; **the other forms of poverty will then be the subject of in-depth analyses and an update of the PRSP will follow.**

3.2 Measurement and Profile of Poverty

59. The measurement of poverty of living conditions was derived from the basis of a poverty index I_s calculated for each locality on the assumption that poverty can be assessed in terms of the provision of basic social services (health, education, drinking water, etc.) to the communities. This index varies from 0 points for the poorest locality to 20 points for the least poor locality (see methodology and map of poverty by area in Annex 2). Table 1 below shows the incidence and depth of poverty by region, determined by setting the line for poverty and extreme poverty, respectively, at ten (10) and five (5) points for the I_s .

Table 1: Incidence and Depth of Poverty by Region in 1998

REGIONS/ ENVIRONMENT	Incidence of poverty (%)			Extent of poverty (%)
	Very poor	Poor	Total	
Mali	21.0	42.8	63.8	42.3
Urbain	1.6	28.5	30.1	22.3
Rural	27.9	48.0	75.9	45.8
Kayes	24.7	37.7	62.4	43.9
Koulikoro	18.5	41.0	59.5	42.0
Sikasso	13.9	51.9	65.8	37.2
Ségou	25.9	42.3	68.2	45.2
Mopti	38.1	38.1	76.2	53.1
Timbuctu	26.4	50.4	76.8	47.4
Gao	11.1	67.6	78.7	36.7
Kidal	3.6	89.2	92.8	32.7
District of Bamako	0.2	28.4	28.6	14.8

Sources : EMEP (DNSI)

60. Today, poverty affects nearly two thirds (63.8%) of the total population, and nearly a third lives in extreme poverty. The extent of poverty, measured here as the investment effort needed by poor localities to obtain an I_s equal to the poverty line of 10 points, is assessed at 42.3%.

61. The breadth of poverty varies according to the area (urban, rural), the sector of activity (primary, secondary or tertiary), age and gender. In fact, 88% of the poor population is based in rural areas and poverty affects many more women than it does men. The incidence of poverty is 75.9% in rural areas compared with 30.1% in urban areas. Furthermore, double the investment effort is needed in the social sectors in rural areas (where depth of poverty is 45.8%) in order to bring poor localities up to the poverty line, compared with urban areas where the depth of poverty is 22.3%. The vast majority of the poor work in the primary sector, which accounts for nearly 90% of jobs held by the poor. Actually, the poverty of localities is not always explained by the absence of essential socio-economic infrastructure in the immediate vicinity. In fact, a fair amount of socio-economic infrastructure exists but is not functional. The reasons for this situation will be investigated further.

3.3 Spatial Analysis

62. The spatial analysis of poverty is made on the basis of the poverty index defined above, supplemented by the available information on education and health and outcome of the regional PRSP consultations. These consultations, along with the work of the thematic groups, have permitted a better understanding of constraints faced by the population, and identification of strategies and programs to be implemented at the regional level in order to better respond to these constraints and to the development potential identified.

63. The incidence and depth of poverty vary according to the region. As far as the incidence of poverty is concerned, the district of Bamako (28.6%) has the lowest incidence while the highest incidence is recorded in the Kidal region (92.8%). In terms of the depth of poverty, it will be noted that the Mopti region at 53.1% has the greatest depth while the Bamako region has the least depth (14.8%).

64. **The Kayes region** is very close to the national average with a proportion of 62.4% of its population living in localities that are below the poverty line. The level of education of the people there is low compared with the national average. The level of literacy among adults is estimated at 12.8%, or 1.3 times less than the national average of 16.3%. The net rate of formal primary education is 37.3% compared with a national average of 36.8%. The low levels of education in the region are associated with the inadequate geographical coverage of educational infrastructure combined with the problems of isolation of localities. In fact, only one fifth of localities have primary education provision and only 28.9% a literacy center. Moreover, nearly half the school-age children (47.1%) attend a primary school that is more than 30 minutes distance from their homes. The health status of the Kayes population is low – for instance the child mortality rate in the region is only slightly higher than the national average.

65. The main constraints on the region are: internal and external isolation; exodus of able-bodied individuals; food shortages; a low coverage rates of sanitation, formal education and telecommunications; and problems with the drinking water. The region has many strengths: mines and the Manantali Dam, and irrigable land. The strategies for poverty reduction should include providing the region with basic infrastructure (school, health center, asphalt road, telecommunications); rehabilitation of existing product sectors (cement works, marble works, tannery); development of the gum arabic, calabash and kenaf product sectors; and the education of girls and female literacy.

66. **Koulikoro**, with an incidence of 59.5%, is the region that records the lowest proportion of poor after Bamako, with the very poor representing approximately a third of the region's population. Less than a third of the localities of Koulikoro have a primary school and less than half have literacy centers. The result is a low level of education of the population. Just one adult in 10 is literate and less than two in five children (36.7%) receive formal education. The health status of the population of Koulikoro is less critical in comparison with other regions, except for the district of Bamako.

67. The constraints of the region are: the inadequacy of basic infrastructure (schools, health centers, roads), lack of hydro-agricultural development, difficulty in accessing credit, silting of the Niger River, weakness of the banking system, low levels of formal education for girls, insufficient employment and the absence of a housing policy. On the other hand, the hydro-agricultural potential, the existence of certain product sectors (Huicoma, Grand Moulin), the supervisory structures (CMDT, OHVN, OPIB), the tourist sites, and the Kati cattle market are well-known strengths of Koulikoro. Efforts need to be made in the area of river navigation, construction of bridges, sanitation coverage, and so on.

68. **The Sikasso region** has a proportion of poor (65.8%) slightly higher than the national average, of which a little over a fifth live in extreme poverty. With an average of four localities to each primary school and less than two localities per literacy center, the rate of formal education among the children of Sikasso is higher than the national average and the literacy rate is close to the national average. With regard to health, the region has one of the highest infant mortality rates. Apart from this, and despite the acknowledged availability of food for this region, the rates of malnutrition of children do not differ greatly from the national averages. At the economic activity level nearly 30% of the economically active population are under-employed, and 4.8% of the working population is unemployed.

69. The main constraints of the region are: the weak organization of producers, the inadequacy of the health centers, insecurity, worsening terms of trade, inadequate sources of energy and trafficking in children. The strengths of the region are: the production of fruit and vegetables, its geographical position (Sikasso borders the Ivory Coast and Burkina Faso), the existence of the banking system and decentralized financial system, tourist sites, livestock, developed trade and transport, the presence of the CMDT, and climatic conditions.

70. **The Ségou region** has a poverty incidence of 68.2%, or more than two-thirds of the population. Among the poor, nearly 40% are completely destitute. The rates of formal education and literacy are still low. The health status of the population remains among the worst in the country in terms of the indicators used. Infant mortality there is very high. Employment and under-employment rates are close to the national averages.

71. The region continues to struggle with inadequate basic infrastructure (schools, health centers, telecommunications, transport), difficulties of access to bank lending and to land, the disorganization of producers, and high levels of illness (STDs, AIDS). The region has enormous potential: water and land resources, hydro-agricultural developments, and industrial units. The strategy for fighting poverty must focus on exploiting the rice sector, intensifying vegetable cultivation (shallots, chilies, tomatoes, watermelons), promoting the sale and processing of local products (kenaf, shea nut, jujube, calabash, nere, tamarind, cotton, cattle), and the granting of credit.

72. **The Mopti region** has one of the highest poverty incidences with more than three quarters of its population living in localities that are below the poverty line. The poor and very poor are represented here in virtually identical proportions. Generally, the Mopti region has the lowest social indicators. The formal education rate is much lower than the national average. The same applies to the literacy rate. There are on average 8 localities to each primary school there. Furthermore, only 19.4% of localities have a literacy center. With regard to health status, the Mopti region has the highest mortality rates among young people. The child mortality rate is 1.3 times higher than the national average. Although the rate of unemployment is the lowest, underemployment affects more than a third (34.1%) of jobs. The proportion of the population located less than 15 minutes from a water source is one of the lowest in the country. Moreover, nearly half of the population has no access to drinking water. The number of wells sunk in Mopti is 730 for 2,064 localities.

73. The problems of this region are essentially land disputes, lack of agricultural equipment, weak organization of product sectors and very high levels of inequality between men and women. The region has great potential: the size of the livestock herd, the presence of the Niger River, the existence of several tourist sites, the presence of a number of external development partners and NGOs. Better exploitation of this potential will permit the development of fishing, irrigated farming, market gardening, tourism, the livestock-meat sector, soil management and the setting up of small processing units. This must be backed by a real change in attitudes of the population.

74. **The Timbuktu region** has a poverty rate that is higher than the national average, with poverty affecting 77% of the population. This situation is essentially due to: the natural constraints (isolation, climatic risks, silting up), social problems (mobility of the population, a dependency culture, insecurity), lack of basic infrastructure (schools, health centers, water points), land problems and food shortages. However, Timbuktu has strengths that may enable the region to meet some of the challenges of poverty. These include the rehabilitation/reassessment of

tourism, handicrafts and cultural heritage, promotion of the wheat sector, exploitation of the natural resources (salt, limestone) and land management. All these actions can be brought about by information and awareness-raising campaigns, a culture change and bringing harmony and security to the region.

75. **The Gao region** has a poverty rate that at 78.7% is higher than the national average. The many causes of this poverty can be summarized as follows: natural constraints (drought, desertification, isolation), social aspects (dependency culture among the population, discrimination against women and certain social classes who do not have access to property, rural exodus, insecurity), lack of basic infrastructure (health center, school, roads, telephones, an airport), difficulties in gaining access to credit, and weak management of natural resources. Despite these constraints, the region has considerable strengths: the size of the livestock herd, the presence of the river and a number of ponds, the presence of land that can be developed, the existence of natural resources (phosphate, manganese, sunlight), and the existence of tourist sites (the pink dune of Koïma, île de Gounzourez, the Tomb of Askia, the Museum of the Sahel, the Sanèye site).

76. **The Kidal region** is characterized by widespread poverty. Almost 9 in 10 people are affected by this curse. The region suffers from natural constraints (drought, desertification, isolation), lack of basic infrastructure (health centers, schools, roads), insecurity, poor management of natural resources (grazing land, cattle), an absence of activity to exploit mining and tourist resources, insecurity of food supplies and insufficient drinking water points. The region's potential derives from: the amount of livestock, the existence of natural resources (mining, tourists, sun, wind, underground water reserves), the good quality of the grazing land and the presence of rich and varied handicrafts.

77. **The district of Bamako** with a poverty incidence of 28.6% seems to be an island of prosperity compared with other regions. In fact, it has the best conditions in all sectors (education, health, drinking water, infrastructure, etc.). Representing more than 40% of the total urban population and more than 10% of the total population of the country, the capital is faced with the problems of urbanization, begging, organization of civil society, living conditions, unemployment, illness, sanitation, and so on.

78. The Draft National Land Use Plan, *l'Esquisse du schéma national d'aménagement du territoire* (ESAT) and the preliminary drafts of the regional land-use and development plans (ASPRAD) drawn up in 1996 represent the framework for the spatial development of Mali and provide the guidelines for the long-term development of the country and its regions.

79. The PRSP takes these plans into account with a view to achieving balanced and equitable regional development, and to implementing the decentralization program while ensuring coordination of the various development areas. These concerns are based on economic logic and the political will to promote rational and equitable development of the country as a whole. For each region, this involves strengthening development poles and the existing inter-urban corridors while at the same time agreeing to initiatives that permit disadvantaged areas to make up lost ground by building essential infrastructure and facilities. National and regional solidarity constitute the foundation of such an option.

3.4 Analysis of the Link between Poverty and Health

80. Within the framework of the PRSP, the Health Department has started a review of the ten-year development plan (PRODESS), beginning with an analysis of the current situation and the links between health and poverty. The findings are as follows:

81. Poverty remains a rural phenomenon – 80% of the poor are concentrated in four main regions of Mali (Mopti, Sikasso, Ségou, Koulikoro). Mali's lower health indicators, relative to other Sub-Saharan African countries, continue to be of concern and there are major disparities between urban and rural areas, between regions and between socio-economic groups. The excessive mortality rate of the poorest groups continues to be, despite everything, due to avoidable diseases.

82. According to the results of the Third Demographic and Health survey (EDS III), the epidemiological situation of HIV/AIDS is characterized by a national rate of seroprevalence that is estimated at 1.7%. The situation by region is as follows: Bamako (2.5%), Ségou (2.0%), Kayes and Koulikoro (1.9%), Timbuktu (0.8%), Gao (0.6%). In other words, zone 3 is more infected than zone 1. Women (2.0%) are affected more than men (1.3%) everywhere except in Bamako, where men are affected more (2.7%). Urban areas, at 2.2%, are infected more than rural areas (1.5%). Finally, the able-bodied are affected more in Mali: 3.4% among the 30-34 age group with 3.2% for women and 3.8% for men; 2.3% among the 25-29 age group with 3.2% for women and 1.7% for men; 2.1% among the 35-39 age group with 2.8% for women and 1.1% for men.

83. Health practices among poorer households are influenced by the low level of education of mothers, poor geographical access to functioning health services, and a lack of information, with the poor being less well-informed than the less-poor on good health practices. Little is known about the effect of healthcare costs and transport costs on health practices. The majority of healthcare services are used less by the poor than the non-poor and less by those in rural areas than those in urban areas. Healthcare expenditures of households seem to be of fundamentally different orders of magnitude between the non-poor and the poor. Practices that are harmful to health persist and the threat of HIV/AIDS is a major concern.

3.5 Analysis of the Link between Poverty and Education

84. Within the framework of the PRSP, the Education Department has started a review of the Education Sector Investment Program (PISE) beginning with an analysis of the current education situation and the links between education and poverty. The findings are as follows:

85. The indicators for the Malian education system are among the least impressive in the world. Nearly 70% of the economically active population has no access to education. The gross enrollment for the first cycle of basic education was 55.6% in 1999, with a figure of 46% for girls. It is lower in rural areas than in urban areas and the differences between regions are considerable. In zone A (Mopti, Timbuktu, Gao and Kidal), the rates are well below the average (between 26% and 36%) and are particularly low for girls (between 21% and 28%). In zone B (Kayes, Sikasso, Ségou, Koulikoro), the rates are slightly lower or equal to the average (between 42% and 56%), but remain low for girls (between 32% and 42%). In zone C (Bamako), the rates are high both for boys and girls (overall level: 140%; girls: 138%).

86. The dropout and repetition rates are very high. Only 42% of those who enter the first year progress as far as Year 6A and, of these, 30% repeat. The inequalities between girls and boys

increase as they progress toward the higher grades. Major variations exist between the very poor and the non-poor in terms of expenditures on education and attendance at school. The amount spent on education by the non-poor varies between 1 and 15 times higher than that spent by the poor. And the poor spend twice as much as the very poor. On the other hand, once above the poverty line expenditures on education are more than 9 times greater.

87. Similarly, there are very marked disparities between town and country. In terms of basic education, the attendance rate is between 3 and 4 times higher in urban areas than in rural areas and a child from a non-poor household has between two to three times the chance of attending elementary school than a child from a poor household.

88. The quality of education is very low. Because of the scarcity of human resources, the staff recruited are not well qualified. The number of hours of teaching time is very low and classes are overcrowded. The factors underlying the low education indicators include: the living conditions at home, the high cost of schooling, the distance from schools, the need for manpower at key times in the agricultural season, the negative perception of the usefulness of school, and public expenditure trends.

3.6 Analysis of Other Factors Affecting Living Standards

3.6.1 Drinking Water and Sanitation

89. For a long time now, the Government has made access to drinking water a priority in both rural and urban areas and to this end has authorized enormous resources that have to date permitted 10,160 wells to be sunk equipped with manually-operated pumps, 4,498 large-diameter wells and 400 makeshift water supply conveyors. These efforts, which have been achieved with the help of external development partners, have permitted more than 50% of drinking water needs to be met by serving 57% of the 11,739 villages and sections of Mali.

90. On the other hand, in terms of sanitation, only 8% of households have suitable installations for the removal of excreta. For the removal of storm waters the district of Bamako is served by 20 main sewers, of which 2 are pumping stations, and 60 secondary sewers often in poor condition, while the other towns have less than 100 km of gutters. In terms of sewage disposal, nearly 95% of households employ unhygienic practices. With regard to management of household waste, a widespread unregulated dumping of waste is evident, as is the proliferation of vectors of illnesses.

3.6.2 Living Conditions

91. An analysis of the problem of access to decent living conditions for the poor shows that the high demographic growth coupled with impoverishment, the inadequacy of ownership structures and absence of a real town-planning policy explain the lower access to suitable housing experienced by the poor, and the chaotic development of towns.

92. Specifically, town planning and living conditions are characterized by: i) difficulties of access to property ownership; ii) the high costs of construction materials; iii) the inadequacy of urban infrastructure and facilities; and v) the existence of shanty towns (TSF neighborhoods).

3.6.3 Pollution and Nuisances

93. These include: i) unhealthy conditions due to insufficient sanitation facilities; ii) pollution from industrial and craft activities, transport and even in some cases agriculture; iii) domestic

pollution due to the daily production of waste and to living conditions, particularly in the shanty towns of the unregulated urbanized areas. Air, water and soil pollution affect in particular areas of high population density and/or intensive production.

94. Faced with an increase in the problems of unhealthy conditions and various types of pollution, and their effects on human health and biophysical environment, certain legislative and regulatory steps have been taken. These include the adoption in 2001 of the following texts: Law on pollution and nuisances; a Decree on the modalities for solid waste management; Decree establishing modalities for management of waste water and filth; Decree establishing modalities for dealing with noise pollution; Decree establishing modalities for dealing with atmospheric pollution.

4 Status of Progress on Priority Areas Requiring Strengthening

4.1 Institutional Context

95. Mali today has some real advantages and potential for creating and strengthening conditions for democratic governance and promoting the aim of poverty reduction through sustainable economic and social development. Notable achievements to date include:

- the establishment of a multi-party system with more than 80 political parties;

- the emergence of a civil society and freedom of the press (Mali today has more than 4,000 associations and NGOs). As to the media there are more than 70 free radio stations and several independent newspapers;

- the existence of a number of public sector development programs (justice, health, education, rural development, etc.);

- the establishment of a Mediator of the Republic (or Ombudsman);

- debates and questioning of the authorities within the *Espace d'Interpellation Démocratique* (democratic discussion forum);

- the consolidation of harmony and security throughout the country with the signing of the Solidarity Pact for Growth and Development (see Box 2), the ceremonies of the flame of peace and the establishment of an institutional development framework for northern zones.

Box 2: The Solidarity Pact for Growth and Development

Administrative reform in Mali between 1969 and 1990 essentially focused on reducing the operating costs in the Mali budget. This commendable approach is being adopted through a reduction in the number and size of public services, the introduction of organic frameworks, the liquidation of loss-making public companies, and so on. The main complaint that can be leveled against the process of reform in Mali is its failure to take account of the human dimension. In fact, reform has never really focused on the issues of motivating of public officials. Essential concepts such as the management of rare skills remaining in the public sector following the drain of voluntary departures have never been addressed in a clear manner.

In real terms, the salary of a Malian civil servant (despite efforts made by the Government since 1991) remains very low and is one of the lowest in the sub-region. In parallel, backed by powerful union movements, or by claiming special circumstances for themselves, some categories of civil servants have managed to obtain attractive pay scales or bonuses and allowances which often exceed those of their colleagues in other sectors. These inequities further add to the general weakening of motivation levels.

The Government of Mali, in the context of the social dialogue necessary for implementing the national economic development program, proposed to the social partners in its General Policy Statement of 6 May 2000, that a solidarity pact for growth and development be drawn up. The pact resulting from the discussions is designed in the form of an action plan and contains the following elements:

1. In order to improve living and working conditions, the Government proposes drawing up a single pay scale for all personnel other than those with autonomous status (Magistrates, the Army, Police) and/or in higher education.
2. Elsewhere, within the context of the application of the organic frameworks, the Government undertakes:
 - to recruit a sufficient number of staff;
 - to provide training and advanced courses for government employees;
 - to draw up a career plan for each civil servant corps.
3. In the area of social protection, action is envisaged to set up a true program of social security for officers, a review of the texts concerning the medical care of the elderly, an improvement in the level of pensions and an overhaul of the financial position of the entities charged with disbursing out social benefits.
4. In order to protect workers in the workplace, the pact provides a range of measures intended to ensure the protection of staff from attacks by clients and the risks of accidents at work.
5. The union organizations undertake to initiate actions aimed at increasing worker productivity and quality of work performed.

All commitments made in the Pact will be discharged in the framework of a multi-annual program accompanied by a timetable that is updated each year. These measures will bring about qualitative improvements in pay conditions within the context of sub-regional integration and combating corruption.

4.1.1 The Performance of the Public Sector

96. The administration is ill-equipped and insufficiently skilled to design and implement public policies, so as to adequately take into account the main concerns of citizens, and thereby ensure its legitimacy and social effectiveness. This situation is associated with the following constraints: the high concentration of the administration, which is a source of inflexibility and delays in decision-making, the well-known lack of human resources (in terms of numbers and skills) and materials, and their unequal distribution between the central, regional and local levels.

97. The institutional framework of the system for planning and managing development is unsuitable both in terms of its structure and resource availability, making it difficult on the one hand to draw up development policies and on the other to efficiently mobilize the outside resources essential for implementing the development programs. This framework is characterized on the one hand by a dispersion of the main functions of planning and management of development between a number of structures, with the consequence that coordination is weak, and on the other by the weakness of mechanisms that permit discussion, consultation and participation of all actors in the development management process to be ensured.

98. Proper management of public expenditure is a prerequisite for transparent and democratic governance. Considerable progress and action has taken place to date¹. This is particularly true of the improvement of budget preparation procedures (introduction of budget programs since 1998), strengthening of the budget operation procedures and an operational control system (adoption of the budget *Lois de règlement*). Within the context of the implementation of the PRSP, the Government intends to continue to strengthen the management of public expenditure.

99. Finally, again within the context of improving performance of the public sector, the Malian Government has been working since 1998 on a process of Reforming the System of International Aid (see Box 3). The principal finding of the analysis was that foreign aid – which plays an important role in the economy, in institutions, and even in Malian society – is poorly integrated into the regular national management structures and is neither very well coordinated among the donors nor among the beneficiaries. The result is a reduced effectiveness of that aid.

¹ This was also the finding of the IMF mission within the context of the *Rapport sur l'observance des normes et codes* (RONC) (report on the observance of rules and regulations) and the mission of the World Bank on *Suivi du progrès par rapport aux critères PPTE* (Monitoring of progress in relation to the HIPC criteria) of March 2002.

Box 3: Review/Reform of the Framework for International Aid to Mali: An Original Experience

The international aid system is of considerable significance for a country such as Mali: the level of Official Development Assistance (ODA) is on average 20% of GDP a year and represents 80% of the Special Investment Budget (*le Budget spécial d'investissement*) and has done so for more than four decades. This system is also extremely diversified: around fifty cooperative institutions operate in Mali, plus numerous NGOs and other public institutions involved in cooperation.

The management, coordination and even the operation of such a system raise complex problems for a country such as Mali. And this affects the efficiency of the aid. Mali was chosen by the OECD's Development Aid Committee (DAC) as a pilot country for an innovative experiment in the progressive building of consensus around objectives and modes of operation. The Malian authorities and development partners of the OECD embarked, together, on a wide program that revolves around two main areas: **a joint evaluation of the aid system known as "Revue de l'aide au Mali" (Review of aid to Mali), carried out between 1996 and 1998, followed by the "Réforme de l'aide au Mali" (Reform of aid to Mali) which is currently in progress.**

The current phase of reform consists of initiating a process of reform that deals with the coordination and methods of aid to arrive at a system that is directed and coordinated by the national authorities, controlled by the local structures, and that is more effective in benefiting the Malian population. Consideration and dialogue between the Malian Government and the technical and financial partners have led to the establishment of a joint institutional mechanism charged with carrying out the reforms and drawing up of a detailed work program for this new structure.

This new structure operates on three levels: (i) a **Mali-Partners Joint Committee**, as a decision-making body; (ii) a **Mali-Partners Technical Committee**, charged with preparing and carrying out the decisions of the Joint Committee and (iii) a **Joint Secretariat** providing continued facilitation of the process. Alongside this mechanism, two consultative working groups operate on an informal basis (one on the Malian side and the other on the external development partners side).

At its meeting of 12 April 1999, the Joint Committee adopted a priority program focusing on three (3) objectives corresponding to the following outcomes:

R1: Clarification and simplification of the institutional mandates of the structures charged with directing and coordinating aid;

R2: Harmonization of the procedures and conditions for taking cooperative action;

R3: Setting up mechanisms for coordination and intra-sectoral, inter-sectoral and spatial arbitration of aid.

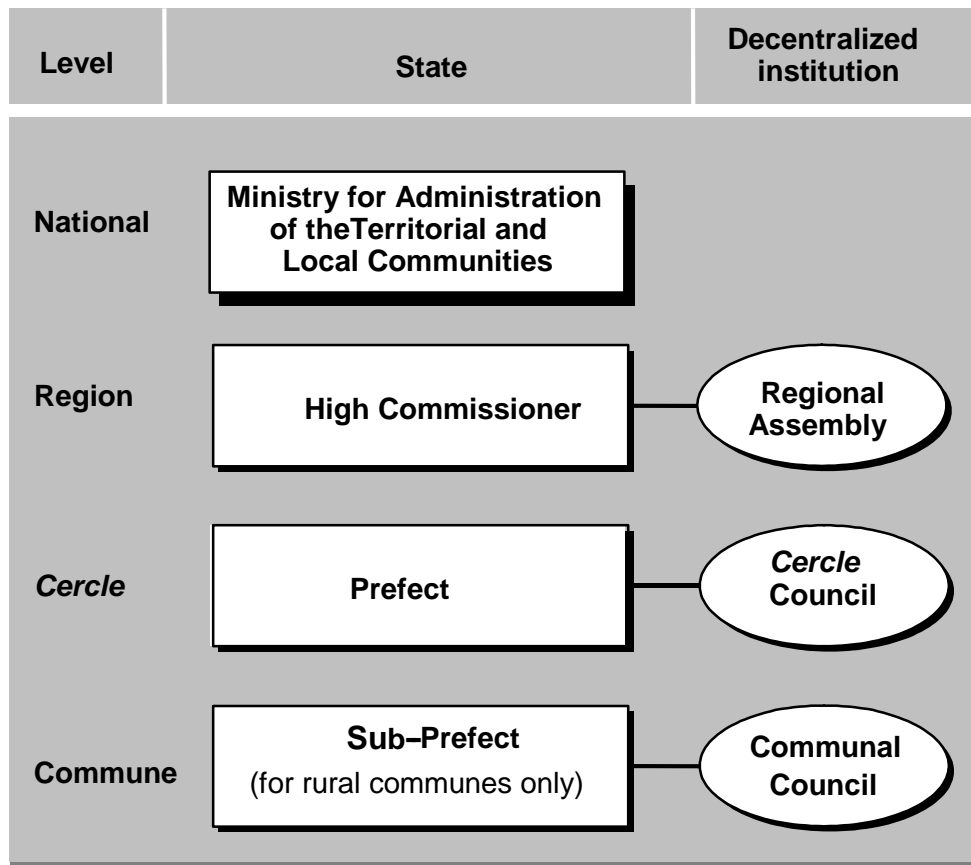
A fourth objective: **strengthening of capabilities** was also included, but this spans the first three and will be implemented iteratively.

4.1.2 The Democratic Process and Decentralization / Devolution Process

100. Mali is pinning much hope on the current policy of decentralization in the fight against poverty, by promoting local democracy, the conscious involvement of the people in the exercising power and in development through the management of decentralized *collectivités territoriales*.

101. Territorial decentralization has become a reality with the recent creation and establishment of 703 communes throughout the country, 49 *cercle* councils, 8 regional assemblies, a District assembly, an association of municipalities, and supporting mechanisms for the implementation of this policy, specifically, National Investment Agency for the *Collectivités Territoriales* - the *Agence Nationale d'Investissement des Collectives Territoriales* (ANICT) and other Communal Councils.

102. The structure of the Government and the decentralized entities is presented below:



103. Despite the efforts made to implement this policy, its true impact on living conditions of the population is not yet evident. This is due to the weak financial and technical capabilities of the communities, the inadequacy of the level of transfers of skills and funds from the State, and the lack of involvement of the people in decision-making process at the local level.

104. Despite the fact that a multi-party system is now a given, the Malian democratic process is still fragile because of the absence of a democratic culture and citizenship, the absence of civic spirit and the pursuit of special favors. The fragmentation of civil society and its weak ability to mount a credible challenge to the established authority are also a manifestation of the democratic malaise.

105. An essential element for promoting democratic governance is to involve civil society. Civil society organizations are actively involved in the definition and implementation of development policy at various levels and in various ways according to their respective capabilities and their level of participation; to this end participation of the civil society is evident in the PRSP preparation process (see also section 1.2). However, this involvement is often limited due to a number of constraints, such as: a lack of the means and funds of the majority of civil society organizations, and the low level of involvement in the design, implementation and monitoring/evaluation of government projects and programs.

Box 4: Participation of Civil Society: A Firm Commitment to the Management of Public Affairs but Capabilities that Need to be Strengthened

Civil society has decided to take up its rightful place not only in the management of public affairs in general, but especially in the drawing up, implementation and monitoring of the PRSP, in particular.

That is why in May 2001, it organized the regional workshops at Bamako, Koulikoro, Sikasso, Ségou and Mopti. The other regions of Kayes, Timbuktu, Gao and Kidal were invited to the national validation workshop that was held on 6 and 7 June 2001. A document entitled “*Point de vue de la société civile sur le cadre stratégique de lutte contre la pauvreté au Mali*” (view point of civil society on the PRSP for Mali) summarizes these consultations. This document was officially submitted to the Minister of Economy and Finance on 18 July 2001. The following salient points arise from the document: 1) Civil society defines poverty as the status of a person who cannot provide for their essential daily needs of food, housing, clothing, health, education and so on, and who lives in a precarious and insecure situation.

2) The structural adjustment program (SAP), worsening terms of trade and poor governance are the main causes of poverty. Other causes are also put forward by civil society: climatic hazards, illiteracy, debt, mismanagement, unchecked and uncontrolled liberalization of prices, unemployment, lack of information, awareness and organization, budgetary indiscipline, the liquidation of public corporations, and so on. The consequences of these ills have caused a significant erosion of the authority of the State and the inability of the State to honor its commitments.

3) Proposals for components of the fight against poverty have been made in virtually all fields:

- health: strengthening low cost local services with good quality for the community, developing preventive medicine and improving the expanded vaccination program;
- education: improving the living and working conditions of teachers, pupils and students, helping destitute pupils and students;
- agriculture, livestock and fishing: total control of water, making arable land as widely available as possible, promoting small-scale livestock operations, subsidizing the prices of primary foodstuffs and reducing customs duties on imported foods, developing the fish processing sector.
- living conditions and the environment: developing joint land management (civil society, elected representatives, population), combating pollution and the silting of water courses;
- jobs and incomes: priority recruitment of local labor and local skills, harmonization of salaries and other revenues (such as the price of cotton) with those of the sub-region;
- micro-finance: extending the loan repayment periods for equipment, proper monitoring of loans in particular for women;
- infrastructure: reinforcing the capacity for action and reaction of civil society as regards the acquisition and quality of infrastructure (energy, roads, telecommunications, etc.), greater opening-up of the country;
- institutional domain (State): better allocation of resources by the State, transparency in the management of public resources, creation and promotion of processing sub-sectors for local products, in particular cotton, ensuring the security of persons and property;
- at the international level: renegotiating the structural adjustment program, cancellation/conversion of debt into a development fund to be managed by the local population and civil society, with the State having a right of inspection.

4) The report concludes with a statement from the organizations of civil society on the PRSP.

Apart from these dialogues, involvement is mainly within the 11 thematic groups, meetings of the policy committee and the steering committee and national and international seminars.

4.1.3 Corruption

106. In Mali, as in most new democracies, it is generally acknowledged that substantial efforts are needed to achieve a system of democratic governance. The weak management of public resources and the reprehensible and detrimental government decisions have serious consequences for the development of a country such as Mali, where the magnitude of needs contrasts with the scarcity of public resources. In order to safeguard against bad governance, it is important to emphasize strengthening of the entities in charge of inspection and eradication of these practices.

107. Thus a consultative committee in the form of an Ad Hoc Commission charged with preparing the Study of Audit Reports of the Administration was set up in 1999 with the task of assisting the President of the Republic in studying and following up on the Audit Reports produced by the Government Audit Office and by the inspection units of the Ministerial Departments. To date, the Ad Hoc Commission has studied more than 600 reports, of which more than 10% have been forwarded to the judicial authorities, namely, those where the analysis has revealed facts or findings that could result in court proceedings. The results of the work carried out by this Commission have contributed to restoring the credibility of the State among the people. In order to consolidate this achievement, the Commission has become since November 2000 a permanent body, the Government Audit Structures Support Unit.

108. An essential element emerging from the fight against corruption was a review of the administration of justice, which was considered to be inefficient and lacking in credibility. The major constraints are essentially the inadequacy of human resources and materials, the complexity and cost of procedures, the remoteness of justice from those subject to its jurisdiction, the centralization of structures and personnel, and the failure of legislation and regulations to adapt to environmental, political, social, economic and cultural changes in the country. On top of all these difficulties there is inadequate (or even a total lack of) control over staff, causing deviant behavior which discredits the entire judicial system, failure to enforce certain legal rulings either because of their poor quality or the corruption behind them, and finally interference in legal matters from the politico-administrative authorities.

4.1.4 Culture, Religion, Harmony and Security

109. Although Mali is economically poor, it is rich in culture: a culture, ancient and diverse, that can constitute a powerful means for sustained human development and poverty reduction. Mali is also a tolerant country. This tolerance is rooted in its history, but also in the ability of the various religious communities to coexist. This coexistence is based on the secularism of the State, as confirmed by the Constitution and law No. 86 / AN-RM of 21 July 1961 on the organization of religious freedom and the operation of Cults in the Republic of Mali. However, the policies implemented up to now have not permitted this cultural and religious richness to be exploited to support the development of the actors involved.

110. Harmony and security are essential factors for ensuring proper democratic governance. However, insecurity is still manifested in the form of road blocks, car hold-ups, armed attacks by isolated individuals, inter-community confrontations, and so on. Once restricted to the large towns, insecurity continues to grow in rural areas where around 90% of the poor live.

4.2 The Social Sector

4.2.1 Health

111. The Government has been making major efforts for some ten years now in the area of health and population. The adoption and implementation by Mali in 1990 of a sectoral health policy based on the strategy of primary health care and on the Bamako Initiative (decentralization and community involvement) has resulted in a significant improvement in access to primary healthcare services. Despite this the health indicators for Mali have remained among the lowest in the world.

112. Provision of health services is inadequate in the regions and in rural areas primarily due to an insufficient number of health centers accessible to populations in poor areas. Access to health services, vaccinations, and essential surgery is very limited in poor areas by comparison with Bamako. In Bamako, more than 80% of the population have access to a health center or to a vaccination service, while in the other poor regions the level of access to these services varies between 20% and 60%. Access to vaccination resources and services is very limited and is a critical problem in all regions (particularly in Mopti and Ségou) other than Bamako. Crucially, the other regions also lack medical and paramedical staff. Children in poor regions enjoy less coverage from vaccination, reproductive health and treatment services than those in Bamako. Major regional disparity is also noticeable in primary healthcare coverage.

113. The vaccination and antenatal consultation services are not used consistently and the drop-out rates are high and is not uniform at the regional. The drop-out rate is more marked in poor regions. Better continuity is evident in the use of pre-natal care than in the use of vaccination services. The available data do not permit an in-depth evaluation of the quality of services. Systemic obstacles to performance of the vaccination and pre-natal services such as availability, access, usage and continuity are present in each of the 4 poorest regions of Mali.

114. The allocation of resources to key programs and basic health services (PMA – minimum packet of services - and reference activities) is inefficient. The mobilization of resources for investment purposes is strong but resources allocated to support recurrent operational expenditures are inadequate. There is also a lack of an effective mechanism for alternative financing of health and for motivating staff to work in disadvantaged areas. Moreover, the allocation of human, equipment, and financial resources is unequal across the regions.

4.2.2 Education

115. Since 1992 education has been a priority sector for the economic and social development of the country and has benefited from continuous growth in public expenditure in the sector. The priority given to education, particularly at the primary level, has been reflected in a very real increase in the number of schools and classrooms, school workers and gross rates of enrollment. Nevertheless, the Malian education indicators remain some of the weakest in the world. Malian schools are, in fact, faced with enormous difficulties that have a highly adverse effect on the quality of provision. These constraints relate, among others, to: (i) access to schooling; (ii) the quality and relevance of the education and training; (iii) decentralized and devolved management; and (iv) strengthening of cross-cutting measures.

116. The constraints and obstacles to access to formal education are principally due to the inadequacy of the pre-school, school and university infrastructure, the lack of teaching staff, the limited access to education and training in of the regions, and weak management of the progression of students through the education system.

117. The poor performance of education in terms of its quality and relevance can be attributed to the low quality of teaching staff, insufficient teaching materials and school books, the dilapidated state and under-equipping of laboratories, the highly theoretical nature of initial vocational training (IVT) and Koranic teaching that is poorly organized and poorly funded by the State.

118. Constraints associated with decentralized and devolved management make themselves felt in terms of: the low levels of involvement of communities in the management of schools, a related reason being their very limited access to education and training; disproportionate scholarships to

pupils and students, and award criteria that lack transparency; and centralized control of resources involving inadequate provision, virtually non-existent teaching support in the classroom, and barriers to involvement of ownership by local education service providers, as the case may be.

119. Finally, the following constraints associated with cross-cutting measures have been identified: weakness of the communication and information system; a sector that is frequently disrupted by student and teacher strikes; an unfavorable socio-cultural environment.

120. Despite these constraints, it must be said that our education system benefits from significant advantages and potential: a strong presence of the private sector in education and training; the existence of industry- or sector-based training programs to ensure the development of growing product sectors; the availability of partners and their contribution to the preparation of the Vocational Training Consolidation Project – *Projet de Consolidation de la Formation Professionnelle* (PCFP); a desire for change that has been shown by all those involved in vocational training; the existence of corporate demand for specialists that at present is still met by expatriates, especially in the building and public works sector; and a strong demand for technical and vocational training.

4.2.3 Employment

121. The traditional agricultural sector and the informal sector dominate employment. The civil service (42,000 jobs) and the modern private sector (36,500 jobs) are insignificant compared with the rural sector (3.97 million jobs) and the informal sector (1.18 million jobs) out of a total of 5.2 million. The low employment rate in the public sector and the present inability of the private sector to create enough jobs offer little prospect in the short-term in the absence of a more stimulating investment-based employment strategy.

122. The vocational and technical training system does not adequately meet the needs of the economy and is not a strong determinant of access to employment. Mali's economic activity is dominated by micro-enterprises and self-employment. Salaried employment in the modern sector does not exceed 80,000 people in a country where the civil service has low recruitment levels and where there are few new modern private enterprises. Currently, the training system is essentially designed for formal-sector salaried occupations. In the informal urban sector, and in the agricultural sector, the skills acquisition takes place essentially through either apprenticeships in local businesses or passed down from parents. In urban areas, in particular, self-learning is prevalent since employers favor learning-by-doing approaches, all the more so if they have no separate training mechanisms.

123. The assessment of the problem of matching jobs with training reveal a number of major findings: as regards training provision, the internal efficiency of the vocational and technical training system has for a long time suffered from a number of inadequacies both in terms of the physical resources and the range of training and teaching capabilities. As regards training demand, there has not been a proper understanding of either the structural aspects or the specific requirements in terms of the job description.

4.2.4 Social Protection

124. Mali has implemented through public and private institutions, a social protection policy whose legal foundations comprise a number of legislative and regulatory texts. Two public social security institutions along with a few mutual societies exist to cover the country's employees, but the Malian social protection system is experiencing a number of problems principally associated

with the absence of a national vision for social protection, the low quantitative and qualitative social coverage of the population, and the low level of available resources in relation to commitments.

4.2.5 Involvement of Women

125. Since 1997 Mali has been implementing a policy for promotion of women aimed at:
strengthening women's access to essential social services (education, literacy, health, living conditions in particular),
acknowledgement of all women's rights and strengthening these rights to ensure their effectiveness,
strengthening their role in and valuing their contribution to economic development,
promoting the participation of women in political and family decision-making,
promoting the emergence and strengthening of the female civil society.

126. A number of activities called for in the 1996-2000 action plan have led, through the elaboration and implementation of projects and programs, to greater consideration of gender issues and ensured that they are more broadly and effectively addressed. Despite the progress made, obstacles still remain:

- illiteracy is still an obstacle to women's socio-economic advancement;
- women's health status is still endangered by women's under-use of health services;
- women's legal and social status has not improved due to lack of poor legal awareness and persistent socio-cultural inertia;
- women's demographic majority does nothing to assure their influence in the management of public life;
- despite democratic openness, women's low awareness of civil and citizenship issues keeps them in the role of simple voters.

127. Women have many ambitions as social actors playing a full role in the development of their community and their country on the basis of equality of rights and all freedoms. The effective participation of women in the development process is not limited to economic functions alone. It also assumes enjoyment of certain rights such as rights to health, education and well-being, those relating to civil and political rights and to individual freedoms.

4.2.6 The Position of Children

128. Following the World Summit for Children in 1990, which was co-chaired by Mali, a national action plan (NAP) 1992-2000 for the survival, development, and protection of children was drawn up and a number of sectoral projects and programs were implemented. Despite significant progress with the protection of children and the promotion of children's rights, many obstacles remain.

129. Generally, the limits of formal family and community education systems, and the lack of specific measures for children needing special protection, combined with the high incidence of poverty, have increased the vulnerability and marginalization of children as manifested in the increase in street children, child labor, and child victims of various forms of economic and sexual exploitation. Child beggars and the increasing incidence of juvenile crime are the results of a process for which poverty provides a fertile ground.

4.2.7 The Position of the Malian Family

130. Since 1997, the State has been implementing measures to consolidate the role of the family and preserve it as a framework for social harmony. Other than the sectoral measures intended to improve physical conditions, reform of family law should promote greater balance and equity within the family by reinforcing parental authority and the protection of children, under a policy promoting basic human rights.

131. Measures taken to date have been too weak to have any real effect on the family. Nowadays, the modern family is undergoing changes of a sociological, economic and legal nature. These include:

- erosion of the authority of the head of the family and of family elders in general;
- increased individualistic (as opposed to collective) behaviors of members of the same family;
- the institution of marriage being at risk;
- school becoming a substitute for parents who, increasingly, abandon their role in children's socialization process;
- structural adjustment programs contributing to a weakening of family unity, making the precarious state of the family more widespread;
- urbanization and rural exodus which play an important role in the destruction of families;
- the housing crisis and its impact on family equilibrium, a worsening marriage crisis and erosion of the position and current role of elderly people within families;
- the inadequacy of texts governing relations within the family unit and the outmoded nature of certain legal provisions of the marriage and tutelage act, which undermine solidarity that governs family relations.

4.3 Infrastructure

132. **Mali's transport infrastructure** is among the least developed in the world. It is generally inadequate and in poor condition. Isolation and difficulties in accessing basic social services and socio-economic infrastructure (markets in particular) have been identified as the major constraints in poor and extremely poor regions (in particular in the Timbuktu, Gao and Kidal regions, but also Kayes, see section 3.3). The lack of transport infrastructure considerably reduces the mobility of travelers and goods, and raises the prices of the goods transported. It should be remembered that the share of the transport costs in the total cost of transported goods is on the order of 27% to 30%.

133. The transport system is characterized by the predominance of road transport (more than 80% of supply of transportation services) although this is not the most economical. An analysis of the direct costs of transport shows a clear lack of economic optimization in combining modes of transport, since 80% of Mali's international trade in goods goes by road via Abidjan rather than by rail (which is between 30% and 60% cheaper) due to the disadvantages of rail (lack of coordination between the Mali and Senegal rail companies, complex customs and administrative procedures, and poor condition of the track and rolling stock causing additional costs due to delays, losses and deterioration of goods).

134. Mali lags far behind in the **telecommunications** sector compared with some countries in the sub-region. Telephone charges are still very high and the quality of telecommunications services

is poor. The main constraints in the sector relate to the dilapidation and inadequacy of the equipment.

135. In Mali there is only one **developed industrial zone** which is located in the District of Bamako. It is characterized by: (i) the poor state of the roads and of drainage and storm-water systems; (ii) the absence of systems for disposal of the industrial waste and sewage generated by the industrial units; and (iii) the existence of a shanty town close to the fuel depot and the absence of systematic planning. The industrial zone is overcrowded and unhealthy, and has no treatment plant for sewage and other solid or gaseous waste.

136. **The energy sector** is characterized by a lack of oil resources, under-exploitation of hydroelectric potential, progressive depletion of forestry resources, and low usage of new and renewable energy sources. Traditional energy sources (fire wood, coal, agricultural waste, etc.) account for 91% of energy consumption, and hydrocarbons for 8%. New and renewable energy sources (solar, biomass, palm oil, wind power) are under-developed due to the high cost of the necessary equipment. For the 77% of rural dwellers not situated along the grid of the electricity network, new and renewable energy sources represent tomorrow's energy source.

137. The total installed electrical power in Mali is 123 MW (in 1999) of which 100 MW is on the interconnected transmission network that is at saturation point. In 1999, due to lack of capacity, the *Energie du Mali* company (EDM) was moved to cut off the supply of energy, estimated at 46.5 GWh (an estimated loss of CFAF 23.26 billion). It is estimated that from 2004 onwards and despite the increased supply from the Manantali Dam, Mali will again reach saturation point if other sources of energy do not come on line. The country's hydroelectric potential on the order of 5000 GWh/annum has hardly begun to be tapped, and there are major possibilities for economically viable investments, but the development of this sector continues to be hampered by the high cost of: i) maintenance of energy equipment and facilities; ii) extending the distribution network; iii) hydroelectric projects; and iv) the acquisition of equipment for new and renewable energy sources.

4.4 The Productive Sector

4.4.1 The Primary Sector

Rural Development

138. Agriculture in Mali can be subdivided into two main zones. On the one hand there are zones characterized by a dominant commercial culture such as the irrigated zones of the *Office du Niger* for rice cultivation and the cotton growing zone in the south of the country.

139. Rice cultivation has been stimulated by the irrigation system of the *Office du Niger* (set up around 1930 and rehabilitated during the 1980s) and the introduction of new technologies that have permitted a tripling of rice yield from an average of 1,500 kg/ha in the 1970s to around 5,000 kg/ha in the 1990s.

140. Cotton is grown especially in the South of the country. The area under cotton cultivation as well as yields have experienced major increases over the last five years in response to the price increase induced by the 1994 devaluation. The 1999-2000 harvest was estimated at 500,000 tons of raw cotton, placing Mali in second position in Africa behind Egypt. However, the fall of the world price of cotton over the last two years has reduced profits from the harvests and the income

from the fields, causing financial difficulties for the parastatal cotton company, CMDT, and for the Government through tax revenues.

141. With falling prices and increasing input costs, crop diversification (out-of-season vegetables) is experiencing increased interest and is benefiting from the support of suppliers of technical inputs. Rice cultivation on *low-lying* lands, an activity largely dominated by women, has also gained in importance since the devaluation, while maize has become a cash crop for some farmers who grow it in rotation with cotton. In areas where cotton has been grown for decades and where the soil fertility has fallen, farmers are in the process of experimenting with other cash crops and other revenue-generating activities.

142. Dry-land farming predominates in the central part of country. In this area farmers mostly grow millet, sorghum and other small-scale crops, often in combination with livestock. Villages in general have difficulty obtaining credit and inputs unless they are supported by development projects.

Livestock

143. As regards livestock, Mali's national herd is estimated at 5.7 million cattle, 300,000 camels and 13.2 million goats. The system of livestock rearing varies according to region, with more nomadic practices in the arid north, and greater interaction between livestock and agriculture as one moves towards the southern high-rainfall areas. Livestock rearing through extensive practices remains a viable system, consisting of rearing animals for export, local meat consumption, and the use of young cattle as agricultural farm animals. Veterinary coverage is inadequate and has now been privatized; the animals remain exposed to epidemics which have caused heavy losses not only among both grazing animals and working cattle.

144. In recent years, greater attention has been paid to the promotion of mutually beneficial interactions between farmers and livestock breeders. At present a draft *Charter Pastorale* (grazing charter) is being examined by the National Assembly. This would clarify the rights and responsibilities of farmers and livestock breeders, and encourage negotiation of access rights between various groups of operators. The review of the land act presently under way may offer an opportunity to take account of the needs of migratory livestock breeders.

Trypanosomiasis

145. Trypanosomiasis is a parasitic illness of the blood, transmitted to man (sleeping sickness) and to animals (nagana, soumaya, etc.) by the tsetse fly. In herds it causes direct losses through morbidity, mortality, arrested growth, infertility and low work capacity of the animals. Such a situation accentuates the poverty of farmers and the already endemic protein and energy deficiencies. In Mali the area infested by the tsetse fly equals 220,000 km². The infested regions are: Sikasso (100 %), Kayes (76 %), Koulikoro (60 %), Ségou (40 %) and the District of Bamako.

146. The high incidence of trypanosomiasis urgently requires development of effective methods to fight this major constraint on development. In this connection the African Heads of State and Government, at the 36th summit of the OAU, passed a motion recommending eradication of the tsetse fly. They have made this objective a collective responsibility of African nations, while the Secretary General of the OAU was instructed to initiate and lead a pan-African campaign to eradicate the tsetse fly and trypanosomiasis.

Environment and Natural Resources

147. The deterioration of Mali's natural resources includes: i) lost fertility of croplands; ii) severe pressure on forests being cleared for agricultural purposes; iii) over-grazing; iv) extensive cutting down of trees as the core source of domestic energy and v) water and wind erosion of cropland. From the standpoint of environmental protection, a major threat is desertification caused by water and wind erosion, and depletion by unsuitable rural farming practices.

148. Good environmental management is an essential element for poverty reduction and improving human welfare. By adopting in 1998 the National Environmental Protection Policy – *Politique Nationale de Protection de l'Environnement* (PNPE) along with nine (9) National Action Plans (*Programmes d'Action Nationaux*) and associated measures, Mali has provided itself with a framework to guide the planning and effective and sustainable management of all environmental issues. The Government's desire to proceed with the implementation of this policy was reflected in the setting up in December 1998 of an Institutional Framework for dealing with environmental issues.

4.4.2 The Secondary Sector

149. Mali is a predominantly rural country with little industrialization. The economy is essentially based on three primary products: gold, cotton, and cattle. The Malian sub-soil harbors as yet untapped resources (bauxite, manganese, uranium and iron), but the capability to process important resources - such as limestone, marble, clay, phosphate, and so on, which could be used in construction materials - is virtually non-existent. The mining sector is characterized by significant mining reserves, an incentive-filled Mining Code, heavy national and international private sector involvement, and extensive involvement of women at the small-scale production level.

150. Mali's secondary sector consists of light industries. Heavy industry and modern technology are virtually non-existent. Industrial production is little diversified and inter-industry trade is very low. Labor is mostly low-skilled. Management skills are under-developed and unsuited to the new conditions imposed by the globalization of the economy. The absence of developed industrial zones limits the interest of the national and international private sector in industry.

151. Handicrafts occupy about a third of the workforce. Thanks to its great capacity to generate jobs with a minimum of capital, its dynamism and its flexibility which permit it to resist and adapt to economic shocks, and through the creative genius of its members, the handicraft sector is indispensable and cannot be overlooked when implementing an ambitious policy of development and poverty reduction.

4.4.3 The Tertiary Sector

152. During the last decade the Government of Mali has taken important steps toward liberalizing the economy and increasing production and international trade (virtually all non-tariff trade barriers have been removed, the specific tariffs on agricultural and wood products allowable under the Uruguay Round Agreement have been consolidated, and duties and taxes on the majority of exported products have been abolished).

153. Mali is also attaching the greatest importance to the integration of its economy with sub-regional groupings, namely WAEMU and ECOWAS. Since January 1, 2000, Mali has simplified

its import duty structure with application of the Common External Tariff (CET). This system has been accompanied by the introduction, domestically, of a value-added tax of 18%.

154. In order to better take advantage of the opportunities offered by globalization, Mali intends to implement a commercial strategy based on reducing economic handicaps and on developing the export sector.

4.4.4 Development of the Private Sector

155. Development of the private sector is a core component of any strategy for reducing poverty. Aware of this fact, the Government of Mali in 1993 adopted the Program of Support for the Private Sector - *Programme d'Appui au Secteur Privé* (PASP), the primary objective of which was to re-establish the market economy, making the private sector the essential motor of growth. In 1996, the Government held a round table on the private sector that permitted the articulation of general orientations for the sector's development.

156. Since then, the Government has undertaken a series of reforms aimed at: repositioning the role of the State and divesting it of production activities; modernization of institutions and transformation of economic structures; liberalization of markets; reform of commercial law and establishing the rule of law. The half-heartedness of the reforms carried out and the numerous constraints upon the sector have meant that the results achieved to date are very muted.

157. If the private sector has not met all the expectations of the Government, this is because it is faced with a number of constraints that relate in particular to an unfavorable socio-economic context, an unsuitable legal and institutional environment and insufficient skills for business development.

158. The socio-economic context is characterized by: (i) the narrowness of markets due to the low purchasing power of the population; (ii) the absence of a viable and effective financial system; (iii) a lack of physical infrastructure to support economic activity; (iv) low labor productivity due to a lack of skilled manpower; (v) the high cost of factors of production such as power, transport or telecommunications; (vi) climatic hazards, whose effects on the rural sector are felt throughout the rest of the economy; and (vii) the land-locked status of the country.

159. The regulatory and institutional environment is dominated by: (i) a judicial system that is characterized by loopholes and difficulties in applying the law; (ii) administrative delays and inadequate competition regulations; (iii) a tax burden that is inappropriate, unevenly shared and that does not provide sufficient incentives despite existence of the Investments Code and tax relief measures; and (iv) weak institutional support to private investment.

160. The insufficiency of business development skills is a result of: (i) the weakness of entrepreneurial spirits and willingness to take risks; (ii) a lack of instruction and training of actors in the sector; (iii) inaccessibility to modern information and communication technologies; and (iv) difficulties in obtaining credit.

PART TWO: THE STRATEGIC VISION FOR MALI

5 Strategic Vision and Foundations of the PRSP

161. The PRSP is based on the strategic orientations of the long-term vision for development of the Malian society over a generation contained in the Mali 2025: National Perspective Study (*Etude Prospective Mali 2025-ENP*) and the strategic components of the National Strategy for Poverty Reduction (*Stratégie Nationale de Lutte contre la Pauvreté – SNLP*) adopted by the Government in 1998. These strategic orientations and components were already included as primary development aims in the Interim PRSP prepared in 2000. Now that Mali has subscribed to the International Development Objectives adopted by the international community during the 1990s and those identified by the New Partnership for African Development (NEPAD) launched on October 23, 2001, the PRSP incorporates all these objectives, adapting them to Mali's situation (see Annex 3 for details of the objectives). The Government of Mali thus has a compact with its poorest and most vulnerable people on the one hand, and with the international community on the other. In this sense the objectives constitute a common framework of reference for the actions and programs supported by the external development partners within the context of a new and authentic partnership.

5.1 The ENP Mali 2025

5.1.1 The Mali 2025 vision

162. Since poverty reduction is a long-term initiative, it must be part of a long-term vision for Mali's society and its economy. This vision was formulated within the framework of the *Etude Nationale Prospective Mali 2025 (ENP)*, the results of which were adopted by the Government of Mali in December 2000. Mali Vision 2025 is a statement of the desired future for Malians and the economic and social development necessary to achieve it:

163. *“To combine wisdom, authenticity and dynamism in order to make Mali a prosperous, powerful and modern nation whose people will have been the masters of their own destiny in order to remain a people united in its rich diversity and with a common purpose, and having an unshakeable faith in its future”*, is the vision of Malian society for 2025 (see the ENP report).

164. This vision emanates from the structure of the “Mali system” that grew out of the structural analysis. The following are the characteristic elements of the system:

- culture** constitutes the core around which the system revolves and which binds it together, and on which action must be based;

- the core determining factors are of a **politico-institutional** nature;

- the majority of sectoral and socio-economic policies call for many pre-requisites from the system characterized by the core determining factors.

165. The vision for Mali in 2025 is self-determined. “It invites a proactive attitude that involves not just putting up with events but acting to make things happen”. It is formulated along the following lines:

- “A nation united upon a diversified and rehabilitated cultural base”;

“Political and institutional organization that ensures development and social harmony”;

“A strong, diversified and open economy”;

“Infrastructure and an improved environmental framework”;

“A certain level of social progress”.

5.1.2 Ambitions and Determining Factors Necessary for Achieving the Desired Future

166. For this vision to have a chance of becoming reality, Mali’s society and economy must voluntarily develop in the appropriate manner. Structural analysis of the Malian society and economy (carried out within the framework of the ENP) made possible the identification of determining factors and policy instruments that will help achieve these social and economic ambitions.

167. **The social and economic ambitions** include: an effective population, high quality human resources with job opportunities, expansion of agricultural production, and strong and sustainable economic growth.

168. **The determining factors** focus on the consolidation and strengthening of good governance, through:

a re-definition of the role of the State;

modernization of the administration;

strengthening of economic management capability (State, communities, private sector);

successful decentralization;

reinforcing Mali’s capability to better deal with the external determining factors (international institutions, aid, international markets, the effects of globalization of the economy) to ensure that these contribute towards achieving Mali’s ambitions instead of working against them;

increasing the negotiating capability of the State, and the ability of the national media to inform citizens fully and objectively.

169. **The major challenges** to be met are: realizing major investments, consistent town planning and urbanization policy; and the development of means of communication and trade between social groups.

170. **The major social challenges** have been identified as: raising the educational level of the people and improving their health status.

171. The prospective study will be made operational through successive versions of the PRSP which is designed as a medium-term planning framework.

5.2 Strategic Components of the National Strategy for Poverty Reduction (SNLP)

172. Since 1997 the Government of Mali affirmed its desire to make poverty reduction the first priority of Mali’s development program. This political goal was reflected in the elaboration by the Government, in July 1998, of the National Strategy for Poverty Reduction (*Stratégie Nationale de Lutte contre la Pauvreté – SNLP*), which was widely shared with the international community at the Geneva round table in September 1998. The SNLP, elaborated through a participatory

approach, was built around eight strategic pillars accompanied by a priority action plan for the period 1998-2002.

173. The strategic pillars are as follows:

- improving the ability of the economic, political, judicial, social and cultural environments to benefit the poor;
- promoting revenue-generating activities and self-employment for the poor;
- improving access by the poor to financial services and other factors of production;
- promoting development and improving the performance of the agro-business activities in product sectors in which the poor are concentrated;
- improving access of the poor to education and training;
- promoting access of the poor to basic healthcare, nutrition, water supply and sanitation;
- improving the living conditions of the poor;
- ensuring effective coordination of the strategy.

6 Objectives of the Poverty Reduction Strategy Paper

6.1 General Objectives

174. The final PRSP continues and builds upon the orientations and objectives of the Interim PRSP adopted by the Government of Mali in July 2000. In concrete and measurable terms, the Mali 2025 vision is reflected in the overall priority objective of reducing poverty to an incidence of 47.5% in 2006, or a one-third reduction in the current incidence of poverty (63.8%), by implementing the all policy measures programmed for the coming four years.

175. This general objective is based on a comprehensive and consistent strategy, whose essential elements are:

- Strong and sustainable growth to create wealth that is better distributed in favor of the poor;
- Economic and human development policies better oriented towards the expectations of the poor in terms of meeting employment and income needs and access to basic social services;
- Consolidation of democratic governance, with efforts to involve the population and civil society at all levels; strengthening the rule of law, and improving the quality of services provided by the public authorities;
- Implementation of specific action programs aimed at encouraging enterprises to provide better job opportunities and at increasing the incomes of the poorest people, or their protection from social risk.

176. No overall strategy can succeed without a favorable macro-economic framework that promotes growth. This is a necessary (but not sufficient) prerequisite for success in achieving the PRSP objectives. Strategies specifically aimed at reducing poverty must also be implemented to ensure that all levels of Malian society, especially the most disadvantaged, are involved in the growth process and share in its benefits. It is from this perspective that the macro-economic framework represents a prerequisite strategic pillar for any poverty reduction strategy in Mali, as it is essential to the successful implementation of the three priority strategic pillars identified as the driving forces behind achieving a shared growth 'targeted at the poor'. These three main intervention pillars that will be given preferential treatment within the context of the PRSP are:

institutional development and improved governance and participation (pillar 1), development of human resources and access to basic social services (pillar 2) and development of basic infrastructure and productive sectors (pillar 3).

177. The specific objectives corresponding to each of the priority intervention pillar and to the pre-requisite pillar of macro-economic management are presented below.

6.2 Specific Objectives

6.2.1 Pre-requisite Pillar: Macro-economic Objectives

178. The macro-economic objectives of the PRSP are as follows: a rate of growth of 6.7% a year over the period 2002-2006; an investment rate of 22.6%; an inflation rate of less than 3%; and a balance of payments deficit of less than 9% of GDP by 2006. The goal for public finances is to hold the overall deficit on government operations at a sustainable level while ensuring that the pressing needs of the priority sectors are met.

6.2.2 Pillar 1: Ensuring Institutional Development and Improved Governance and Participation

179. As regards *Governance*, the institutional objectives to be achieved are: (i) improving the performance of the public sector; (ii) consolidating the democratization and decentralization process already in progress; (iii) improving performance and credibility of the public service judicial system; (iv) strengthening capabilities of civil society; (v) promoting and ensuring conditions for greater participation of women in policy-making; and (vi) effectively combating corruption.

180. As regards *Culture-religion-harmony-security*, the objectives sought include: (i) ensuring better management of Mali's cultural and artistic heritage; (ii) popularizing the cultural concepts of harmony and human rights; (iii) creating craft villages within certain urban centers; (iv) supporting decentralized communities in terms of tourism management; (v) reinforcing operational capabilities of the security forces; (vi) intensifying the fight against the trafficking in children; and (vii) ensuring the peaceful coexistence of all religions.

6.2.3 Pillar 2: Developing Human Resources and Access to Basic Social Services

181. The specific objectives for *Education* include: (i) increasing the gross rate of formal education at the elementary level from 63% to 73% (from 49% to 59% for girls) by 2004 while at the same time reducing regional inequalities; and (ii) increasing literacy rates among adults from 42.5% to 50% (40% for women) over this same period.

182. As regards *Health, Drinking water and Sanitation* the specific objectives are:

to improve health status of the most disadvantaged segments of the population by: a reduction in neonatal, infant and child mortality rates by 15% between 2002 and 2006 (the target rates differ by region); a reduction in maternal mortality from 577 per 100,000 to 450 per 100,000 live births; a reduction in morbidity associated with the principal diseases and nutritional deficiencies affecting specific targeted groups; and improvement of hygiene and sanitary conditions at all levels, and specifically hospital hygiene; strengthening the monitoring and safeguarding of water quality, foodstuffs and medicines; and curtailing demographic growth by reducing the fertility rate;

protecting incomes of the poor and easing health care expenditures of the most disadvantaged groups by better management of healthcare costs, setting up mutual systems and all other forms of alternative financing of healthcare for the poor and improving the socio-economic status of poor households and especially women;

developing processes for greater participation of the population and for better partnerships with civil society and communities by: improving the representative nature and functioning of management committees, including the poor, representatives of remote localities, women and young people in the community health associations (ASACOs); improving the quality of participation in planning and local monitoring of activities and in the setting up of community health activities; regular renewal of ASACO management entities; and improving the literacy rate of the poor, particularly women;

satisfying the real needs for water supply and sanitation in rural and semi-urban areas.

183. Regarding *Employment creation*, the aim is to ensure it has a central role in the economic and development policy framework, since it is a major economic lever for reducing poverty, at the center of the concerns and accordingly: i) to encourage and facilitate private investment and growth of private enterprise; ii) to improve, through vocational and technical training, employment prospects of job seekers and labor productivity within corporations; and iii) to consolidate basic workers' rights and promote better social protection adapted to the Mali context.

184. The specific objectives for *Living conditions* include: i) strengthening the promotion of housing cooperatives and credit; ii) promoting the construction of affordable housing; iii) encouraging involvement and development of the private sector; iv) stimulating creation of mutual savings and credit societies for housing development; and v) encouraging highly labor-intensive works that promote job creation for the poor.

185. The general objective of the *Solidarity Policy* in Mali is to ensure societal cohesion by making solidarity the basis of all public, economic and social policy and a powerful weapon for poverty reduction. This goal would be achieved by pursuing the following:

Generalized social protection and, more specifically, protection of the most vulnerable and economically weak segments of the population from the risks of marginalization and exclusion;

strengthening the capabilities of vulnerable groups;

social reintegration and socio-economic promotion of handicapped people, who have been marginalized and are victims of exclusion;

prevention of and fight against all forms of marginalization and exclusion;

the fight against extreme poverty by providing opportunities for income, employment and various means of support to the most destitute;

the promotion of mechanisms based on solidarity (associations, mutual societies, cooperatives);

humanitarian aid to victims of disasters, catastrophes, violence, or conflicts of all kinds.

6.2.4 Pillar 3: Developing Basic Infrastructure and Productive Sectors

186. As regards *Basic infrastructure for development*, the specific objectives are: (i) improving the population's access to all forms of energy, in particular modern energies; (ii) ensuring rationalization in the use of existing energy sources; (iii) reinforcing the policy to develop rural

roads; and (iv) ensuring better access to telecommunication services, in particular in zones considered to be unprofitable by private sector operators.

187. Regarding *Rural development*, the Government aims to: i) pursue food security including increasing, diversifying, and fully exploiting agricultural, grazing, fishing and forestry production opportunities; and ii) improving productivity and environmental protection within the framework of sustainable management of natural resources.

188. As regards *Revenue-generating activities*, the objectives sought to include: (i) strengthening the technical and organizational skills of the population; (ii) providing training in the management of credit resources in order to ensure uninterrupted project operations through judicious and sound use of resources; (iii) improving access to information on financing opportunities; (iv) promoting development of decentralized industrial zones; (v) ensuring that craft villages are built; (vi) developing communications and road infrastructure between areas of production and areas of consumption; (vii) organizing “Information–Education–Communication” (IEC) campaigns; (viii) promoting both the creation and development of processing operations; (ix) promoting the use of suitable technologies in order to increase productivity and competitiveness of the production operations; and (x) supporting competitiveness and decentralization of industries.

PART THREE: STRATEGIC PILLARS AND PRIORITY ACTIONS FOR MALI

PRE-REQUISITE PILLAR: ACCELERATED AND RE-DISTRIBUTIVE GROWTH

7 Policies and Macro-Economic Framework

189. The Government attaches special importance to the structural reforms, which are essential for ensuring greater flexibility of the economy and diversification of production and exports. These reforms aim at:

- promoting strong and sustainable economic growth;
- reducing poverty, and raising the population's living standards in the long term;
- ensuring financial viability in the medium term.

190. The role of the Government must continue to be redirected toward core public sector functions while ensuring the promotion of the private sector through the creation of a permanent framework for dialogue and macro-economic stabilization. The Government will continue to monitor and improve market mechanisms, and will work to establish a sound and transparent judicial and regulatory environment, conducive to national and foreign private investment, as well as to increased investment in infrastructure and development of human resources.

7.1 Budgetary and Fiscal Policy

191. As regards public finances, the sustainable improvement in the government financial position will remain an essential component of fiscal policy. The objective is to keep the overall fiscal deficit at a sustainable level while ensuring that the pressing needs of priority sectors are met. Total expenditure and net lending will average 27.7% of GDP between 2002 and 2006. Of this, government investment expenditure will amount to 13.3% of GDP, while current expenditure to 12.3% due to the transfer of funds to the decentralized communities and social sectors as well as to the implementation of the new civil service wage policy². Such a level of total expenditure will require a rapid increase in domestic government resources. Hence, the Government will take fiscal measures aimed at:

1) Increasing the share of fiscal revenue in the budget by:

- broadening the tax base: the strategy will center on mobilizing the overall potential of the national economy (correct identification of and information on taxpayers and a sharp reduction in exemptions so as to better control tax evasion);

- improving the efficiency of tax administration by increasing the use of computer technology, revising tax legislation so as to tax economic activities when they occur, and strengthening the system of taxation at the source.

² The level of the wage bill will remain within the WAEMU norm at 25.4% of fiscal revenue.

2) Establishing a tax system that improves income distribution and savings mobilization: a single tax on income will be introduced, and fiscal and para-fiscal charges associated with employment will be reduced.

192. Implementation of these measures will ensure high tax revenue levels as well as achievement of the relevant WAEMU convergence criteria. Between 2002 and 2006 tax revenue should thus increase 12.3% a year on average. In addition during the same period, the Government will seek to increase domestic funding for investment to 29.9% of tax revenues a year, on average.

193. The basic fiscal balance, excluding HIPC, will gradually improve and become positive in 2004 and 2005 in accordance with the WAEMU convergence criteria. In 2006, however, the basic fiscal balance may deteriorate slightly, but overall budget indicators will improve (see Figure A-4 in Annex 4 on the evolution in public finance indicators).

7.2 External Debt

194. The level of external debt outstanding and debt service will improve over the forecast period through a strengthening of controls over new borrowings and the benefits of the HIPC initiative. Hence by 2006, the ratio of outstanding debt to GDP ratio will be 80.1 percent, and the ratio of debt service to exports will be about 9.6%. New loan commitments will be better managed, and to this end the debt strategy will favor credit sources that maximize the grant element.

7.3 Monetary Policy

195. Monetary policy will aim to increase the efficiency of the banking system by improving financial intermediation (see section 17.3.2). The strategy entails pursuing prudent monetary and credit policies that are compatible with the fixed exchange rate and the consolidation of the external position of the WAEMU.

196. Another objective of monetary policy is keep money supply growth from exceeding the growth of nominal GDP.

7.4 Macro-Economic Framework

197. The macro-economic framework for 2002-2006 incorporates an assessment of policies already implemented and reflects the orientations and quantitative objectives consistent with sustained economic growth and poverty reduction. It also takes account of three constraints: government financial viability, adherence to the WAEMU convergence criteria, and the need to keep the Malian economy competitive in an environment marked by a strengthening of African integration and by globalization of the world economy.

198. The main assumptions of the macro-economic framework (for the macro-economic framework, see Annex 4) are based on:

- the IMF's assumptions about the change in the international economic environment between 2002-2006 (in particular the prices of gold, cotton and oil);

- projections of production levels based on partial information for 2002, and taking account of recent developments and the implementation of sectoral policies;

projection of public finances taking into account the new measures taken (see above on tax reform, transfer of funds to decentralized communities and other social sectors, wage policy, the costs of PRSP programs) and the WAEMU convergence criteria.

199. The macro-economic scenario based on these assumptions, and taking into account the developments between 1994 and 2001 (see chapter 2), projects an average annual growth rate of 6.7% over the period 2002-2006. With the implementation of the priority PRSP actions, this should reduce the poverty incidence from 63.8% to 47.5% by 2006.

200. The framework was prepared on the basis of sectoral and social orientations consistent with the objectives for growth and poverty reduction. It reflects the impact of the new measures to be taken within the context of the PRSP. These measures include not only the better integration of sectoral and macro-economic policies, but also the emergence of synergies arising from the liberalization of the productive sectors, the policy of providing support to professional organizations and producers, the acceleration of program to establish economic and social programs for the decentralized community administrations, and the securing of funding for transport and basic infrastructure.

201. The macro-economic framework incorporates a stronger than initially anticipated recovery of the cotton sector, and a higher level of debt relief expected under the Enhanced HIPC Initiative based on information received from creditors. Finally, the framework reflects a broad consensus achieved through extensive dialogue among all the actors involved; this constitutes an important indicator of the commitment of the authorities and the people to implement all of the proposed new measures.

1ST PILLAR: ENSURING INSTITUTIONAL DEVELOPMENT, IMPROVED GOVERNANCE AND PARTICIPATION

202. The concept of good governance or democratic governance is generally perceived as the existence of a state of law in which: all the actors involved, including the State itself, are subject to the law; there is transparent management of public affairs; those in responsibility have a duty to account for their actions; and there is involvement of citizens in a civil society that is properly structured for formulating and implementing policies.

203. In this context the national prospective study Mali 2025 (ENP) which sets out the future desired by the majority of Malians in the form of a voluntary action plan, envisages the existence in Mali of a political and institutional organization that ensures development and social harmony, and that is characterized by a consensus-based democracy, successful decentralization, an efficient administration and an effective and credible judicial system.

204. Since the introduction of political pluralism in March 1991, Mali has been striving to establish local, national and regional institutions that are dynamic and credible and that are capable of providing democracy, harmony, security and justice as well as of promoting overall development of the country, with the aim of fighting poverty effectively. Despite the progress made, however, many constraints remain and much effort is still needed in order to consolidate the rule of law, combat corruption and promote harmony, security and social stability.

205. In order to achieve democratic governance and improve the institutional framework for Mali's future economic development, a certain number of strategic pillars and objectives were selected to be achieved through priority actions to be implemented. The objectives to be achieved are:

- to improve the performance of the public sector;
- to consolidate the processes of democratization and decentralization that are in progress;
- to strengthen the capabilities of the civil society;
- to effectively combat corruption;
- to improve the performance and credibility of the judicial public service;
- to ensure rights, harmony and security within a Malian cultural context.

8 Improving Public Sector Performance

8.1 Improving the Performance of the Public Administration

206. In the context of improving the performance of the public administration, the Government intends to continue the process of refocusing the role of State around its essential public service duties while allowing other development entities (regional communities, civil society, women, private sector, etc.) to take on greater responsibility, relying particularly on the decentralization and privatization policies currently under implementation in the country.

207. To this end, an Action Plan for reform of the civil service has been formulated and adopted: this comes under the framework of the Solidarity Pact for Growth and Development (see Box 2).

Reform actions are grouped around two themes, namely, the institutional framework and the management of human resources.

208. As regards strengthening of the institutional framework, the envisaged strategic actions relate mainly to:

- the definition of the mission and role of the State for the range of public services, with a view to more opportunities and responsibility to other development entities (regional communities, civil society and the private sector).

- the restructuring and strengthening of the public administrations along the lines suggested in the organizational audit of November 2001.

- the identification and transfer to the private sector of those activities lacking justification for being in the public sector. This point continues the program of privatizing public corporations (electricity, water, telecommunications), the banking sector, and the cotton sector.

- the organization and effective transfer to local communities of the functions and responsibilities to them by law and the elaboration and implementation of a consistent and rational policy of devolution of the State structures to regional and local levels, not only in order to ensure support to the decentralization process, but also to strengthen the management of devolved structures. This will permit more effective management of public resources (see also section 9.2).

209. The strengthening of human resource management will be achieved through an improved wage policy and improvement of the civil service worker conditions by:

- harmonizing the civil service pay scale except that of judges, the armed forces and higher education staff, by adopting a single pay scale for all civil service workers;

- raising civil service salaries within the bounds of the WAEMU convergence criteria and setting up a proper social security scheme for staff along with the introduction of an incentive system that is efficiency- and merit-based;

- implementing a recruitment policy oriented toward strengthening the human resources skill base especially in the priority social sectors (education, health, social services, etc.) and in disadvantaged areas;

- defining and implementing a good training and development program for civil servants and formulating career plans for all staff categories (this relates in particular to the implementation of the three-year training plan prepared under the Capacity Building Program (*Programme de Renforcement des Capacités – PRECAGED*));

- strengthening the units charged with managing economic development activities (notably, the Planning Department, Statistics and Information Technology Department, Sector Planning and Statistics Units, etc.);

- revising the method of calculating pension benefits, and introducing monthly payment of those benefits.

8.2 Strengthening National Development Planning and Management Capabilities

210. A recognition of the urgent need for reflection on development planning and management structures and their role in strengthening development policymaking, induced the organization of

the national seminar on renewal of planning approach in Mali (January 2001). The diagnosis undertaken indicates that the national system of development planning and management has many weaknesses, which are evident at three levels, namely at the human resources level, at the institutional level, and at the methodology and technical level. The seminar recommended the setting up of a new system of development planning and management which should take into account the double dimensions of time (the link between the short-, medium- and long-terms) and space (regional development, links between the global and sectoral approaches, on the one hand, and development at the local and regional level, on the other).

211. The new approach to planning must moreover be indicative rather than prescriptive, and be based on the redefinition of the role of the various development actors (Government, *Collectivités Territoriales*, Private sector, Civil society) (see sections 8.1 and 9.2) in which the private sector is accorded the key source of production of goods and services. The planning approach must be based on dialogue, consultation and involvement of all the development actors. It must place development management within a long-term perspective.

212. The PRSP process represents a good beginning to this new planning approach. The overall objective is therefore to consolidate this process by contributing to the improvement of development management by restoring and strengthening national planning and development management capabilities with a view to enable the structures concerned to provide sound formulation of development policies and effective monitoring and evaluation.

213. The strategy will consist of:

- special measures to strengthen the human resources capacity of the structures involved;

- formalizing the process to restructure the planning and development management system by validating and implementing the restructuring proposals;

- ensuring implementation of the training program to enable an increase in quality of human resource capabilities (see also section 8.1 above);

- validating and implementing the master plan for development of Mali's national statistics system (see also section 19.4 below);

- finalizing and making operational the systems that would enable the consideration of the spatial dimension of development, such as the Draft national land development diagram (*Esquisse du schéma national d'aménagement du territoire – ESAT*), Preliminary regional planning and development scheme (*Avant-projets de schémas régionaux d'aménagement et de développement – ASPRAD*), Pilot planning and development schemes for local areas (*Schémas d'aménagement et de développement des cercles test – SADC*), Methodology for elaborating local development schemes plans (*Guide méthodologique pour l'élaboration des schémas et plans de développement local*).

8.3 Improving Public Expenditure Management

214. Strengthening public sector performance also involves the improvement of public expenditure management. To this end, the Government has decided to establish an Action Plan to improve governance and transparency of public finances. The objective is to progressively move to performance-based public expenditure management, thereby achieving efficiency of public expenditures.

215. The main orientations and actions recommended within the framework of budgetary preparation and planning entail:

- continuing the efforts to establish a medium-term expenditure framework (MTEF) at the sectoral level, starting with the priority Ministries of Health and Education. The process of preparing the overarching MTEF has been started as part of the PRSP process and has permitted the definition of a coherent budgetary framework that takes account of resource constraints and macro-economic stability;

- preparing and implementing a new budget and accounting nomenclature for the local communities that is harmonized with the operational and accounting nomenclature of the national budget.

- integrating foreign aid in resource management processes(see section 8.4).

216. With regard to strengthening budget execution, the recommended actions entail:

- preparation of a public expenditure procedural manual;

- designing an integrated information system that links together the participants in the expenditure chain, that is, the budget, the treasury and financial control functions;

- strengthening the system of monitoring public investment programs.

217. A strengthening of budgetary controls will be achieved through emphasis on actions relating to the pre- and post-audit authorities (see section 10.1).

218. Within the context of strengthening public finance management capabilities, the Government of Mali has adhered to the best practices under the Code for transparency in monetary and financial policy (RONC) and Country Financial Accountability Assessment (CFAA) developed by the IMF and the World Bank, respectively.

219. In order to ensure transparency in the management of public finances, the Government intends to establish mechanisms for presenting and distributing budgetary information and mechanisms to encourage consultation and involvement in the budgetary process.

220. Finally, it should be noted that the strengthening of public expenditure management is closely linked to the PRSP monitoring and evaluation system, which is presented in more detail in section 19.4 below.

8.4 Coordination, Effectiveness of Foreign Aid and Poverty Reduction

221. The profound socio-economic change that has characterized the Malian institutional environment in recent years is in principle favorable to an increase in aid flows to Mali. With access to funds being subject, in general, to a certain number of administrative and technical preconditions that may be the cause of delays and other bureaucratic hurdles, it is necessary to relax these preconditions along with the procedures of the donors. This does not obviate the need to strengthen national capabilities to enable better utilization of the funds thereby released.

222. This demonstrates the need, among others, to reform foreign aid, to refocus it on poverty reduction and to incorporate it in economic policy. In fact, practical measures are necessary in order to inject some dynamism into the mobilization of external funds, and to improve their efficiency and their absorption by the national economy. The required measures would include:

- harmonizing and simplifying procedures (for mobilization of funds, procurement, disbursement of funds obtained) of the external development partners and the Malian State. To this end, it

is desirable to continue and extend the harmonization experiences already underway, in particular with the PRODESS, PRODEC, PRODEJ, and the process of decentralization (ANICT) and of the Review / Reform of the International Aid System to Mali;

strengthening national capabilities in planning, management and monitoring/evaluation of development projects and programs (see sections 8.2 and 20.3);

raising awareness among external development partners of the relevance of integrating their aid in Mali's state budget process and to direct their programs towards activities in the PRSP;

negotiating and favoring resource mobilization in the form of grants and loans under highly concessionary terms to finance poverty reduction projects / programs;

drawing up and implementing a genuinely sound and consistent policy for external debt that is based on the principles of the economic and financial viability of projects and programs submitted to the external development partners.

223. In summary, it is a case here – as suggested by the latest World Bank 'World Development Report 2001/2002', entitled: Combating poverty – for Mali and its external development partners, of *“taking measures to supplement the national and local initiatives in order that the poor draw as much benefit as possible from these throughout the world”* (Cover, page 2).

9 Consolidation of the Democratic, Participatory and Decentralization process

9.1 The Democratization Process

224. Despite its strengths and potential, the Malian democratic process is still fragile due to a weak democratic culture and sense of citizenship, weak public spiritedness and the pursuit of special favors. The fragmentation of civil society and its failure to provide a counter-balance to the established authority are also manifestations of the democratic gap.

225. The consolidation of the democratic process assumes the formulation and implementation of a program of civic education and communication, capacity building among members of the press and civil society through training (see also section 9.3) and the provision of appropriate resources. It will be necessary, moreover, to strengthen capabilities of national/local institutions and political actors, and to enforce financing regulations applicable to political parties.

9.2 Decentralization / Devolution

226. The new process of decentralization and devolution that has begun supports consolidation of the processes of democratization. However, despite the strengths, it is necessary to consolidate the ongoing process to permit it to have a direct impact on people's daily lives and thereby to maintain the enthusiasm for the process. To this end, the Government has adopted an Action plan for consolidation of decentralization in order to accelerate the transfer of resources and skills, coordinate and harmonize existing support programs, and strengthen the capabilities of the grassroots local communities in the mobilization of resources and the development of partnerships, while relying on the creation of tools for local management and development.

227. This Action plan revolves around the following five components:

strengthening local capabilities through, on the one hand, training adapted to the specific needs and concerns of the elected representatives and staff of the communities, which will permit them to have effective teams; and on the other hand, specific IEC programs aimed at the population to improve local citizenship and the foundations for democracy;

improving financing capability for local communities through specific support: the system of financing via the intermediary - the National Agency for Investment of Local Communities (*Agence Nationale pour l'Investissement des Collectivités Territoriales* - ANICT) will be strengthened through two major orientations: (i) special support to aid the poorest communes to prepare their development plans; (ii) additional support to introduce communes to technical innovations and elements of social protection;

the transfer of skills and corresponding funding in order to ensure sustainability and quality of local services;

capacity building of staff of the local communities in the context of devolution through use of national-level counterpart staff in on the one hand, and through inter-community organizations such as the Association of municipalities of Mali, on the other.

awareness-raising, training and support of local communities in order that they may play a significant part in the fight against poverty, in particular through micro-projects and promoting the local community-based economy as well as wider economic activities.

9.3 Strengthening Civil Society Capabilities

228. A complement to strengthening the democracy and decentralization is the effective involvement of civil society in the formulation, implementation and monitoring of development policies in order for it to become over time a credible partner with the State, and to constitute a counter-power to the established authority able to influence decisions in a constructive manner at national and local levels. The process that has been started under the PRSP framework has, in the first instance, permitted civil society involvement in the process of defining the pillars and priorities of the strategy (see also section 1.2 on the PRSP participatory process).

229. However, in order to further promote civil society involvement in the formulation and implementation of development and poverty reduction policies, the Government, in relation to the various components, intends to establish a wide program for capability building of the civil society as an essential component of the PRSP.

230. Much reflection on this program has already been undertaken and the major orientations relate to:

the training of actors of the civil society in order to strengthen their technical skills and managerial capability;

greater organization of civil society institutions in order to strengthen their representative nature;

sharing of information and experiences between member organizations;

and the establishment of frameworks for dialogue at the national level and the strengthening of the sectoral frameworks at the local and regional levels.

10 The Fight Against Corruption

10.1 The Anti-corruption Strategy

231. The fight against corruption forms part of the various ongoing activities aimed at raising the morality in public life as relates to the political and economic dimensions. It has been undertaken over a number of years and in various guises in Mali with mixed results. The phenomenon has diminished as a result of the measures taken (see also section 4.1.3) but the file is still open and there is an enormous amount of work remaining to be done.

232. To this end, the priority actions provided for within the framework of the fight against corruption are:

- the strengthening of the pre- and post-audit authorities: drawing on the lessons from the experience of the Government Audit Office and the initial attempts to fight corruption and financial irregularity, the Government has begun institutional reform of the government audit departments based on efficiency of operations and making all the managers of public resources accountable. Once this reform is complete the Government Audit Office will become the General Audit Office of Public Services and from then on will be under the Prime Minister's Office and the Ministerial inspection functions will be restructured. The emphasis is on the professionalism and accountability of actors. Similarly, the Accounts Section of the Supreme Court will be provided with additional human resources (the appointment of six judges).

- the encouragement and promotion of investigative journalism.

- the punishment of those guilty of corruption, with monitoring of the number of administrative sanctions to this end.

- the support for the regular production and publication of detailed public expenditure accounts.

- annual certification of public expenditure accounts.

- definition and implementation of mechanisms to motivate the public and private actors.

233. In parallel, civil society, which is progressively consolidating its role, is mobilizing and organizing itself in order to improve its contribution to the efforts to crack down on and prevent corruption in order to diminish this phenomenon. The following anti-corruption associations are now operating: Transparency Mali, National anti-corruption monitoring agency, Network of Malian Journalists against Corruption, etc.

234. The external development partners also need to be involved in the implementation of such a mission in all its various aspects.

10.2 Strengthening the Capabilities and Credibility of the Judicial System

235. Also falling within the framework of anti-corruption and the promotion of good governance is the strengthening of capabilities and credibility of the judicial system. In this respect, the Government has set itself the priority objectives of: (i) improving accessibility to, and the quality of, justice and bringing it closer to those subject to its jurisdiction; (ii) strengthening and ensuring the independence of the judicial system; (iii) adapting the legislation and regulations to the current socio-cultural and economic environment; and finally (iv) providing the justice departments with adequate resources in terms of personnel and modern equipment.

236. With a view to making these strategic objectives operational, an action plan aimed at launching the implementation of the Judicial System Reform Program (*Programme de réforme de la justice –PRODEJ*) has just been drawn up and consists of the following actions:

human resources development, namely updating the needs of the justice departments and recruitment of personnel;

training activities: the formulation and implementation of training plans for the judicial actors, strengthening of the capabilities of the National Legal Training Institute (*Institut National de Formation Judiciaire*).

activities relating to documentation: awarding of jurisdiction over documentation systems, *Centre national de Documentation Juridique et Judiciaire* (National Center for Legal and Judicial Documentation) project;

activities relating to legislation and individual freedoms;

combating corruption: strengthening the control structures (Inspections of the justice departments, Prosecution chambers, General prosecutors), the National anti-corruption monitoring agency project;

IEC activities aimed at the population, with support for establishing a network of specialist journalists and for establishing Legal aid centers (*Centres d'Accès au Droit – CAD*);

financing of the priority infrastructure to be built or rehabilitated: law courts, and staff accommodation in outlying regions;

financing of the priority equipment of the jurisdictions and core operations.

11 Culture, Religion, Harmony and Security

237. In order to make the most of the potentials of Culture – Religion – Harmony and Security, the Government has set itself the objective of promoting cultural and religious values and creating a climate of harmony and security. To this end, the following priority actions have been retained:

Ensuring greater increase in value and better management of the cultural and artistic heritage, and encouraging creativity by: (i) better exploitation of the social and cultural wealth of the country; (ii) strengthening the creativity of craftsmen and artists through training workshops; (iii) development of cultural events; and (iv) development of cultural tourism;

Promoting a culture of harmony by strengthening dialogue within and between communities, and a culture of social cohesion of the country, by: (i) introducing the culture of harmony in training programs; (ii) making better use of traditional mechanisms for prevention, management and resolution of conflicts; and (iii) raising awareness among young people of the traditional values of tolerance and helping one another;

Preserving the secularism of the State and consolidating inter- and intra-denominational tolerance;

Ensuring free movement of people and goods throughout the nation. This will involve in particular: (i) reducing crime and strengthening security of people and property; (ii) increasing the manpower of security and civil protection forces; (iii) providing the security agencies with additional and adequate logistical facilities to permit them to perform their duties properly; (iv) strengthening the training of agents in the security forces; (v) setting up and manning security posts at the majority of Communes and redeploying some of the existing manpower; (vi) developing IEC activities; (iv) strengthening the fight against the

proliferation of small arms and cross-border crime; and (viii) intensifying the fight against the trafficking of children.

2ND PILLAR: SUSTAINABLE HUMAN DEVELOPMENT AND STRENGTHENING OF ACCESS TO BASIC SOCIAL SERVICES

238. Human resource development and access to basic social services represent the second major long-term strategic objective for Mali. A sustainable improvement in the living standards and well-being of the Malian people, including the most poor, involves special effort to strengthen human resources and promote universal access to basic social services. These two action areas – human resource development and access to basic social services – are identified in the Vision 2025 as the fundamental social challenges on which voluntary action can and must be taken in order to achieve the objective of accelerated growth and poverty reduction.

239. Progress towards achieving this objective requires the implementation of strategies and priority actions not only in the essential and priority fields of health (including population and nutrition) and education, but also in the complementary field of living standards (including living conditions, water and sanitation) and in the cross-cutting fields of employment, social protection and gender

12 Strengthening Health, Nutrition and Population Services

240. A ten-year program for health and social development (PRODESS) has been in progress since March 1999 through a health sector investment project for the initial five-year period. The project uncovers the weaknesses identified in the health policy implemented in the 1990s. The PRODESS includes numerous actions aimed at extending healthcare coverage, improving quality of health services, reducing mortality and morbidity associated with the priority illnesses, improving the human resources, strengthening the administration, and ensuring equitable and sustainable financing of the health system.

241. However, the most recent results highlight an inadequacy in the execution of certain programs, which would need to be revised to effectively address the poverty reduction objective.

12.1 The New Orientations of Health Policy

242. In order to take account of the essential healthcare needs of the poor and/or destitute population (see sections 3.4 and 4.2.1), new approaches have been identified, namely:

Adapting the strategy of improving the health indicators to the specific circumstances of each regions as relates to poverty and health status. In zone 1 (Mopti, Sikasso, Ségou, Koulikoro), the high mortality and morbidity indicators relative to other zones call for improving healthcare quality and promoting the use of existing services. In zone 2 (Kayes, Timbuktu, Gao and Kidal), the population has significantly less access to essential services and efforts will center on reinforcing the activities of mobile health teams. In zone 3 (urban: Bamako), more multi-sectoral approaches suited to the poorest quarters are needed, including in particular, the fight against malnutrition and active prevention of HIV/AIDS.

Strengthening the IEC strategies, prevention activities, and multi-sectoral, decentralized and participative approaches targeted specifically at the poor. In particular, it is possible to highlight: the development of the “one area, one NGO” initiative, the professionalization of the National Center of Information, Education and Communication on Health Issues

(CНИЕCS); the promotion of the contract-based approach (performance contracts with the local communities, communes, the NGOs and state structures); support for innovative initiatives for alternative financing, solidarity and social protection; and the setting up of mechanisms ensuring the effective participation of target groups (women, young people, the handicapped) in health promotion.

Strengthening: a) the fight against infant and maternal illnesses, and against malaria and tuberculosis; b) preventive measures against HIV/AIDS and opportunistic diseases by targeting the most exposed groups of the population; and c) the prevention of avoidable illnesses by vaccination.

Revising the national population policy and improving the consideration of population issues in sectoral policies (see also section 12.3);

Supporting the fight against malnutrition. This will involve, among others, promoting the implementation of a multi-sectoral national policy, improving the conditions of women and children, and reducing the prevalence of global malnutrition and micronutrient deficiencies (iodine and iron) in peri-urban, rural, arid and semi-arid areas.

Modifying the allocation and management of the human and financial resources of the health sector.

243. The results will be as follows: an absolute and relative increase in public expenditure on health; an increase in the public subsidy to disadvantaged regions and groups, to non-viable Community Health Centers (CSCOMs), and to staff working in difficult areas; development of systems for financing essential health services for the poor; and decentralization of management.

12.2 “HIV/AIDS and Development”

244. The results of the study carried out in 2000 by the ISBS/CDC and PSI show that the people considered to be especially vulnerable to HIV/AIDS are: migrants, truck drivers and their apprentices, traveling salesmen, servicemen, prostitutes, young people whether in or out of school, women of child-bearing age, and the prison population. The risk factors are: mobility (domestic and international travel), economic insecurity, prostitution networks and the weakness of the ethical and legal framework.

245. The country’s precarious economic situation and continuing poor healthcare coverage constrain the reduction of the impacts of the epidemic. However, the PRODESS has provided for a substantial improvement in healthcare coverage with the creation of Advice and Counseling Healthcare Centers (*Centres de Soins d’Animation et de Conseil – CESAC*) in two regions to deal with people infected with or affected by HIV/AIDS.

246. The anti-AIDS program is supported by political commitment at the highest and broadest levels within the Institutions of the Republic and the Malian civil society: it is coordinated politically by the President’s Office and technically by the Ministry of Health which oversees the program. The program’s aim is to: prevent transmission within the population in general with particular emphasis on the most vulnerable groups and on the transmission from mother to child; improve the quality of life of people living with HIV and alleviate the stress and impact on the community and on affected families; reduce the impact on health services; and set up an ethical and legal environment that promotes respect for individual freedoms..

247. Consistent with the objectives and in accordance with government policy, the strategic components below have been selected for implementation of the National Strategic Plan 2002-2006 relating to the national anti-AIDS program:

- decentralization of the program's management structures and entities, and development of the local responses and of partnerships with grassroots implementing entities;
- systematic inclusion of sexually-transmitted diseases (STDs) in all community and district health centers (CSCOMs and CSARs, respectively) according to the symptomatic approach defined in the strategic plan for the fight against STDs;
- widening the national response to sectors other than health by means of an integrated multi-sectoral approach;
- taking account of the HIV/AIDS epidemic and its impact at places of work;
- continuation of strategies that have proved effective: information, education and communication of the population in general, promotion of condom use through advertising, concentration on the most vulnerable groups of the population in order to bring about a change in risky sexual practices;
- control of the HIV transmission through blood in the healthcare system;
- promotion of advice and voluntary screening;
- increased access to anti-retrovirals;
- improvement in the health information system for HIV/AIDS and STDs.

12.3 Population Strategy

248. The population issue in Mali is characterized by three major facts:

- the size of the poor population which, at 64%, is nearly two thirds of the total population;
- the existence of numerous inequalities in access to basic services, access to jobs and to income, access to the factors of development (credit, training, services) and so on, with disparities between the rural and urban areas, between the sexes, between age groups, and within and between religions;
- a rapid demographic growth (a natural growth rate of approximately 3% a year) which increases needs, moderated by high levels of emigration (for a net population growth rate of 2.4%) particularly of the adult population, with the consequence of increasing the share of the young population (46% of the population is less than 15 years of age).

249. The poverty reduction involves on the one hand a reduction in all these factors of economic and social distortion and, on the other, a search for a balance between demographic dynamic and economic and social development.

250. These requirements call for more extensive incorporation of demographic issues in the strategy and actions of the PRSP. This has been achieved for health and education programs and in the approach to employment and social protection issues. However, there is still progress to be made during the PRSP implementation, which should center on:

- improving the consideration of population issues in the sector development strategies;
- reducing the inequalities that characterize the social fabric, in particular the respect for gender or attention issues faced by young people;

preparation, through strategic analyses and considerations, for the further progress required on targeting action towards social groups and regions (or sub-regions) where poverty phenomena dominate;

better intra- and inter-sectoral coordination in the implementation of programs and actions that are of a demographic nature or have demographic connotations;

more generally, a revision and updating of the national population policy in the light of the recent developments in economic and social issues and strategies.

12.4 Results Sought

251. The health strategy action plan covers the initial three-year period 2002-2004 of the PRSP and aims to have the following impact-oriented results:

key indicator: a lower child mortality rate at the national level from 258 to 180 per thousand, and a reduction in the disparities between regions (zone 1: from 325 to 276; zone 2: from 237 to 202; zone 3: from 149 to 127);

Other indicators: infant mortality rate (from 123 to 60 at the national level), neonatal mortality rate (from 68 to 58), maternal mortality rate (from 577 to 450), synthetic measure of fertility (from 6.7 to 5.8), rate of chronic malnutrition of children under 5 years of age (from 24.5% to 18%), reduction in the prevalence of HIV/AIDS (less than 2%).

13 Strengthening Education and Literacy Programs

252. Significant and sustainable poverty reduction cannot be achieved without improving education, training and literacy. A positive correlation is evident between education, economic growth and poverty reduction through, in particular, improvements in productivity and income redistribution. The eradication of poverty through education necessarily occurs through the achievement of a certain number of objectives such as: equality of opportunity of access to education; to literacy by the non-formally-educated population; and to the redistribution between the various socio-professional categories of the country. This involves the implementation of a strategy consisting on the one hand of increasing access of the poor to education and training, and on the other hand of improving the quality and relevance of instruction and learning in order to increase the chances that recipients will make the most of opportunities that come their way.

253. The reforms targeted by the Ten-year education development program (*Programme décennal pour le développement de l'éducation – PRODEC*) are centered around the link between school and community. This relatively simple concept was used as an analytical tool for developing the potential components of the education sector investment project (*Programme d'investissement du secteur éducation – PISE*) corresponding to the first five-year period of the ten-year program. The basic objective comprises: “a village, a school and/or a CED”, and the decision to use maternal languages in the education system, to decentralize the management of the system, to develop a genuine system of school maintenance, and to move as swiftly as possible towards universal formal education..

13.1 Strategic Orientations

254. Overall, the PRSP/education strategy consists of implementing the main components of the PISE and incorporating actions that are most favorable to education and training of the poor and disadvantaged groups:

Improvement of access and of formal education: reducing the number of villages without a school and emphasizing as a priority the most destitute and/or disadvantaged areas, raising the awareness of parents about formal education of their children (in particular daughters), introducing incentives (school stationery and canteens), increasing the number of Development Education Centers (*Centres d'Education pour le Développement – CED*) and Literacy Centers (*Centres d'Alphabétisation – CAF*).

Improving education quality: development of a curriculum and teaching methods adapted to local circumstances, implementing a framework encouraging initial and continuing education, recruitment and management of teaching staff, increasing the amount of class time and reducing class sizes, increasing the availability of teaching materials, improving the quality of training in Koranic centers and creating boarding facilities for social dislocated children.

Implementing cross-cutting measures: developing an education/gender policy and increasing involvement of women in education system management, promotion of health measures in the schools, and support to the private sector.

Changing the allocation and management of the human and financial resources of the education sector: absolute and relative increase in primary education expenditures, increase in subsidies to disadvantaged regions and groups and to staff in difficult regions, and decentralization of management.

13.2 Anticipated Results

255. The action plan covers the PRSP's first three-year period 2002-2004 and aims to achieve the following results in access to education, quality of teaching and management:

- increase in the gross primary enrollment rate from 63% to 73% (from 49% to 59% for girls) with a reduction in regional inequalities;
- increase in the literacy rate from 42.5% to 50%, with 40% for women;
- existence of secondary and technical education intake capacity in each region of the country with an overall objective of 890,000 pupils (32% at least of pupils admitted to the DEF being oriented towards technical education);
- increase in the pre-school enrollment rate from 3.3% to 5%, and in the special education enrollment rate from 1.3% to 2.5%;
- as regards quality of education , quantitative targets have been set for the ratio of books per pupil, the repetition rates at all levels, the share for education expenditure in the national budget, etc.;
- as regards devolved and decentralized management, quantified input targets have been identified (in particular concerning the preparation and implementation of decentralized development plans in at least 7 regions, and the provision of human and financial resources in the devolved structures).

14 The Fight Against Poverty: Improvements in Living Standards

256. Living standards are an essential element in improving human welfare. In Mali, rural and urban areas are subject to various kinds of pollution that affect the population's health and the quality of life, particularly of the poorest people and women and children who are the most

vulnerable group. It should be recalled that out of concern to prevent environmental degradation and a fall in living standards through environmental development projects, a Decree was passed in 1999 that introduced procedures for environmental impact studies. The priority strategic areas for improving living standards are water supply and sanitation, housing, and pollution and nuisances.

14.1 Water Supply and Sanitation

257. Despite the definite progress made to increase access to water supply and sanitation (see section 3.6), a considerable need remains to be met. For a long time the institutional framework has limited the ability to respond to these needs as much as the financial constraints. That is why the Government established a National Pollution and Nuisance Control Office (*Direction Nationale de l'Assainissement et du Contrôle des Pollutions et des Nuisances*) in 1998, and adopted a strategy in 2000 for development of water supply and sanitation facilities (*l'alimentation en eau potable et de l'assainissement* – AEPA). A legislative and regulatory framework adapted to the context of decentralization and governing the water sector (a Water Code, or *Code de l'eau*) is to be put in place..

258. The objectives of the strategy are to better meet the real needs for water supply and sanitation in both quantitative and qualitative terms, by involving the communities and water users, encouraging the private sector to invest more in this activity, and creating a judicial and fiscal framework likely to improve management of the sector, by making the process of skills transfer from the State to the communes more effective and strengthening the structures concerned. The sanitation initiatives at village level will be accompanied by significant personal, family and group hygiene education initiatives. In the urban centers connected to a water supply system, public facilities will be promoted and the entire waste management system will be strengthened.

259. Within the context of the PRSP, the Government intends to increase access to drinking water, and to develop the major planks of the SNLP that were aimed at reducing disparities in access to water supply and sanitation for underserved villages . The priority actions for sanitation in urban and peri-urban areas will be as follows: strengthening IEC activities, developing sanitation infrastructure in the disadvantaged neighborhoods, reducing the risks of flooding, improving the environmental information system, strengthening the institutional capabilities, and developing sanitation plans for the towns.

260. The construction of infrastructure will provide the opportunity for the emergence of a private sector, which will create jobs and/or high labor-intensive work and for the development of activity around water points, while emphasis will be given to communities and the users to take responsibility for maintenance works and organization of management. The water and sanitation policy will be linked in a coherent manner with other PRSP policies, namely health, education, food and nutrition security, rural development and environmental protection, and revenue-generating activities..

14.2 Living Conditions

261. In order to improve access of low income people to decent housing and to find solutions to the identified constraints, the Government has put in place a urbanization and housing policy comprising the following objectives: i) increased use of local techniques in housing construction; ii) increase in the number of (low-cost) housing units accessible to the poor; iii) improvement in

the sanitation conditions in unhealthy neighborhoods; iv) facilitation of access to housing loans for the poor; v) rehabilitation of shanty town; and iv) elaboration of Urbanization and Town Planning Plans (*Schémas Directeurs d'Aménagement et d'Urbanisme – SDAU*).

262. In order to achieve these objectives, the Government intends to rely on the following strategies: i) promotion of building techniques using sustainable local materials in disadvantaged areas; ii) development of a local industry producing construction materials ; iii) diversification of the mechanisms and sources of housing finance; iv) injecting dynamism into land and property market in order to permit the widest possible access to land and housing; and v) support for property companies, with a view to promoting social housing.

14.3 Pollution and Nuisances

263. In order to reduce unhealthy conditions and various forms of pollution, and their consequences for human health and on the biophysical environment, the action plan will aim at (i) developing efficient and sustainable systems for the collection and processing of urban waste and the setting up of temporary and permanent dumping sites; (ii) making more widespread use of individual liquid waste treatment installations; (iii) reducing carbon dioxide and lead emissions associated with transportation, with the dual aim of reducing health impacts and greenhouse effects; (iv) promoting, for handcraft activities, bulk approaches to processing and/or disposal of waste, and the use of noxious products; (v) for industrial activities, promoting sanitary production and technological control of refuse and waste, specifically through measures under the “environment” component of the Integrated Program to promote competitiveness; and vi) generally undertaking education and awareness-raising measures and promoting the involvement of the population concerned.

15 Cross-Cutting Issues

15.1 The Role of Women in the Poverty Reduction Process

264. In relation to the access of women to essential services, the PRSP intends to intensify actions already taken. In particular, specific measures will be taken to facilitate growth in school enrollment levels of girls (grants for registration fees, school canteens, and so on), and a greater role of women in teaching. Equally, health services aimed at women will receive special attention, and access to anti-retroviral medicines will be guaranteed as a priority to all AIDS-infected pregnant women.

265. In order to promote and ensure the conditions for wider participation of women in the design, elaboration and implementation of policies, the State has set up a number of programs within an action plan covering the years 2002-2006 which aims to: (i) contribute to a 40% reduction in the gender disparity in literacy rates; (ii) improve the ability and capacity of women to use essential social services, in particular as relates to health and education; (iii) improve the judicial and institutional environment in favor of women (strengthening the equity in treatment between men and women); (iv) ensure effective help for women and girls in precarious situations; (v) improve the economic capabilities of women; and (vi) strengthen women’s involvement in environmental protection.

266. To achieve the objectives above, the following operational strategic orientations will be followed:

- promoting literacy and formal education among girls and women, through the PRODEC;
- formulating and implementing a program for the education and mobilization of women within the framework of the five-year plan for health and reproduction, and the national strategic plan to combat HIV/AIDS;
- creating an institutional and social environment that assures and guarantees equality between men and women;
- promoting and systemizing gender approaches in the formulation and implementation of development projects and programs;
- implementing special measures for the protection and education of girls and women in difficult and precarious situations;
- consolidating revenue-generating activities and promotion of access to micro-finance;
- developing the entrepreneurial spirits of women;
- encouraging the use of alternative energies sources;
- involving women in reforestation and sanitation activities;
- wider use of appropriate equipment and technologies.

15.2 Improving the Position of Children and the Role of the Family

267. With the view to improving the vulnerable position of children and to promoting their rights, the 2002-2006 action plan on promoting children and the family has set itself the general objective of ensuring the effective application of the provisions of the international conventions and of the national legislation on children's rights. It aims to address the vulnerable status of children by ensuring the effectiveness of their rights through: (i) improving the conditions for child survival; (ii) creating an environment favorable to child development (education and training); (iii) protection of childhood (countering the social vulnerability of children, educating communities and parents, and strengthening the judicial and regulatory framework); and (iv) education and involvement of children in the promotion of their rights.

268. The specific objectives of the action plan are:

- to ensure protection of children and the family from social vulnerability by strengthening the legal framework, promoting, granting and defending their rights;
- to ensure greater social and economic inclusion to the 80% of children requiring special protection measures, notably: child victims of all forms of exploitation, abuse, negligence and violence including excision; children affected and infected by HIV/AIDS; children in conflict with the law and children in emergency situations;
- to strengthen family ties and consolidate the role of family socialization.

269. In order to achieve this, the plan provides for the following strategic orientations:

- adoption and application of codes for child and family protection;
- access to justice through information, awareness-raising, training, dissemination and legal assistance;
- support for the reception, listening, counseling, rehabilitation and reintegration services for children requiring special protection measures when dealing with child victims of violence, abuse, negligence and exploitation;
- support for prevention by the implementing mechanisms for the prevention and suppression of situations and acts of violence, abuse, negligence and exploitation of children;
- establishment of a database on the protection and promotion of children's rights;

strengthening communication and advocacy of national and international legal measures relating to children's rights, with a strong involvement of civil society and children.

270. As relates to strengthening of the role of the family, the action plan 2002-2006 aims to promote harmony and balance within the family around the following four specific objectives: (i) information and education with a view to promoting dialogue within the family and to preparing for family life (by IEC activities and training); (ii) strengthening the socialization function of the family (by creating social advice centers and mutual aid associations); (iii) improving the material living conditions of the family (by IEC activities and training on management of household finances, promotion of a social housing policy, and development of low-cost education for destitute families); and (iv) promoting family rights (at the legislative, judicial and educational levels).

In order to achieve these objectives the strategic components are as follows, grouped by objective:

1. information and education with a view to promoting dialogue within the family and preparation for family life:

- establishing and strengthening social dialogue and social negotiation within the family;
- organizing multimedia awareness-raising campaigns concerning harmonious conduct within families;
- formulating and implementing training programs on the preparation for family life;

2. strengthening the socializing function of the family:

- creation of social advice centers (with the help of psychologists, senior citizens and other people);
- creation of associations or self-help groups to assist parents with the socialization of their children;
- training and information for support providers: preachers, teachers, communicators, doctors, social workers, judges and officers of the law;

3. improving family living conditions by

- production and distribution of audio-visual programs on the management of household finances;
- production and distribution of supporting information on management of household finances;
- promotion of a social housing policy;
- development of low-cost education for destitute families;

4. promoting family rights by:

- broadening the legislation on protection of the family;
- introducing the concepts of family rights in education syllabuses (at the secondary and higher levels);
- strengthening communication and advocacy around national and international judicial systems relating to family rights, with a strong involvement of civil society;
- establishing a database on the protection and promotion of family rights;

5. developing research and studies on the family.

15.3 Employment and Vocational Training

15.3.1 Employment Strategy

271. In order to be effective and make the most of efforts and growth results, the PRSP employment strategy intends to incorporate a number of determining factors:

- the need for employment creation transcends all areas of the economy and must be taken into account in all sector policies;
- creation of productive jobs and growth in labor productivity are essential priorities for job creation and promotion of decent employment;
- the changes brought on by recent developments, in particular as relates to international trade or new technologies, will be viewed as opportunities to be seized rather than as additional constraints;
- in the short- to medium-terms, it will be necessary, in addition to the impact of growth, to promote specific and determined action aimed at expanding the scope for spontaneous employment creation;
- equal opportunity of access to employment, in particular between men and women, will be sought through all employment initiatives.

272. The PRSP employment strategy forms part of the Mali's Vision 2025 framework, and sets a number of major strategic objectives:

- job creation of acceptable quality;
- the promotion of workers' rights;
- the development of social security systems;
- participatory social dialogue which entails the freedom to settle disputes, to promote social fairness, and to facilitate implementation of policies.

273. Within this context the PRSP employment strategy relies on three essential results-oriented planks:

- the promotion of entrepreneurial spirit which entails both stimulation and support at all levels particularly as relates to micro-enterprise and self-employment;
- support for development of private sector activities and encouragement of direct foreign investment inflows, which would be achievable through creating a favorable economic environment, assisting capacity-building of small- and medium-sized enterprises, and directing investment toward local levels to maximize the impact on rural and urban poverty reduction;
- use of production technologies favoring local manpower and local resources, an approach which requires a reorientation of investment policy and infrastructure maintenance to optimize their impact on local businesses and national employment, and to promote national capabilities essential for execution of high labor-intensive public works.

274. The PRSP employment strategy is already well articulated through the National Employment Action Program (*Programme National d'Action pour l'Emploi*), particularly the elements relating to :

- cooperative employment;
- development of micro-, small- and medium-sized, enterprises;

promotion of high labor-intensive employment;
modernization of informal urban employment.

15.3.2 Strategy on Vocational Training

275. The PRSP vocational training strategy consists of continuing and reinforcing the initiatives taken by the Government within the framework of the Consolidation of Professional Training Project (*Projet de consolidation de la formation professionnelle*) and the Vocational Training and Employment Support Project (*Projet d'appui à la formation professionnelle et à l'emploi*).

276. The steps taken are aimed at improving the link between training and employment opportunities, and facilitating the insertion of as many young people as possible into actual jobs. In this context, it is necessary to highlight the strategic role to be played by:

- the National Agency for Employment Promotion (*Agence Nationale pour la Promotion de l'Emploi*) especially through its Employment and training monitoring unit (*Observatoire de l'Emploi et de la Formation*) which must become an essential tool for identifying needs and problems;

- the Professional Training and Apprenticeship Support Fund (*Fonds d'appui à la formation professionnelle et à l'apprentissage*) which will be increasingly used to fund skills development and retraining through projects proposed by individuals, companies and organizations;

- the private sector through its professional and consular associations.

277. Further progress on linking training to employment opportunities will be sought in the following manner: creation of engineering capabilities, strengthening the private sector's role, supporting apprenticeships in informal sector craft and production trades, and regionalizing vocational and technical training.

15.4 Solidarity and Social Protection

278. Social protection is a collective system for managing the risks faced by individuals. It comprises the following mechanisms:

- social security – the set of institutions that protect individuals from the risks set out by the 1952 Convention No. 102 of the International Labor Organization (ILO), namely illness, maternity, disability, old-age, work-based accidents and industrial illnesses, death (protection of relatives, survivors), dependents and unemployment;

- social assistance – the system based on solidarity that, in so far as it provides publicly funded benefits, tends mainly, by granting a variety of loans, to permit destitute people who have insufficient funds to survive, to fund their retrained, and to reintegrated themselves into the labor force;

- the cooperative and social economy –comprising all forms and types of organizations other than those of the market and those of public origin whose aim is produce and/or distribute goods and services, and which operate along democratic lines. The protection may also include certain insurance products available in the market.

279. Five strategies have been adopted to resolve the current problems of social protection. These are: (i) the formulation of a coherent national social protection policy; (ii) the extension and improvement of the quality of coverage by better management of the costs of risk; (iii) the

reduction in the complexity and multiplicity of the texts and schemes; (iv) strengthening the management capabilities of the public and private institutions; and (v) consolidation of mutual-based insurance principles.

280. The priority action areas selected to support these strategies will be as follows:

Improving the information system on vulnerable groups and on the main risks;

Strengthening risk prevention: developing IEC activities, adapting the laws and regulations, expanding social security benefits in order to increase use of social services;

Developing welfare benefits in the light of risks: extending social security, developing mutual insurance systems and support to innovative programs put forth at the commune and local community levels, and financing of a Support Fund for Cooperatives (*Fonds d'appui aux coopératives*);

Strengthening of appeals procedures and rationalizing the advocacy system: a National Solidarity Fund (*Fonds de solidarité nationale*) will take on the role of social safety net and will be made consistent with the other funds (ANICT), while a Malian Solidarity Bank (*Banque malienne de solidarité*) will aim to increase unsecured loans at reasonable rates to people and will serve as a refinancing bank for the micro-finance institutions;

Specific initiatives aimed at target groups: community-based rehabilitation programs for handicapped people, support for the elderly, assistance funds (mainly for medical purposes) for the poor, and neighborhood-based social development programs.

281. The results sought from the action plan 2002-2004 include:

creation of mutual insurance organizations and innovative socio-economic projects in at least 15% of communes;

restructuring the social security agencies and their development plans;

commencing operations of the National Solidarity Fund and the Malian Solidarity Bank;

better targeting of and support for the poor, the handicapped, female household heads, the elderly, and street children.

3RD PILLAR: DEVELOPMENT OF BASIC INFRASTRUCTURE AND PRODUCTIVE SECTORS

16 Development of Basic Infrastructure

282. Mali is a vast landlocked country that is very underdeveloped. In general, the basic development infrastructure and facilities are characterized by their insufficiency, their dilapidation and their poor condition, which hampers Mali's economic and social development.

16.1 Transport Infrastructure

283. In order to be able to contribute effectively to the desired economic growth of 6.7%, the transport sector requires fundamental restructuring to reduce costs and increase service levels by offering a better combination of transportation modes. To this end, the Government of Mali has formulated a wide-ranging program of infrastructure rehabilitation and development, the transport sector program (*Programme Sectoriel des Transports – PST*) which concerns primarily: i) road infrastructure; ii) river infrastructure; iii) rail infrastructure; iv) aeronautic infrastructure; and v) maritime infrastructure.

284. The basic objective of this program is to contribute to poverty reduction and to strengthen economic competitiveness through: (i) greatly expanding domestic and international transport links to counter Mali's landlocked situation; (ii) reducing transport costs and improving the efficiency of transport operations; (iii) promoting an efficient and competitive transport industry; (iv) improving the quality and safety of passenger transport; and (v) involving the private sector in transport service provision.

285. To achieve these objectives, the Government will rely essentially on the following main strategies: (i) introduction of healthy competition between transportation modes on the one hand and between transport companies on the other; (ii) expansion and better management of the rural feeder road network; and (iii) restructuring the state-owned corporations in the transport sector, including the privatization of the Mali-Senegal railway network through a concession contract.

16.2 Telecommunications Infrastructure

286. The Government's primary objective as concerns telecommunications is to ensure universal access to telecommunications services by countering the landlocked characteristic through greatly expanding services to all localities of more than 5,000 inhabitants and integrating with the sub-regional and international networks.

287. The specific objectives of the program are: (i) to revitalize the telecommunications, radio broadcasting, television and press sectors; (ii) to improve the national telephone system through expanding availability of land-line and mobile telephony throughout the territory; (iii) to develop community access services to improve the population's accessibility to communication; (iv) to fully digitalize the telecommunications network infrastructure; and (v) to promote economic, social and cultural development of the country through telecommunications.

288. To achieve these objectives, the Government will implement the following strategies: (i) liberalize the telecommunications sector by granting at least one cellular telephony license to a

private operator and completing the process of privatizing SOTELMA; (ii) developing human resources skill base; (iii) promoting universal access to communications through computerization of public services and local community administration, and by establishing multipurpose community Cyber-centers and Tele Centers; and (iv) raising awareness of the use of NTICs.

16.3 Development of Industrial Zones

289. The Government's objective for industrial development is focused on facilitating access of investors to developed industrial-use properties by making available developed plots in order to increase the sector's attractiveness and promote investment in local industry. The main strategy will be to rehabilitate the existing industrial zone and create new areas both in Bamako and in the regions. In 2000 the Government established the company AZI S.A. to develop and manage the country's industrial zones.

16.4 Development of the Energy Sector

290. The Government's objectives as relates to energy are: (i) production and distribution of low-cost electricity; (ii) increasing the share of the population served by electricity; (iii) reducing wood consumption through use of improved equipment and alternative fuel sources; and (iv) implementing a program to promote solar-powered and photovoltaic equipment for a large share of the population

291. The strategies to be implemented will center on: (i) development and provision of cost-effective energy sources (hydroelectricity and new and renewable energy sources); (ii) rehabilitation of existing infrastructure; (iii) development of a sub-regional cooperation policy; (iv) awareness-raising among the population about the use of wood-substitute energy sources; (v) tax and duty exemptions for new and renewable energy equipment; (vi) continued privatization of *Energie du Mali* (EDM), 60% of whose capital stock was sold in December 2000; (vii) transfer of certain skills to the local community administrations, specifically the construction and maintenance of local facilities (and management and supervision of the work); (viii) the establishment of an electricity regulatory body; and (ix) development of natural forests for energy uses, and establishing new forest plantings to satisfy future needs and contribute to environmental protection (charcoal source).

17 Development of the Productive Sectors

17.1 Development of the Primary Sector

17.1.1 Rural Sector Development

292. Mali's rural development policy over the past ten years has largely been governed by the sector development master plan adopted in 1992, and the accompanying short- and medium-term implementation action plan elaborated in 1993. The overall objective sought by these policy tools is an improvement in the living conditions of the population within a context of sustainable development. This involves both contributing to food security through increasing production and productivity, and combating poverty by improving living standards and living conditions of the people through better organization.

293. Strategic components of the rural development policy were reviewed in the light of the sector policy paper elaborated in 1998 and the diagnostic analysis (carried out in 2000) of the sector's development and of an assessment of implementation of the rural development master plan since 1992. The strategy revolve around the following main points:

- strengthening of the sector investment plan, in particular in the areas of water resources development and linking rural areas to the wider market;
- development of the principal agricultural product sectors to with the view to achieving food security and self-sufficiency through: diversifying, and increasing the value-added of products, restructuring the market, reducing food imports and boosting exports;
- development and sustainable management of natural resources by restoring and maintaining soil fertility, reviewing the legislative framework, and land development;
- re-distribution of roles and responsibilities between actors by the withdrawal of the State from non-core activities, giving facilitator entities more responsibility (producers organizations, private operators), and adapting the support functions to their needs;
- strengthening the capabilities through training, education, transfer of skills and promotion of rural credit;
- taking into account the needs of weak social groups (women and the young) and vulnerable zones.

294. The updating of the Master Plan identified the following priority areas for intervention which address the major national challenges for achieving sustainable development, and represent a coherent basis for medium-term interventions in the sector: (i) food security; (ii) restoration and maintenance of soil fertility; (iii) development of hydro-agricultural facilities; (iv) development of agricultural, animal, forestry and fisheries production; and (v) development of support functions (research, popularization/support and advice, training, communication, agricultural financing and agricultural credit, promoting the role of rural women and children and disadvantaged groups).

295. As relates to food security, the various sector programs implemented since adoption of the rural development master plan in 1992 have permitted the liberalization of cereal prices and markets, regular supplies to urban consumers, an improvement in the risk prevention system, and better integration of the northern region markets with the rest of the country. Within the PRSP framework the Government intends to continue and strengthen existing programs by implementing measures aimed at removing the major constraints affecting the sector. The objectives of these actions will, in particular, be: (i) to increase agricultural production and diversify income sources in the rural areas to make the population less subject to climatic risks; (ii) to reduce regional disparities; (iii) to promote the linking of production zones to markets and facilitate the supply of basic cereals to deficit zones and disadvantaged social groups; (iv) to protect the purchasing power of the population; and (v) to eliminate malnutrition in all its forms.

296. The strategic components aimed at restoring and maintaining soil fertility through participatory mechanisms involving the user-populations and local community administrations relate specifically to:

- exploitation of research findings;
- capitalizing on experience with advocacy and soil restoration activities;
- establishment and organization of management structures;
- development of structures to provide support;

strengthening the integration of agriculture/livestock in soil management programs.

297. Exploiting the significant hydro-agricultural potential of Mali, estimated at 2 million hectares, constitutes a considerable advantage for food security and poverty reduction. In order to permit more rational exploitation of this potential, a development strategy will be implemented based on the following elements: (i) continuing to prepare an inventory of water resource potential and of hydro-agricultural development sites; (ii) continuing to implement the Water Resources Master Plan; (iii) implementation of the National Program for Development of Rural Infrastructure and Facilities (*Programme National d'Infrastructure et d'Equipement Rural – PNIR*); (iv) conducting environmental impact studies; (v) formulation and implementation of an irrigation research program; (vi) resolution of land ownership issues and involvement of the population in hydro-agricultural development activities; (vii) establishing a sustainable system for financing infrastructure and facilities; and (viii) strengthening the technical capabilities of producer organizations to manage and maintain hydro-agricultural development facilities. To this end, the following measures will be taken: (i) improved management of land titling and of developed areas; (ii) improved distribution of water resources throughout the country; (iii) greater mobilization of local financial resources; and (iv) expanded water resource services to areas that can be developed.

298. As regards the development of agricultural, animal, forestry and fisheries production, the PRSP will promote three types of product sectors, those that: (i) are characterized by heavy representation of the poorest population groups; (ii) provide value-added to already dynamic product sectors; and (iii) can play a significant role in sub-regional trade. To this end, the PRSP will favor the development of the following main product sectors: cereals (particularly rice), cotton, and livestock/meat. Development of other product sectors (for poultry, horticulture and fishing) is also envisaged in order to foster diversification of production and exports.

299. The development strategy adopted for these product sectors will be participatory in nature, and will be aimed, in particular, at:

- facilitating access to land (land rights), equipment and inputs;
- making production conditions more reliable;
- ensuring better diffusion of research results;
- adding value to products, especially as relates to product processing;
- supporting producers organizations with a view to strengthening their negotiating power;
- ensuring better marketing conditions.

300. Special emphasis will be placed on the development of the cotton sector which represents a prominent share of the Malian economy. This sector has been going through an unprecedented crisis since 1997 following the fall in world prices for cotton (46% between August 1997 and December 1999). Following a process of dialogue with all stakeholders, the Government adopted a sector reform policy in June 2001 covering the period 2002-2005. The policy aims to: (i) control and reduce production costs; (ii) improve yields by strengthening the capabilities of extension services; (iii) revitalize farmer organizations by creation of producers associations; (iv) strengthen the participation of the private sector, producers and local community administrations in achieving the objectives of the public service programs in the sector; (v) increasing the sector's share in the national economy; (vi) contributing to poverty reduction by improving living standards of the cotton-farming population; and (vii) establishing a producer price mechanism based on open and transparent negotiation among the stakeholders.

301. In order to achieve the above objectives, the strategies adopted revolve around the following components:

reorientation of the cotton parastatal company CMDT around core cotton sector activities, specifically through (i) the progressive disengagement of the CMDT from public service programs, extension services, input and equipment supply activities, transport services, and (ii) rationalizing the use of its human resource base;

greater involvement of producers in the management of the cotton sector by allowing cotton farmers and CMDT workers to own shares in CMDT;

liberalization of the cotton and cottonseed oil sectors through increased competition in order to improve their competitiveness and their profitability, and increase the value-added of the by-products.

302. As regards the institutional promotion of cottonseed oil, the Government intends, in accordance with the legislation in force (the Investment Code), to support the existing industrial entities (such as the textile companies COMATEX and ITEMA) and to promote new spinning entities. The increase in the local processing rate will help to better shield the Mali cotton sector from fluctuations in the world cotton price. Cotton fiber will be sold to local industries at the export price less costs not incurred.

303. Lastly, activities supporting the programs above will be implemented, and will comprise: (i) agronomic research activities, which already disposed of a long-term strategic plan initiated in 1994; (ii) information dissemination and consulting services for producers; (iii) agricultural training in order to strengthen the capabilities of farmer organizations; (iv) awareness-raising and provision of information on the various rural decision-makers and producers; (v) risk prevention and protection of animals and plant species; (vi) facilitating the access of small producers to an appropriate and competitive financial system; (vii) increasing the role of rural women and children by the adoption of cross-cutting approaches that permit the lifting of constraints they face and that prevent them from accessing resources and factors of production, and increasing their incomes; and (viii) the fight against trypanosomiasis through the global program of the Organization of African Unity (OAU).

304. As regards this latter support program, the Mali Program of Campaigns program (*Le Programme de Lutte au Mali*) will form part of the global program of the Pan-African campaign to eradicate the tsetse fly and African trypanosomiasis. The fight against this flea is a priority within the strategies for food self-sufficiency and rural poverty reduction.

305. The major activities to be undertaken are as follows: (i) conducting surveys on the environment, the vectors, illness, the occupation of land and land-use in areas affected by trypanosomiasis; (ii) integrated control of trypanosomiasis and the anti-vectorial campaign in all affected areas of the country; and (iii) environmental monitoring in coordination with the anti-trypanosomiasis campaign, occupation of land and sustainable agricultural development.

306. The programs will be at the regional level using the rural development plans, and will involve widespread community participation in order to ensure continuity of the programs, success in integrating agriculture and livestock in sustainable and economically significant production systems. Within the overall context of rural development, the program will include sleeping sickness in order to curb its spread.

17.1.2 Sustainable Management of Natural Resources

307. One of the objectives sought by the National Environmental Protection Policy is to combat poverty while improving the environment. The major environmental challenges facing the country are:

- ensuring a better balance between population and natural resources through rational land use planning and sustainable management of resources;
- raising living standards by providing urban and rural centers with sanitation infrastructure and fighting against the various types of pollution;
- fostering a change in attitudes and behaviors, and ensuring effective participation of the population and the various actors in the preparation and implementation of environmental management;
- increasing the value of, and harnessing, the major potential of water resources and new and renewable energy sources in order to make these available to the population;
- supporting research on desertification and environmental protection as a means to promoting the development of suitable techniques and technologies in the various fields;
- establishing an efficient information and data management system on the status and evolution of environmental resources;
- establishing a suitable institutional and legislative framework for coordination and monitoring progress toward achieving environmental quality;
- mobilizing internal and external financial resources required to implement the action programs.

308. The strategic components of intervention for natural resources protection are based on: (i) strengthening inter-sectoral dialogue through heavy involvement of the institutions representing women and children; (ii) strengthening involvement and individual responsibility of producers in decision-making, in connection with sustainable management of sylvo-pastoral resources; and (iii) development of advocacy/awareness-raising by and for the actors in sustainable development.

309. As regards controlling desertification, the interventions aim at achieving four priority objectives, namely: (i) countering soil erosion and deterioration; (ii) development and rational management of cultivable and grazing lands; (iii) the concerted implementation of conventions on environmental issues, particularly those of the United Nations on Conservation of Biological Diversity, on Climate Change, on the Control of Desertification, and on Wetlands (the Ramsar Convention); and (iv) development of an active partnership at all levels.

17.2 Development of the Secondary Sector

17.2.1 Development of Industry and Handcrafts

310. Given the under-development of industrial production activities, the Government intends to promote a strategy that revolves around: (i) encouraging investment and development of private enterprise and (ii) supporting the development of handcraft activities. The Government, with the help of UNIDO, has already established the Integrated Program for Competitiveness and the Promotion of Decentralization of Production Activities in order to expand job- and revenue-creation opportunities in the industrial sector. The program will be complemented by a policy of encouraging private investment, in particular from abroad, through:

- formulating and adopting a national strategy to promote foreign direct investment (FDI);

- establishing a web site and developing information networks permitting national and foreign investors to access information on the instruments available for promoting investment in Mali, on the potential that exists, and on current opportunities relating to private sector development;
- strengthening promotional activities undertaken through international events (fairs, shows, international exhibitions, etc.) by providing all the actors with specialized training on attracting FDI and targeting of investors;
- strengthening the capabilities of the institutions that promote investment in Mali, particularly the National Center for Investment Promotion (*Centre National de Promotion des Investissements, CNPI*);
- promoting financial integration between the various banks in the WAEMU and ECOWAS zones, in order to facilitate intra-regional transfers of funds (see section 17.3.2);
- facilitating the circulation and marketing of products within the country by establishing a policy for developing internal markets;
- injecting dynamism into the system of standards and quality control mechanisms in order to meet ISO standards;
- updating existing companies through employee training and equipment modernization.

311. In order to exploit the potential of the handicrafts sector, the Government has established a Malian Handicrafts Development Program which is aimed at the following three major objectives:

- greater organization of the sector in order to facilitate the provision of services to craftsmen and the monitoring of activities;
- increased training for artisans and other sector stakeholders in order to make Malian handicrafts more internationally competitive;
- promotion of handcraft exports in order to generate more revenues for craftsmen.

312. The program comprises three components: (i) organization and training of craftsmen in association with the professional associations and other sector partners; (ii) provision of credit for craftsmen through establishment of an economic development fund; and (iii) monitoring and evaluation of handcraft activities. The Economic Development Fund administers a line of credit to finance investment needs of dynamic sectors. To this end, it may finance the credits granted to artisans by banks and financial institutions. The program covers the entire country and finances projects to CFAF 20 million.

17.2.2 Development of the Mining Sector

313. The priority activities in this sector over the next three years will permit: (i) framing and organization of small-scale mining within the formal mining sector structure; (ii) strengthening the capability of the various sector actors, particularly women's groups, and stimulating the emergence of sustainable production activities; and (iii) building on successes achieved.

17.3 Development of the Tertiary Sector

17.3.1 Trade

314. Within the PRSP framework, Mali's trade policy aims to reduce existing handicaps by pursuing and consolidating the trade liberalization policy that has been implemented since the

1990s (comprising openness to external trade, promoting the development of modern information and communication technologies, and accelerating and strengthening the regional integration process within WAEMU (67 million consumers) and ECOWAS (230 million consumers) by implementing an export promotion strategy.

315. The export promotion strategy aims to increase the contribution of exports to growth by emphasizing the consolidation of achievements relating to the traditional export products (gold, cotton and cattle, which account for 90% of exports) through expanding supply and increasing value added. In parallel, the Government will pursue activities to diversify exports, particularly through increasing the manufactured goods' share of exports and developing exports of services for which Mali has a comparative advantage but which are currently under-exploited.

316. Specifically, the Government intends to take action aimed at:

- substantially increasing the value added of agricultural and animal products through a better knowledge of markets and distribution channels, improved transport conditions, the availability of export-quality slaughterhouse operations, and strengthening of the veterinary monitoring system. For cotton, action will be taken to attract investment for cotton processing activities and increase the prospects for certain traditional fabrics;

- expanding mining exports, particularly of special minerals such as gold, and supporting the small-scale gold producing activities;

- exploring the possibilities for private financing of tourism for which significant potential exists, particularly "cultural" tourism (historic towns of Timbuktu and Djenné, the Dogon region, etc.) ;

- increasing the prospects of the local music industry. Malian music has been experiencing increasing levels of success around the world in recent years. PRSP activities will focus on better copyright protection and on promotion of Malian musical groups and music types.

317. Finally, the Government will encourage Malian music producers to strengthen their sector and product specialization, and to work to reduce production costs in order to remain competitive and benefit from increased trade resulting from the progressive expansion of the WAEMU and ECOWAS sub-regional market. Similarly, the Government plans to strengthen human and institutional capabilities of the entities responsible for formulating and implementing trade policy by establishing, among other things, a National Export Promotion Center.

17.3.2 Monetary and Financial Sector

318. The PRSP's monetary policy will be aimed, as in the past, at raising the efficiency of the banking system by improving financial intermediation; a prudent monetary and credit policy that is compatible with WAEMU exchange rate conversion objectives will be pursued. The Central Bank has already started a number of sub-regional projects to strengthen the security of the banking and finance sector. A project for financial sector development (in partnership with the World Bank) has been developed to support reforms aimed at permitting diversified growth of the private sector by specifically assisting the Malian Government to improve financial sector viability, performance and competitiveness. The project focuses on the restructuring and privatization of the banking sector, strengthening the non-banking financial institutions and micro-finance sector, improving the legal and regulatory framework applicable to financial institutions, and strengthening the capabilities of the Ministry of Economy and Finance to formulate and implement economic and financial sector policies.

319. The anticipated results of these banking reform initiatives include: improved governance and sector efficiency; greater competition; adherence to the prudential regulations established by the WAEMU Central Bank; banking service improvements and productivity through staff training; and improved savings mobilization and credit provision to the economy.

320. Finally, the Malian Solidarity Bank has been established to support implementation of the micro-finance strategy (adopted in 1998), and is based on: (i) significant improvement of access to local financial services by the most needy among the population; (ii) mobilizing and securing domestic savings through decentralized financial systems; (iii) credit development, particularly for vulnerable groups; and (iv) consolidation of the complementarities between the banks and development funding sources.

321. All these instruments should, on the one hand, permit the poor to increase their assets and revenues through saving and borrowing to support income-generating activities and, on the other, develop financial intermediation so as to reduce the risks and costs and improve the provision of long-term financial services to producers currently excluded from the formal banking system.

17.4 Stimulating Private Sector Development

322. The PRSP will implement an active policy for private sector development to enable the private sector to be the engine of growth and poverty reduction. It will involve taking measures aimed at removing the main constraints facing the sector, and creating the essential conditions for private sector-led growth, namely: a favorable business and economic environment, a well-maintained physical infrastructure, strong entrepreneurial capabilities, institutional development to ensure property rights and a solid and efficient financial system.

17.4.1 The Government Action Plan

323. In view of the constraints, the Government's action plan will be based on the following:

Strengthening the framework for dialogue and partnership between the Government and the private sector, to ensure greater involvement of the private sector in economic policy decision-making and to enable a better consideration of the impact of policies on firm-level operations, enterprise competitiveness and investment efficiency. To this end, the Government will solicit ideas aimed at clarifying the mandate and strengthening the resources of intermediation institutions (Private Sector Moderator, National Investment Promotion Center – *CNPI*) in order that they may improve their facilitation role between the public and private sectors.

Consolidating and developing the infrastructure and support services for business in the core economic centers and in isolated areas, to create conditions that favor and/or stimulate private sector development activity and to improve the sector's comparative advantage.

Strengthening the institutional and regulatory foundations of the market by: (i) reducing and refocusing the Government's role by continuing the privatization program and restructuring the enterprises that remain in the Government portfolio; (ii) developing institutional capabilities by providing support to public institutions responsible for promoting private investment (the National Investment Promotion Center, the Private Enterprise Support Project, etc), so they may efficiently undertake their mandate in the reformed environment, particularly by reducing transactions costs and risks through better targeted interventions and improved skills; and (iii) strengthening ongoing activities to

rationalize the judicial and regulatory framework to improve the business climate by establishing an overall regulatory framework for investment (enterprise regulations, investment code, commercial code, mining code, employment code, banking and finance legislation, insurance and contract regulations, etc.), giving priority to the strengthening of investor confidence and the protection of ownership rights.

Building a solid and efficient financial system by: (i) continuing and consolidating banking sector liberalization and reconstruction policy to improve its performance, increase its capability to mobilize local savings, lower the risks of a new crisis in the sector and thereby restore confidence in the system; and (ii) establishing financial mechanisms adapted to the needs of small- and medium-sized enterprises (SMEs) and to the development of revenue-generating activities, through scaling up the Decentralized Financial Systems (DFS) pilot project, to facilitate access by small producers to competitive financial services, particularly in the rural areas.

Developing an entrepreneurial culture, promoting SMEs and creating the facilities and skill base necessary for competitiveness by: (i) strengthening the capabilities of the private sector organizations (Chambers, Employers' and Union organizations, etc.) to formulate good strategies, assisting them to organize themselves in order to implement the strategies more efficiently and to produce and market their products in accordance with accepted technical standards; and (ii) promoting the emergence of industry- or sector-based vocational training programs that that can strengthen labor productivity by providing instruction of practical skills for the industry concerned. To this end, the Government will establish training programs focused on increasing knowledge of the new international trade framework rules and a better grasp of new technology popularizing approaches such as that of the "Economic Skills through Training in Entrepreneurship" (*Compétences Economiques par la Formation à l'Esprit Entrepreneurial*) and the "Manage Your Business Better" (*Gérez Mieux Votre Entreprise*) programs. Similarly, results of the SME survey undertaken in June 2001 should permit the removal of a certain number of the constraints facing this sector.

Coordinating and harmonizing the programs supported by the external development partners as relates to private sector promotion in order to foster synergies and avoid duplication.

17.4.2 Elements of the Action Program

324. The Government will establish a number of tools based on which it will clarify and target its activities. In the short-term, these will involve:

- conducting, as soon as possible, the study for the Ten-Year Private Sector Development Program, of which the draft terms of reference are now available;
- completing and using the results of the Mali SME survey;
- completing and adopting the Study on Promoting Direct Foreign Investment in Mali;
- completing and adopting the Integrated Program of Support for Competitiveness centered on industrial policy measures capable of strengthening growth and competitiveness of the manufacturing sector.

325. In the medium-term, these will involve:

- implementing the National Employment Action Plan comprising components aimed at private sector development, particularly training and SME support;
- implementing the Integrated Program of Support for Competitiveness;
- continuing the activities of the Private Sector Support Project;
- implementing the recommendations of the Study on Promoting Direct Foreign Investment in Mali;
- adopting and implementing the Action plan of the Ten-year Private Sector Development Program.

18 Developing Revenue-Generating Activities

18.1 Strategic Components

326. Five major objectives have been selected to enable development of revenue-generating activities (RGAs) for the most destitute population. These are:

Professionalization of the various actors through: (i) strengthening their technical and organizational skills; (ii) strengthening the intervention capability of the private sector support structures (technical services, local chambers, commercial courts, FAFPA, and other private sector structures such as professional associations); (iii) promoting the creation and development of professional associations; and (iv) strengthening capabilities to negotiate commercial contracts.

Facilitating access to finance by: (i) establishing financing mechanisms suited to the development of RGAs – in this context, micro-finance mechanisms will be improved and expanded; (ii) establishing special funds for local markets; (iii) conducting a study of a framework for export finance and export credit guarantees; (iv) providing training in financial management of loans so as to ensure the continuation of project activities through the sound and judicious use of resources; and (v) improving access to information on financing opportunities.

Facilitating access to information through: (i) establishing and operating reception and information centers in major towns; (ii) organizing IEC campaigns; and (iii) encouraging the exchange of experiences through contacts and visits among partners.

Creating and developing basic infrastructure, comprising: (i) commercial infrastructure (exhibition stands, livestock stalls, wholesale markets, warehouses); (ii) development of decentralized industrial zones; (iii) construction of artisan villages to promote handcraft products and tourism; (iv) communication and road infrastructure between production areas and markets; and (v) development of rice production.

Promotion of the key product sectors with an emphasis on creating and developing processing activities.

18.2 Priority Actions

327. In addition to implementing macro-economic policies aimed at promoting strong and redistributive economic growth, and at strengthening employment of human capital, the Government intends to promote targeted programs that aim at generating and creating

employment through an emphasis on high labor-intensive jobs (HIMO), promotion of micro-projects, support for SME development and promotion of decentralized financing mechanisms. These activities will draw upon experiences gained from previous programs, taking into account the availability of statistical data and the existing local-level institutional capabilities for identifying beneficiaries and delivering services to them.

328. *Promoting high labor-intensive jobs (HIMO)* The infrastructure sector will be the major anchor for applying this approach, due to its large share of national economic activity and its potential for job creation. The authorities and the decentralized local administrations will be very obvious partners for the implementation of investment policies based on employment and local resources. In this regard, the decentralization policy already widely implemented in Mali creates favorable conditions for success.

329. *The promotion of micro-projects* will be through the establishment of decentralized rural investment projects centered on the needs of the local communities, such as water and soil conservation, water supply, reforestation, small irrigated areas, activities to improve market access, schools and health care centers, or urban micro-projects, etc. These micro-projects programs will also follow the HIMO approach and rely particularly on community organizations through improved contracting procedures. A technical assistance support program will be established so as to ensure that these micro-projects are prepared and executed on a technically and economically sound basis, while remaining within the scope of the operation and maintenance capabilities of the population in question. They will also be designed through participatory approaches so as to favor ownership of the activities by the local organizations and communities.

330. *Support for the emergence of Small- and Medium-sized Enterprises (SMEs), particularly in rural areas.* In general, SMEs do not have significant investment resources and are as a result better suited to the use of high labor-intensive techniques. They will be the most obvious actors to execute this type of work, particularly at the local level. The reliance on SMEs will also permit the strengthening of the local building and public works sector. This SME group also includes the micro-enterprises, craftsmen and informal sector producers.

331. *The multiplier effect and the broadening of areas of intervention experiences for reducing poverty.* Mention can be made, among others, of the Multifunctional Platforms for Poverty Reduction project which was designed to reduce the burden of women's household chores, develop and/or modernize village artisanal activities, increase the profitability of agricultural production, create new revenue-generating activities and strengthen the role of women in the development process. The ongoing project is to last five years over the period 1999-2004. The objective sought is to extend platforms to 450 localities of which a third will have water and lighting networks. Other regional projects such as the Basic Infrastructure Initiatives Support Project (*Projet d'Appui aux Initiatives de Base – PAIB* – established in the Mopti region in 1998) and the Poverty Reduction Project (*Projet de Réduction de la Pauvreté* – for small-scale infrastructure development and access to credit in the Kayes and Koulikoro regions) could be expanded geographically.

PART FOUR: COSTS AND THE MONITORING AND EVALUATION MECHANISM

19 Costs and Financing of the PRSP

19.1 Financing of the PRSP

332. The PRSP implementation strategy is based on a major increase in internal financing through greater mobilization of domestic resources. Over the period 2002/2005, internal financing will increase to CFAF 1,664 billion while external financing anticipated from external development partners is estimated to be CFAF 1,043.6 billion, of which CFAF 793.1 billion is already programmed and CFAF 250.5 billion represents additional finance corresponding to the financing gap in the consolidated government financial statement (TOFE) for the period 2002-2005.

Table 2: External Financing and Internal Financing of the PRSP

In billions of CFA francs	2002	2003	2004	2005	2002/2005
Programmed external financing	178.4	200.5	204.9	209.3	793.1
Project grants	78.0	80.0	82.0	84.0	324.0
Project loans	100.4	120.5	122.9	125.3	469.1
Additional external financing	45.1	64.6	66.8	74	250.5
TOFE financing gap	45.1	64.6	66.8	74	250.5
Total external financing (1)	223.5	265.1	271.7	283.3	1043.6
Variation in %		18.6%	2.5%	4.3%	
Domestic financing					
Tax revenue	331.0	366.7	410.6	458.9	1567.2
Non-tax revenue	24.2	24.2	24.2	24.2	96.8
Total internal financing (2)	355.2	390.9	434.8	483.1	1664
Variation in %		10.1%	11.2%	11.1%	
Total Financing (1+2)	578.7	656.0	706.5	766.4	2707.6
As a % of Total Financing	2002	2003	2004	2005	2002/2005
Programmed external financing	30.8%	30.6%	29.0%	27.3%	29.3%
Project aid	13.5%	12.2%	11.6%	11.0%	12.0%
Project loans	17.3%	18.4%	17.4%	16.3%	17.3%
Additional external financing	7.8%	9.8%	9.5%	9.7%	9.3%
TOFE financing gap	7.8%	9.8%	9.5%	9.7%	9.3%
Total external financing	38.6%	40.4%	38.5%	37.0%	38.5%
Total domestic financing	61.4%	59.6%	61.5%	63.0%	61.5%

333. In implementing the PRSP, the Government will proceed with a reallocation of funds towards the priority sectors. Additional PRSP expenditure financed by internal resources is estimated at CFAF 233.2 billion over the period 2002/2005 (see Table 3: Sectoral Distribution of the Government Budget Financed by Domestic Resources 2002-2005, in Billions of CFA francs).

Table 3: Sectoral Distribution of the Government Budget Financed by Domestic Resources 2002-2005, in Billions of CFA francs

	2002		2003			2004			2005			2003/2005		
	Before PRSP	After PRSP	Before PRSP	After PRSP	Add. exp.	Before PRSP	After PRSP	Add. exp.	Before PRSP	After PRSP	Add. Exp.	Before PRSP	After PRSP	Add. exp.
Public Authorities and Administration	52.3	52.3	53.3	64.2	10.9	54.4	72.8	18.4	56.0	81.9	25.9	163.7	219.0	55.3
Diplomatic Corps and Foreign Affairs	12.8	12.8	13.2	14.6	1.4	13.6	16.2	2.6	14.2	17.9	3.7	41.0	48.7	7.7
National defense and security	44.7	44.7	46.1	47.3	1.2	47.5	49.4	1.8	50.1	52.0	1.9	143.7	148.7	5.0
Primary education	42.4	42.4	43.7	48.2	4.5	45.0	52.9	7.9	47.4	56.9	9.5	136.2	158.0	21.8
Secondary and advanced education	24.4	24.4	25.1	26.8	1.8	25.7	29.1	3.4	26.7	32.2	5.5	77.5	88.1	10.6
Culture, youth and sport	6.2	6.2	6.3	7.3	1.0	6.4	8.2	1.7	6.6	9.0	2.4	19.4	24.6	5.2
Health	21.6	21.6	22.2	25.5	3.3	22.8	28.6	5.8	23.7	32.1	8.5	68.8	86.3	17.5
Social sectors	5.3	5.3	5.5	6.7	1.2	5.6	8.1	2.5	5.8	9.0	3.2	16.9	23.8	6.9
Employment	0.8	0.8	0.8	1.2	0.5	0.8	1.5	0.7	0.8	1.6	0.8	2.4	4.4	2.0
Agriculture	45.6	45.6	24.8	30.3	5.5	19.2	26.8	7.6	19.8	31.8	12.0	63.7	88.9	25.2
Mines, Water resources, Industry	5.9	5.9	6.0	7.1	1.1	6.1	7.8	1.7	6.3	8.7	2.4	18.4	23.7	5.2
Urban development and Public works	14.8	14.8	15.0	21.4	6.4	15.1	24.2	9.1	15.3	28.2	12.9	45.3	73.8	28.5
Transport	10.3	10.3	10.3	15.8	5.5	10.3	17.1	6.8	10.4	21.2	10.8	31.0	54.0	23.1
Communications	3.8	3.8	3.9	5.4	1.5	4.0	6.3	2.3	4.1	7.2	3.2	11.9	18.9	7.0
Domestic debt	7.4	7.4	14.9	14.9	0.0	14.9	14.9	0.0	14.9	14.9	0.0	44.6	44.6	0.0
External debt	54.5	54.5	72.5	72.5	0.0	74.5	74.5	0.0	82.6	82.6	0.0	229.6	229.6	0.0
Unallocated expenditures	92.2	92.2	83.5	90.0	6.5	93.2	96.0	2.8	96.8	100.0	3.2	273.5	285.9	12.5
Total	445.2	445.2	447.0	499.3	52.3	459.2	534.3	75.1	481.4	587.2	105.8	1,387.6	1,620.9	233.2

Table 4: Sectoral Distribution of Budgetary Expenditures 2002-2005, in Millions of CFA francs

	2002	2003	2004	2005	Total 2003-2005	% Share 2003-2005
Public auth.-gen. admin.	73,753	85,700	94,317	103,396	283,413	12.7%
Recurrent	33,649	37,069	40,570	43,509	121,149	5.4%
Investment	40,104	48,631	53,747	59,886	162,264	7.3%
Dipl. corps-Foreign affairs	12,836	14,564	16,155	17,935	48,655	2.2%
Recurrent	11,086	12,339	13,645	15,083	41,068	1.8%
Investment	1,750	2,225	2,510	2,852	7,587	0.3%
Nat. def. – Int. security	44,712	47,314	49,375	51,970	148,659	6.6%
Recurrent	39,957	42,159	44,220	47,214	133,593	6.0%
Investment	4,755	5,155	5,155	4,755	15,066	0.7%
Primary education	48,775	54,502	59,285	62,907	176,694	7.9%
Recurrent	40,035	44,665	47,797	52,361	144,824	6.5%
Investment	8,740	9,837	11,488	10,546	31,870	1.4%
Secondary/advanced education	29,298	31,731	33,773	37,059	102,563	4.6%
Recurrent	22,862	24,743	26,497	28,750	79,989	3.6%
Investment	6,436	6,987	7,277	8,310	22,574	1.0%
Culture, Youth, Sport	6,678	7,809	8,647	9,520	25,976	1.2%
Recurrent	4,183	4,555	4,937	5,262	14,753	0.7%
Investment	2,495	3,255	3,711	4,258	11,223	0.5%
Health	39,666	43,543	46,618	50,156	140,317	6.3%
Recurrent	18,580	21,352	23,903	26,755	72,010	3.2%
Investment	21,086	22,191	22,714	23,401	68,306	3.1%
Social sectors	11,937	13,293	14,677	15,587	43,558	1.9%
Recurrent	4,325	5,554	6,826	7,607	19,987	0.9%
Investment	7,612	7,739	7,851	7,981	23,571	1.1%
Employment	753	1,242	1,514	1,605	4,361	0.2%
Recurrent	653	707	758	823	2,289	0.1%
Investment	100	535	756	781	2,072	0.1%
Agriculture	105,059	89,717	86,184	91,201	267,102	11.9%
Recurrent	37,279	17,601	13,092	14,890	45,583	2.0%
Investment	67,780	72,116	73,092	76,311	221,519	9.9%
Mining, Water, Industry	32,816	26,331	31,388	36,718	94,437	4.2%
Recurrent	3,823	4,295	4,780	5,147	14,222	0.6%
Investment	28,993	22,036	26,607	31,572	80,215	3.6%
Urban dev.-Pub. Works	66,942	73,502	76,327	80,278	230,106	10.3%
Recurrent	4,687	5,122	5,570	5,974	16,666	0.7%
Investment	62,255	68,379	70,757	74,304	213,440	9.5%
Transport	17,998	23,501	24,813	28,899	77,212	3.5%
Recurrent	2,962	3,063	3,160	3,235	9,458	0.4%
Investment	15,036	20,438	21,653	25,664	67,755	3.0%
Communications	6,424	7,984	8,899	9,812	26,695	1.2%
Recurrent	2,457	3,212	3,945	4,260	11,417	0.5%
Investment	3,968	4,773	4,954	5,552	15,278	0.7%
Domestic debt	7,370	14,880	14,880	14,880	44,640	2.0%
External debt	54,484	72,517	74,500	82,593	229,610	10.3%
Unallocated expenditures	93,997	91,749	97,910	102,038	291,698	13.0%
Recurrent	74,468	69,426	74,861	74,590	218,878	9.8%
Investment	19,529	22,323	23,049	27,448	72,820	3.3%
Grand total	653,499	699,880	739,262	796,554	2,235,697	100.0%

19.2 Proposed Allocation of HIPC Funds

334. Over the period 2002-2004, total funds anticipated from the HIPC Initiative are estimated at nearly CFAF 75 billion by the Public Debt Department. The proposed distribution of these funds among the priority sectors would allocate 45.0% to education/literacy, 15.0% to health/population, 14.4% to revenue-generating activities and micro-finance for target groups, and 12.9% to rural development and natural resources. The other sectors (water supply and sanitation, 6.1%; vocational training and job creation, 3.1%; basic infrastructure, 2.5%; and improvement of statistical data and monitoring/evaluation, 1.2%) would receive the remaining 12.9%.

19.3 Medium-Term Expenditure Framework

335. The drawing up of the medium-term expenditure framework (MTEF) meets a certain number of objectives:

- the definition of a coherent and realistic budgetary framework that promotes macro-economic stability;
- the establishment of a system of resources allocation that is consistent with the sectoral and inter-sectoral strategic priorities of the Government;
- the availability of pre-announced sectoral resource envelopes enabling the ministries to prepare sustainable strategies and to prepare the Program Budget.

336. The MTEF is a document that sheds light on the likely macro-economic situation over a 3-year period. To this end, it provides an advance perspective of budget resources over the period and the ability to provisionally determine sector resource envelopes. In this way, better planning of sector objectives, and how to achieve them, is possible. Finally, the MTEF contributes to rationalizing resource allocation through consideration of development priorities. It also fosters a better understanding on the part of the economic actors of the government's medium-term intentions.

337. Budget policy 2003-2005 reflects the Government's efforts to contain the primary deficit while reducing poverty and minimizing the social impact of the economic liberalization program. The effectiveness of revenue and expenditure management will be improved in order to achieve these objectives.

338. The primary budget deficit (excluding HIPC resources) should equal 0.1% of GDP on average over the period in line with WAEMU convergence objectives, that being a positive primary budget balance. This trend illustrates the level of budget discipline Mali has achieved since 1991. Current expenditure (excluding HIPC) is anticipated to be CFAF 287 billion in 2003 compared with CFAF 284.8 billion in 2002, or an increase of 0.77%. This low increase is attributable in part to the low level of subsidy for the cotton sector in 2003. But the upward trend would be maintained in 2004 and 2005 and its evolution relative to GDP should be constant at 12.4% on average over the period.

Budget revenue:

339. Internally-generated revenues in 2003 could be around CFAF 390.9 billion, or 17.1% of GDP.

340. In 2004 and 2005, these receipts should grow by 11.2% relative to 2003 and 11.1% relative to 2004. These successive increases should raise the tax burden from 16% in 2003 to 17.4% in 2005. This increase would essentially be sustained by the strong growth in domestic taxes at the expense of external trade taxes. This trend corresponds overall to the recent change in public finances in the WAEMU area, and is due to the establishment of the Common External Tariff in January 2000.

341. In order to achieve the above-mentioned forecast receipts, the tax and collection services will continue to improve the current collection systems in addition to developing new initiatives.

342. As regards domestic taxation, strengthening of fiscal control and actions to broaden the tax base that have been taken over the last five years will be maintained and executed with the greatest efficiency through application of new measures. These measures will be reflected in:

- a widening of the tax base: the strategy to be developed will revolve around the mobilization of the overall potential of the national economy;
- correct identification of tax payers, a drastic reduction in exemptions and information to tax payers will permit tax evasion to be brought under control;
- an improvement in the efficiency of collection services: modernization of the tax administration by use of computer technology, adaptation of the tax legislation by bringing it closer to the taxable activity and strengthening the system of taxation at the source;
- reorganization of the tax administration.

343. The essence of these reforms is to establish a tax system that favors a better redistribution of income and mobilization of domestic savings.

Public Expenditures:

344. Expenditures and net borrowing will be CFAF 652.2 billion in 2003, an increase of 7.9% over the budget forecasts for 2002. The increase will be a relatively strong CFAF 692.2 billion in 2004 and CFAF 744.8 billion in 2005, or an increase of 6.1% over 2003 and of 7.59% over 2004, respectively. However, the share of expenditure and net borrowing should stabilize at around 28% of GDP over the period.

345. Current expenditure will increase from CFAF 284.4 billion in 2002 to CFAF 287 billion in 2003, an increase of 0.7%. This situation is attributable to the non-renewal of part of the CMDT subsidy amount.

346. Capital expenditure financed by domestic revenues in 2003 is projected to be CFAF 105.3 billion in 2003, compared with 73.7 billion in 2002, or an increase of 42.8 billion, representing 28.7% of projected tax revenues. This capital expenditure from domestic revenues should reach CFAF 145.6 billion in 2005, or 31.7% of tax revenues, well above the minimum threshold set by the WAEMU (at least 20% of tax revenues).

19.4 Distribution of Funds between the Priority Pillars

347. The Final PRSP identifies three priority pillars which together contribute to the objective of growth and poverty reduction:

- Pillar 1: institutional development, and improvement in governance and participation;
- Pillar 2: human resource development and access to basic social services; and,

Pillar 3: development of basic infrastructure and productive sectors.

348. Table 5 below gives details of the order of priority within the three priority pillars based on of the distribution of funds:

Table 5: Priority Distribution of Funds within the Three Pillars⁶

PRIORITY PILLARS	Component	% share	Amount over the period 2002-2004 in billions of CFA francs
HUMAN RESOURCE DEVELOPMENT AND IMPROVING ACCESS TO BASIC SOCIAL SERVICES	Education / literacy	12.3%	248.5
	Health and population	16.4%	331.3
	Employment and vocational training	0.3%	6.1
	Environment and living standards	9.9%	200.0
	Revenue-generating, solidarity and social security activities	11.8%	238.4
	Sub-total	50.8 %	1024.3
DEVELOPMENT OF BASIC INFRASTRUCTURE AND PRODUCTIVE SECTORS.	Rural development and natural resources	15.8%	319.2
	Basic infrastructure for development	31.2%	630.3
	Sub-total	47.0 %	949.5
ENSURING INSTITUTIONAL DEVELOPMENT, GOVERNANCE AND PARTICIPATION	Governance and institutions	1.8%	36.4
	Culture / religion / harmony and security	0.3%	6.1
	PRSP Implementation , analysis and monitoring/evaluation	0.2%	4.0
	Sub-total	2.3%	46.5
TOTAL	-	100.0 %	2020.3

20 The Monitoring and Evaluation Mechanisms

349. The PRSP monitoring and evaluation (M&E) process is at this stage viewed as an evolving process: some monitoring and evaluation mechanisms and the institutional framework have now been identified, but will need to adapt/change as various actors strengthen their capabilities to contribute to the process and efficiency of certain tools is improved. Thus it is proposed to develop and implement a monitoring and evaluation process that is initially based on what currently exists: this assumes coordination and ensuring consistency of existing monitoring

mechanisms in the various departments. It also assumes the judicious use of the various M&E instruments already being utilized.

350. Then, and if necessary, new mechanisms, new instruments or the strengthening of existing mechanisms will be considered in order to establish a perennial, overall system for monitoring and evaluation. The PRSP Coordination Unit will be responsible for coordinating efforts to analyze existing mechanisms and for developing and establishing the monitoring and evaluation system. It will provide monitoring of initiatives already launched and envisaged, which are aimed at strengthening certain institutional features and/or certain monitoring and evaluation tools in order to optimize the consistency of all these initiatives and maximize their contribution to the PRSP monitoring and evaluation process.

351. The institutional framework currently in place, as well as the recommended tools for PRSP monitoring and evaluation, are described below. A brief outline is then presented of the various activities in progress and/or planned in order to make progress toward an efficient system that integrates the various structures and tools in a consistent and complementary manner, and that permits, in time, both the implementation of the PRSP and its impact on reducing poverty to be taken into account.

20.1 Institutional Framework and Role of the Actors

352. Coordination of PRSP implementation, and monitoring/evaluation will be provided through the institutional mechanisms that are put in place. The institutional framework adopted for PRSP preparation will be maintained and strengthened within the framework of PRSP monitoring. This framework is now sufficiently tried and tested to enable its expansion from the PRSP preparation phase to the implementation monitoring phase. The thematic groups of the Technical Committee (incorporating all government and non-government partners, see section 1.2) whose contribution to PRSP preparation has been vital, will continue to meet periodically to take stock of the progress on execution of the action plans for their respective thematic areas both at national and regional levels. Monitoring at the regional and local levels will be carried out by the regional structures of the Technical Committee (that is, the PRSP regional committees). Semi-annual reports would be prepared by each thematic group, and these will be sent to the chairman of the Steering Committee. A summary of these reports will be prepared by the National Planning Department and will be submitted for review to the Steering Committee, the Joint Committee of Mali-Development Partners, and the Policy Committee. An annual report will be submitted for government approval.

353. At the technical level, the roles of the various involved parties are defined as follows:

apart from its role in formulating and establishing a more advanced monitoring and evaluation system in the medium-term, the **PRSP Coordination Unit** will ensure monitoring of the use of funds, particularly HIPC funds. It will also ensure the smooth operation of the PRSP institutional mechanisms and continuation of the participatory process through the involvement of all actors in PRSP implementation and monitoring/evaluation activities. It will ensure continual advocacy and IEC activities favoring the new strategic orientations of the country. It will also ensure that the main structures of the administration, civil society and private sector are strengthened in order to ensure success of the process of PRSP execution, and monitoring and evaluation.

The National Planning Department will be responsible for monitoring execution of the action plans through implementation of the projects and programs selected. Specifically, it will have to: (i) monitor macro-economic developments; (ii) ensure consistency between the strategies and interventions of donors and those of the PRSP; and (iii) produce and publish an annual monitoring report with a status report and recommendations for further PRSP development as needed, as well as a semi-annual evaluation report within the context of a rolling medium-term planning and programming framework; and (iv) contribute to developing evaluation capacity such as decision-making tools and instruments to improve public sector efficiency.

The **National Statistics Department** will produce the data to enable tracking of performance indicators, through conducting light surveys or collecting passive data. It will ensure that the information system permits close and regular tracking.

The National Budget Department will monitor execution of the Medium-Term Expenditure Framework (MTEF) and the Program Budget.

The **National Public Debt Department** will monitor development of HIPC funds, and will ensure good management of both internal and external debt.

The **Finance and Audit Office** will be responsible, among other tasks, for monitoring the anti-corruption program.

The Planning and Statistics Units will monitor execution of projects and programs at the sector level.

The **Sustainable Human Development Monitoring Body** – (*Observatoire du Développement Humain Durable* ODHD) will be responsible for PRSP evaluation and for analysis of the impact indicators, as well as for the production and dissemination of reports on sustainable human development (DHD). Its work will draw on the data produced by the National Statistics Department and other units. It is responsible for monitoring the performance indicators.

The **International Cooperation Department** will support the various entities in the search for and mobilization of funds from the external development partners.

The **Program for Strengthening National Capabilities in Strategic Management of Development** (*Programme Cadre de Renforcement des Capacités Nationales pour une Gestion Stratégique du Développement* – PRECAGED) will be responsible for the institutional strengthening and capacity building components of the PRSP.

The **Center for Analysis and Formulation of Development Policies** (*Center d'Analyse et de Formulation des Politiques de Développement* – CAFPD) will be responsible for strengthening analytical and policy formulation capabilities for development and poverty reduction.

Civil society and the private sector will be involved at all stages of the process of monitoring/evaluation, particularly as regards monitoring of the programmed activities.

As regards the decentralized community administrations, monitoring and evaluation will be undertaken through the regional and local PRSP committees.

In all cases, the role of each actor will be specified with the formulation of a genuine monitoring and evaluation strategy using a broad participatory process.

20.2 Monitoring Indicators

354. In Mali, the PRSP has become the sole reference framework for development policies and strategy. Even though the PRSP document highlights the political and strategic priorities for poverty reduction, all the sectors and fields will play a direct or indirect part in achieving the overall objective of strong and sustainable growth that is poverty reducing. The PRSP monitoring and evaluation system must therefore be as comprehensive as possible to enable the monitoring and evaluation of implementation success of all PRSP components and of each of the components where their effects are identifiable separately. This dual approach is needed because the PRSP reflects the will to take action on specific factors that accelerate growth and reduce poverty. Monitoring and evaluation of the PRSP thus must not only serve to verify growth and poverty levels but also help to identify factors that have permitted these levels to be achieved as well as their effectiveness in this process. This approach will provide feedback to the decision-making process of the PRSP to enable the strengthening or reorienting of certain strategies or activities according to the efficiency with which they contribute to achieving the objective. It is therefore important that the PRSP monitoring system does not rely solely on monitoring the impact of the implemented policies (levels of growth and of poverty) but also on monitoring inputs, activities and the results obtained.

355. PRSP monitoring and evaluation will be done on the basis of three types of performance indicators: (a) activity (or input), (b) results and (c) impact. A range of suitable and relevant indicators will be identified that permit: (i) monitoring of implementation progress of the action programs and of resource management; (ii) measuring the results obtained in relation to the objectives that have been set; and (iii) measuring the impact of policies on the overall objective of growth and poverty reduction.

356. The activity (or input) indicators are closely linked to the action plans. They include items that relate to (i) inputs (amount of infrastructure created or rehabilitated, number of personnel/population, number of km of roads and feeder roads built or maintained, etc.) and (ii) to process (quality indicators such as the number of teaching contact hours per week, availability of essential medicines, etc.). They also include financial indicators whose monitoring is of fundamental significance since this permits a comparison of the effectiveness of resource allocation to a particular sector or activity and verification of the effective use of the allocated funds (monitoring of budget execution and final destination of funds).

357. The results indicators (output) permit careful monitoring of the effects of the PRSP in the short- and medium-terms and concern the items that have the greatest influence on the impact indicators. The results indicators aim, above all, to capture the specific objectives of the implemented programs. The main focus would be on monitoring the coverage of and access to basic social services as well as access to productive economic opportunities. The results indicators are not necessarily measurable in the short-term (for example, infant or maternal mortality rates, unemployment rate). In such cases, indicators similar to *product indicators* (intermediaries between action and result indicators) may provide supplementary information if the causal links are clearly established (for example, the rate of visiting health centers by mothers/children, rate of assisted births, vaccination rates, educational attainment levels, etc.).

358. The impact indicators summarize the changes in the various dimensions of poverty (incidence and depth of poverty in its various forms). They provide a panoramic profile of success

or failure over the medium- and long-terms with respect to the major factors of the well-being of the population.

359. Regular monitoring of the PRSP will center on a certain number of results and activity indicators, that can be monitored on the basis of ongoing statistical operations and that will feed into the production of status reports for each main component of the PRSP, as well as for the preparation of an annual report. These results and activity indicators are produced by the technical departments within the framework of their routine statistical collection activities, and are already used in part by the departments in sector resource management within the Program Budget context.

360. PRSP Evaluation will center on a few results indicators considered to be the most essential for assessing medium-term success of the PRSP. The data on these indicators will result from specific surveys. In order that the evaluation of the PRSP be flexible and efficient, light surveys on household living conditions will be conducted by the National Statistics Department (these will constitute a sub-sample of the Malian Household Poverty Survey of 2001). The light surveys will provide a base of data for analyzing the results/impacts of the PRSP.

361. The indicative list of selected indicators is given in Annex 1. The results and activity indicators were selected on the basis of availability of the underlying data as well as on the ability of these indicators to provide relevant information on the final objectives (in other words, the clearer the causal link between the indicator measured and its impact on the final objective, the more relevant will be the indicator). It should be noted that these indicators will need to be revised over time: as indicated below, the use of results indicators as a management tool (to provide feedback on the strategies) is not yet standard practice: it is only by using indicators that their relevance can truly be verified and their target values determined.

20.3 Anticipated Revolution of the Monitoring and Evaluation Process

362. The concept of overall monitoring of all government policies, as well as performance monitoring, are new to Mali (as they are elsewhere). The creation of the monitoring and evaluation system must therefore be designed as a flexible process that has to improve in the course of its implementation. The ideas for the monitoring and evaluation program that emerged during PRSP preparation are being pursued in a number of directions in order to flesh out the conceptual framework of the system. It also aims to arrive at specific proposals for the roles to be played and tasks to be performed by the various actors who play a part in the PRSP, as well as prospects for the monitoring and evaluation mechanisms and tools to be used initially, which will be improved during the short term or implemented in the medium-term.

363. The monitoring and evaluation process will rely on the existing monitoring tools already developed: (i) at the sector departments level through the Program Budget approach and within the framework of the MTEF; (ii) at the Ministry of Economy and Finance (Planning and Budget departments); (iii) at the Statistics Department; and (iv) at the Sustainable Human Development Monitoring Body (ODHD). The strengthening of these tools is already either under way or planned (see below). Moreover, the monitoring and evaluation system will be anchored firmly in civil society participation, whether formally organized or not. The modalities for civil society participation have not yet been firmed up. Although the institutional arrangements are already largely in place (see above), an exhaustive diagnosis remains to be performed on the existing

monitoring tools, including an analysis of their relevance in terms of the PRSP's overall monitoring and evaluation objectives.

364. Strengthening in progress: In order to better reconcile the requirements for PRSP monitoring and evaluation with existing tools, certain initiatives have already been taken:

A workshop for validation and adoption of the PRSP indicators was held at the end of April 2002 for all the administrative structures with the involvement of certain NGOs. It permitted the selection of indicators (for activity, results and impact) to be finalized, taking into account in particular their relevance, the existence of base data (for the reference year), and data availability.

A study initiated at the request of the National Assembly and overseen by the MEF (to be undertaken by the CAFPD and a research consultancy firm selected by competitive tender) on strengthening the indicators used by the technical departments in their Program Budgets,³ has recently commenced. In fact, although quantitative indicators have been introduced in the majority of Program Budgets, these remain for the most part indicators linked to products (input and output indicators) rather than to results or impact achieved. It is now necessary to transform them into real tools for public expenditure management and into impact indicators for the implemented policies, which will also provide information on progress of the PRSP.

In parallel, the National Budget Department (DNB) envisages providing training courses on the Program Budget approach in order to more firmly instill the new approach of performance management in the technical departments. In fact, although the departments have adopted the approach in the preparation and presentation of their budgets, they have not yet sufficiently internalized the approach as regards resource management (that is, the link between "funds employed" and "results obtained"). From this same perspective, the DNB has initiated awareness-raising workshops in the departments on the program revue process. The DNB will also continue to extend MTEFs at the sector level (see section 8.3).

Over and above these initiatives, the PRSP Coordination Unit has funded technical assistance in order to help define a coherent strategy for PRSP monitoring and evaluation on the basis of ongoing and planned activities, and to define new actions as necessary. The work has started and considerations on the monitoring and evaluation framework are currently in progress. This work will continue throughout the second half of 2002 in order to coincide with the ongoing capacity building activities. The assistance will aim to complete the diagnosis of existing mechanisms and of the requirements in the various departments (particularly those outside the central administration such as the regional units and civil society) and to establish a timeline for the ongoing capacity building activities, for planned activities, and for new activities identified during the diagnosis (see below).

Finally, concerning the monitoring of HIPC funds, a special account for this purpose has been established at the Treasury. Special lines have been created in the government budget. A

³ The performance (or results) approach to public finance management that has been recommended for a number of years now by the Ministry of Economy and Finance, emphasizes the link between resources employed (human, financial, technical), and performance measured by the results obtained and the impact of public service delivery. Since 1998, the general government budget has been presented in the form of Program Budget prepared by each technical department including the objectives sought, the results to be achieved (quantitative measures of indicators that reflect the effectiveness of public expenditure) and a summary review of the results achieved the previous year.

technical committee has also been established, comprising the Debt, Planning, Budget departments, the technical advisor in charge of programs and the PRSP Coordination Unit.

365. **Planned action areas:** Within the framework of preparation and refinement of the PRSP monitoring and evaluation system, the following actions need to be taken in the short- and medium-terms:

As regards the activity and results indicators, the actions already undertaken and currently in progress aim both at a better definition of the indicators relevant for PRSP monitoring and efficient resource management, and at internalizing the results-based management approach. Effort in the medium-term should center on two aspects. First, the relevance of the activity and outcome indicators must be verified in concrete terms by monitoring this short-term evolution in order to ensure that the selected indicators are sufficiently representative of the changes in the specific and overall objectives. In fact, the selection of indicators is based to a large extent on the assumptions made regarding the causal links between actions taken, results obtained and desired impact. The validity of these assumptions can be verified in the short- to medium-terms, in particular by triangulating the information obtained from various sources and/or comparing the change in relatively similar indicators (substitution indicators). Second, the realism of the target values chosen for the indicators would need to be verified, in relation to the resources and methods used (the targets must be ambitious but not out of reach). This verification can only take place in the medium-term since it depends on the extent to which the technical departments internalize the results-based management approach. The refinement of the indicators and their target values will be made as use of the indicators becomes a genuine management tool. In the meantime, annual sector public expenditure reviews, coupled with semi-annual monitoring of the PRSP, will permit verification of the relevance of the indicators in order to refine their target values if necessary.

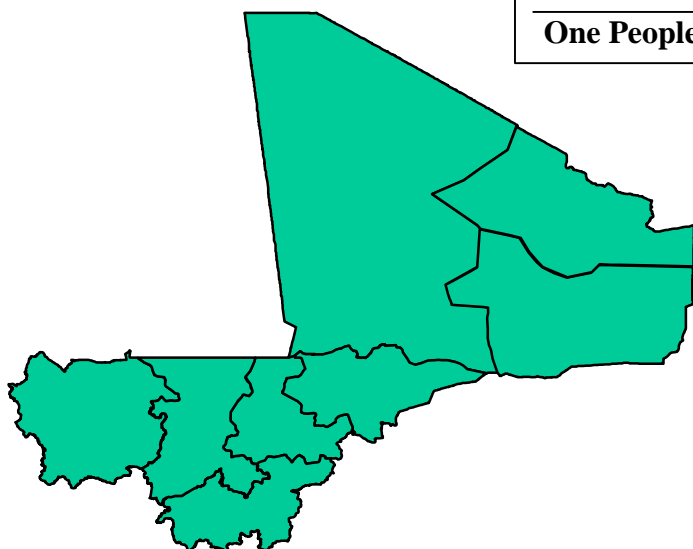
As regards financial monitoring, special attention will be paid to monitoring public expenditure and the use of funds from the HIPC initiative (see also section 10.1). To this end, efforts will be made to strengthen the ongoing review and audit process as regards the transparency of public finances, through a review of the legal framework for management of the government budget, an improvement in the budget preparation process, systematizing audit functions, strengthening internal monitoring mechanisms, and mechanisms to enable greater public access to budget information. Although the identification of the budget/program lines assigned to poverty reduction has already been done through a specific poverty-oriented nomenclature, specific actions will also be taken to: i) achieve coherence between the Program Budget format and that of the standard government budget; and ii) establish mechanisms for the analysis of the medium-term sustainability of public finances policy. This last aspect will, of course, also be analyzed during the sector public expenditure reviews.

As regards overall impact indicators, the envisaged strengthening relates as much to the institutional aspect as to the aspect of collection, processing and analysis of data. One of the priority actions for improving public sector performance (see section 8.2) is the strengthening of overall planning and development management mechanisms with a view to permitting the concerned departments to ensure proper formulation and effective monitoring and evaluation of development policies, including the PRSP. This strategic action is aimed specifically at providing additional human resources, implementing a training program, considering and implementing proposals for institutional restructuring

and for incorporation of spatial dimensions in development management activities. An essential element of this program relates to the implementation of the master plan for development of the national statistical system (SSN) prepared by the PRECAGED in May 2001. The diagnosis of the national statistical system identifies institutional, organizational, human and financial problems. It also identifies gaps in the use and production of statistics (problems of best use of statistics due to the lack of visibility of the available statistics, inadequate dissemination of data in terms of its quality and quantity as well as weak management, and insufficient analysis). The master plan recommends a strengthening of the SSN through a wide-ranging institutional restructuring of the entire system. Monitoring of the implementation of action plans (following validation) will be undertaken by the permanent secretariat of the national statistical council that will be established. The action plan relates to both the Statistics Department and the Planning and Statistics Units located in the technical departments, and will therefore address, among others, the potential problem of the reliability and quality of the routine data produced by the sector statistical systems that permit the sector results indicators to be compiled.

Finally, an enormous amount of work remains to be done in order to better situate the PRSP monitoring and evaluation system among its final beneficiaries. As indicated several times above, the participatory strategy will have to be deepened both at the national and regional levels. It will, in particular, continue the process based on the specialized sector groups in which civil society is already actively involved through various NGOs, encourage greater participation of other civil society and the private sector representatives in the process, progressively involve the local community administrations and local communities in the process, formalize a process of systematic consultation of the poor and beneficiaries on the results of PSRP implementation, and clarify the role of each actor in the monitoring and evaluation process as well as mechanisms to enable their participation in monitoring and evaluation activities. Specifically, the PRSP unit, with the help of technical assistance, envisages short-term actions aimed at: (i) identifying the existing mechanisms for collection of information at the grassroots NGO level to assess whether these existing mechanisms could be systematized in order to contribute to an information database on the poverty status at highly disaggregated levels; and (ii) exploring the interest of civil society, including the beneficiary population at a highly disaggregated level, in dissemination of financial (particularly budgetary), economic and social information, and in establishing a flow of such information between the central administration and civil society in order to stimulate the latter's involvement in public affairs and PRSP monitoring/evaluation. It should be noted that within the framework of this participatory strategy, the PRSP unit will closely monitor the results of efforts taken at the level of NGO groups aimed at strengthening their policy analysis capabilities and mechanisms for dialogue among them, and establishing the frameworks for local, regional and national dialogue.

REPUBLIC OF MALI
One People - One Aim - One Faith



29 MAY 2002

F I N A L P R S P

Poverty Reduction Strategy Paper

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ANNEX 1. POVERTY REDUCTION TARGETS

Table A-1: List of indicators in the education and health sectors

Indicators by sector	Type ⁴	Reference Points		Targets determined		Frequency	Source
		Year	Value	2002	2006		
Poverty							
Incidence of poverty	I	1998	63.8	63.0	47.5	Every 5 years	EBC
Severity of poverty	I	1998	42.3	42.0	32.0	Every 5 years	EBC
Education							
Gross primary enrollment ratio	R	2001	60.0	64.0	83.0	Yearly	CPS
Gross primary enrollment ratio for girls	R	2001	49.0	52.0	64.0	Yearly	CPS
Student / Teacher (primary education)	A	2001	74.0	70.0	54.0	Yearly	CPS
Literacy rates	I	2001	43.0	45.0	56.0	Yearly	CPS
Education budget as a share of government budget (%)	A	2001	11.5	12.7	18.5	Yearly	DNB
Primary education budget as a share of the education budget (%)	A	2001	56.8	57.0	60.8	Yearly	DNB
Health							
Percent of population with access to health facilities within a distance of 5 km	A	2001	41	45	50	Yearly	SNIS
Percent of population with access to health facilities within a 15km radius	A	2001	66	70	80	Yearly	SNIS
Rate of prenatal consultations	R	2001	52	55	60	Yearly	SNIS
Rate of assisted deliveries	R	2001	41	45	50	Yearly	SNIS
Number of functional CSCOMs	A	2001	533	560	620	Yearly	SNIS
Number of CSREF organizing a yearly consultation	A	2001	21	23	30	Yearly	SNIS
Neonatal mortality rate	I	1995	68		58	Every 5 years	EDS
Infant mortality rate (per 1,000 live births)	I	2001	113.4		100	Every 5 years	EDS
Child mortality rate	I	2001	229.1		210	Every 5 years	EDS
Maternal mortality rate (per 100,000)	I	2001	505		500	Every 5 years	EDS
Fertility index	I	2001	6.8		6.5	Every 5 years	EDS
Contraception prevalence rate (all methods) in percent	R		8.2		10	Every 5 years	EDS
Levels of chronic malnutrition (children less than 5 years of age)	I	2001	24.5		18	Every 5 years	EDS
HIV / AIDS prevalence rate	I	2001	1,7		1	Every 5 years	EDS
Rate of children of less than 1 year in age protected by DTCP3 vaccination (in percent)	R	2001	61		75	Yearly	SNIS
Health budget as a share of the government budget	A	2001	8.9	9.7	10.4	Yearly	DNB

⁴ A: Actions, R: Results, I: Impact

Table A-2: Indicative list of indicators for each PRSP pillar

Priority targets and performance indicators	Type ⁵	Reference points		Targets		Frequency	Source
		Year	Value	2002	2006		
Poverty reduction							
Incidence of poverty							
Severity of poverty							
Ensure institutional development, improvement of governance and participation							
Satisfaction rate of users of the administration							
Percentage of public funds used at community level							
Degree of civil society participation in formulation, implementation and follow-up of development policies							
Anti-corruption campaign							
Number of inspections carried out							
Number of reports produced							
Decrease of misappropriation of funds							
Capacity building and the credibility of the judicial system							
Degree of satisfaction of the population							
Sustainable human development and strengthening the access to basic social services							
Education							
Gross primary enrollment rate							
Gross primary enrollment rate (girls)							
Student / Teacher ratio in primary education							
Literacy rates							
Education budget as a share of the government budget							
Primary education budget as a share of the education budget							
Health							
Neo-natal mortality rate							
Infant mortality rate							
Child mortality rate							
Maternal mortality rate							
Levels of chronic malnutrition (children less than 5 years of age)							
HIV / AIDS prevalence rate							
Rate of children of less than 1 year in age protected by DTCP3 vaccination							
Health budget as a share of the government budget							
Rate of pre-natal consultations							
Rate of assisted deliveries							
Synthetic fertility index							
Housing							
Percentage of households in rented housing							
Percentage of households in owned housing							
Water							

⁵ A: Actions, R: Results, I: Impact

Priority targets and performance indicators	Type ⁵	Reference points	Targets	Frequency	Source
Rate of villages benefiting from at least 1 drinking water point					
Percentage of population with access to drinking water					
Sanitation					
Percentage of households with a sewage disposal system					
Participation of women					
Percentage of female entrepreneurs					
Percent of women benefiting from micro-finance					
Number of women occupying positions of responsibility					
Employment					
Urban unemployment rate					
Rural under-employment rate					
Total number of jobs created					
<i>Development of basic infrastructure and productive sectors</i>					
Agricultural production, food and nutrition					
Total production of seed cotton					
Cotton producers prices					
Production of fiber					
Size of livestock herds					
Natural resource Management					
Number of hectares reforested					
Number of regional development plans implemented					
Number of rural wood markets					
Transport/communication/energy					
Number of km of dirt roads					
Number of km of asphalt roads					
Number of km of maintained roads					
Density of roads					
Number of villages with telephones					
Ratio of community coverage by rural radio programs					
Number of families connected to the EDM network					

ANNEX 2. METHODOLOGICAL NOTE ON I_s

366. Poverty has multiple dimensions. The poor can be distinguished from others by their lack of access to basic services, such as health, education, drinking water and other essential services that should be provided by the community to prevent them from sinking into a state of destitution. On the basis of this concept, the incidence and severity of poverty can be determined from information on socio-economic infrastructure.

367. The methodology is founded on an indicator (I_s) called the "poverty score" which varies from 0 to 20. The types of infrastructure chosen to work out the I_s are: **education** (elementary and higher formal education, literacy center), **health** (hospital, community clinic, mother and child pediatrics, maternity hospital, community health center), **access to drinking water** (drilling, modern wells with large diameters), **food and income security** (cereal bank, village bank). The I_s of a village is the sum of the partial scores presented in the table below.

Table A-3: Partial scores by types of infrastructure

Type of infrastructure	0 km	0 to 5 km	Over 5 km	Observations
<u>Education</u>				
Elementary	3.0	1.5	0.0	
Higher	1.0	0.5	0.0	
Literacy center	2.0	0.0	0.0	
<u>Health</u>				
Hospital	4.0	2.0	0.0	If a village has a community clinic, mother and child clinic, or maternity hospital, the CSCOM is not scored and vice versa.
Community clinic	1.0	0.5	0.0	
PMI	1.0	0.5	0.0	
Maternity hospital	1.0	0.5	0.0	
CSCOM	3.0	1.5	0.0	
<u>Drinking water</u>				
Drilling	2.5	0.0	0.0	
Modern well	3.0	0.0	0.0	
<u>Food security</u>				
Cereal bank	0.5	0.0	0.0	
<u>Income</u>				
Village bank	1.0	0.0	0.0	
TOTAL	20.0			

368. The AGIS software is utilized to calculate the distances between the villages and infrastructures in order to determine the partial scores. To classify the villages according to the degree of poverty, the categories of I_s values below have been chosen:

Less poor	$10 \leq I_s \leq 20$
Poor	$5 \leq I_s < 10$
Very poor	$0 \leq I_s < 5$

369. Measuring poverty by an indicator such as the I_s allows identification of concentrated poverty zones within a country or region. However, this approach has two shortcomings which should be noted: first, the method does not apply to nomadic groups; and second, it attributes the same poverty level to all individuals in a given locality.

Figure A-1: Map of Incidence of Poverty

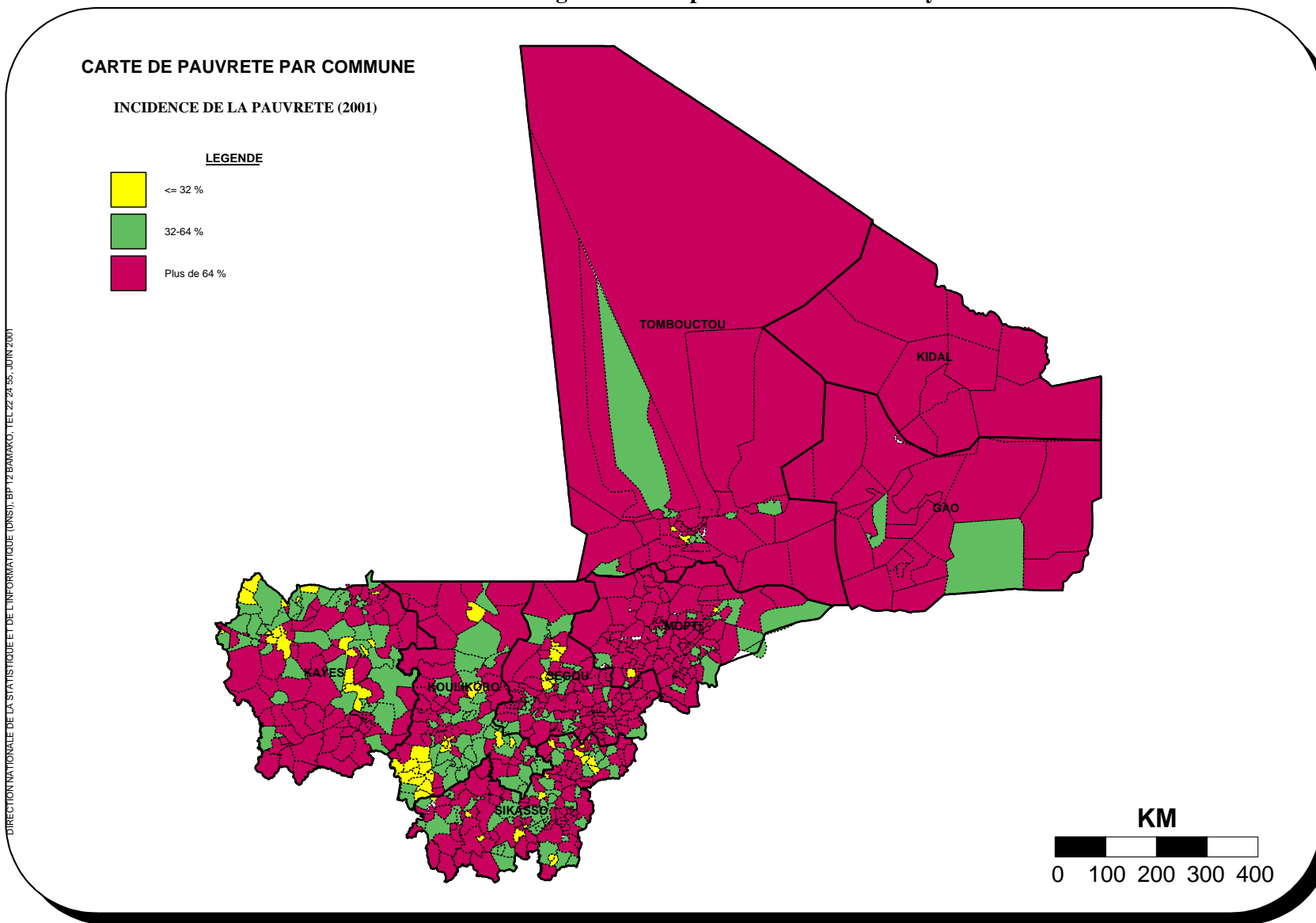
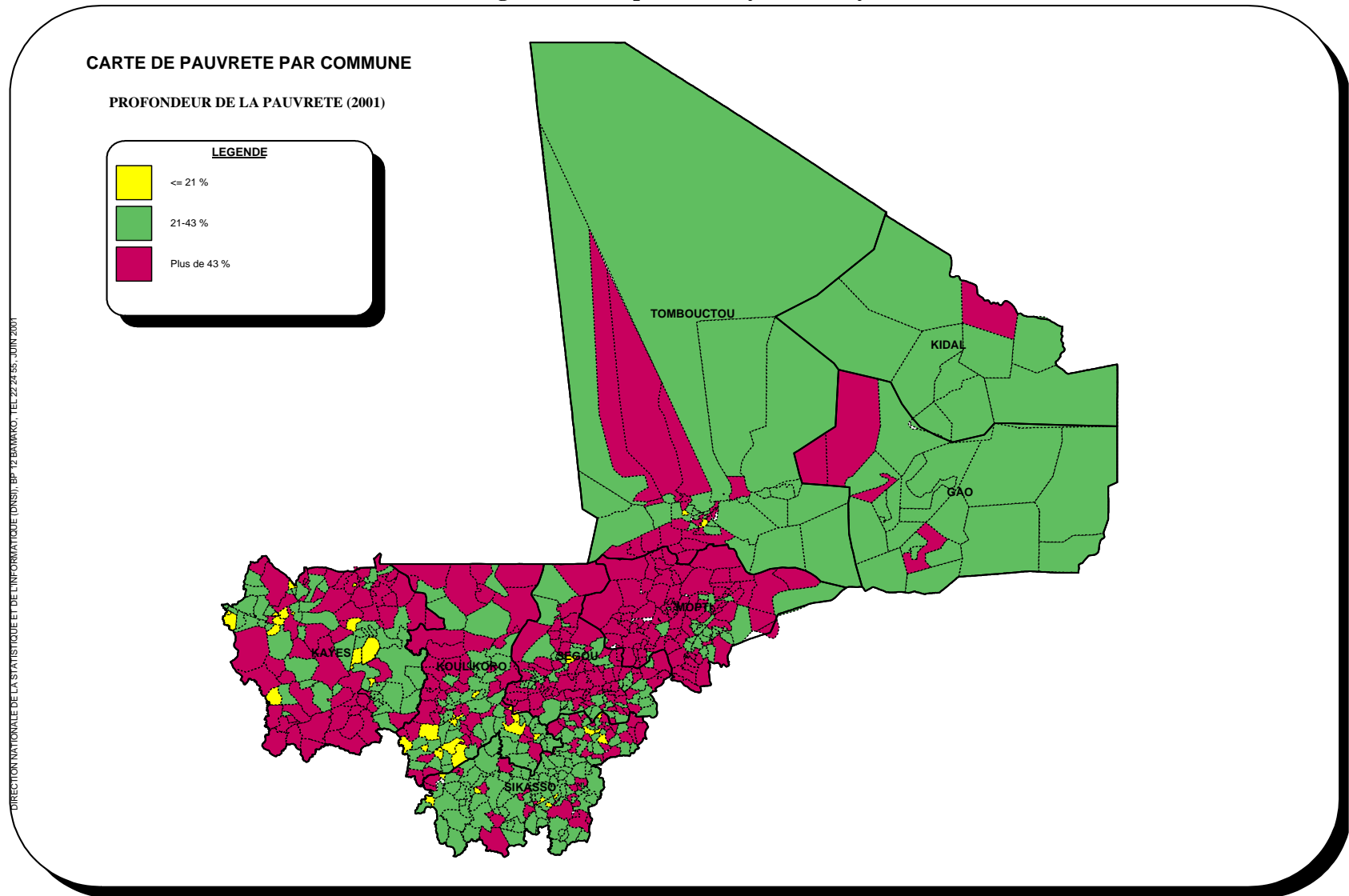


Figure A-2: Map of Severity of Poverty



ANNEX 3. OBJECTIVES IDENTIFIED WITHIN THE GLOBAL AND REGIONAL CONTEXT

INTERNATIONAL DEVELOPMENT OBJECTIVES

370. The Government of Mali has adhered to the development objectives adopted by the international community in UN conferences and world summits organized in the 1990s. These concern the various dimensions of poverty and its effects on the standard of living of people. There are seven objectives:

- Reduce the share of the population living in extreme poverty by half between 2002 and 2015, by implementing economic policies favorable to achieving strong, sustainable and re-distributive growth;
- Achieve a 100% net primary enrollment rate by 2015, while improving the quality of learning and considerably increasing resources allocated for school buildings, teacher recruitment and training, and teaching equipment;
- Progress towards sexual equality and female autonomy. Eliminate gender disparities in primary and secondary education by 2009, by focusing on the elimination of illiteracy and the education of girls and women in order to broaden their opportunities in terms of marriage, maternity, work, etc.;
- Reduce the infant and child mortality rates by two thirds by 2015, by allocating greater resources to basic social services, parental education, and nutritional improvement, especially for the poorest groups in the society;
- Reduce mortality rate linked to childbirth, by three quarters by 2015;
- Make reproductive health services available to all those who need them by 2015, by increasing awareness and utilization of contraceptive methods, and promoting the prevention and treatment of sexually transmitted diseases including HIV/AIDS, while increasing the availability of quality and inexpensive health services;
- Apply the national environmental development strategy by 2005, so as to repair the damage caused to environmental resources, reduce the impact of pollution on living standards of the poor, increase their productivity, and promote sustainable development.

THE NEW PARTNERSHIP FOR AFRICAN DEVELOPMENT (NEPAD)

371. The NEPAD framework comprises three major objectives: poverty eradication; the promotion of growth and sustainable development; and ending Africa's marginalization from the globalization process. To achieve these objectives, NEPAD has identified the following strategic questions and challenges:

- Restoration of harmony, security, and stability;
- Entrenchment of good governance;
- Recovery of accelerated growth and sustainable development (annual rate of growth of 7 percent for 15 years);
- Reduction in poverty and inequality of income;
- Consolidation of democratic achievements and strengthening of democratic institutions and structures;
- Infrastructure rehabilitation and construction;
- Reconfiguration of international finance structures;
- Close the digital gap between the North and the South.

ANNEX 4. MACRO-ECONOMIC FRAMEWORK

1. MACRO-ECONOMIC OBJECTIVES

372. The proposed scenario incorporates the impact of new measures to be implemented within the PRSP framework. These include not only better integration of sectoral and macro-economic policies, but also: a development of synergies arising from the liberalization of productive sectors, combined with policies to support professional and producers organizations; an acceleration of the establishment of economic and social programs for decentralized local administrations; and the securing of financing for transport and basic infrastructure development. The purpose is to attain an average annual growth rate of at least 6.7 percent over 2002-06.

373. Underpinning the scenario is a recovery in the cotton industry after the 2001 crisis, and higher than initially anticipated debt relief confirmed by creditors under the enhanced HIPC Initiative. The scenario also reflects a broad consensus based on extended dialog between all stakeholders; this constitutes an important indication of commitment of the authorities and the population to implement the new measures.

1.1. THE INTERNATIONAL ENVIRONMENT

374. The framework is based on the IMF's international economic outlook for the international economy for the 2002-06 period. *Projections include a stabilization of gold prices at around 275 dollars per ounce between 2003 and 2006, or US\$5 higher than the average price expected in 2002. In 2002, cotton prices should drop to US\$0.46 per pound, or their lowest level recorded in the past ten years, owing to a decrease in demand relative to supply. However, from 2003 onward, prices should recover steadily. The price of petroleum products will be below the 2001 levels. These assumptions about the international economic environment are an integral part of this framework.*

1.2 THE REAL SECTOR

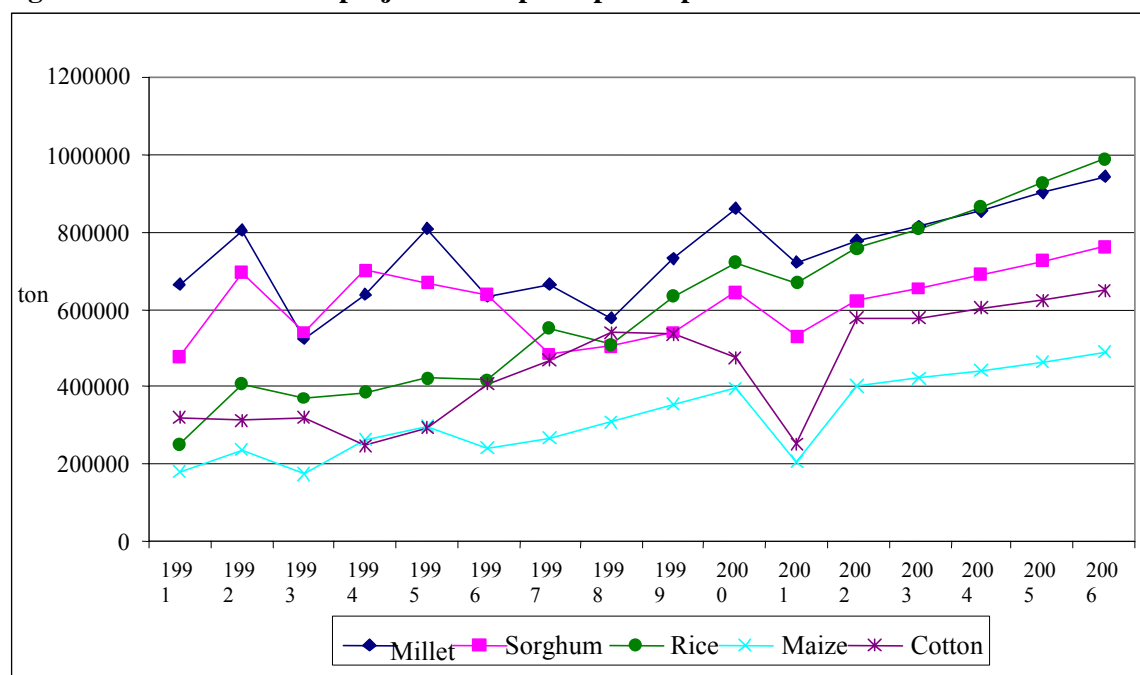
1.2.1 Production

375. Cereal production forecasts for the 2001/02 crop year are based on preliminary results from the Agricultural and Economic Survey. They foresee production increasing by 24.1 percent over its level in 2001 (2,865,609 tons in 2001/2002 compared with 2,309,868 in 2000/2001), when production dropped by 20.2 percent. By crop, the increases are 13.1 percent for rice, 103.8 percent for corn, 13.6 percent for millet, and 23.1 percent for sorghum. For the 2003-06 period, dry cereal production is projected to increase by 5 percent per annum, assuming adequate rainfalls. For rice, production is expected to rise 7 percent per year over 2003-06, given the increase in irrigated areas and local agricultural development. **The implementation of a land tenure policy will ensure that the rice sector plays a significant role in economic growth and export diversification.**

376. Cotton production, which reached a record 575,000 tons in 2002, will not exceed this level in the 2002/03 crop season due to worsening world prices and a reduction in the producer price to CFAF180 per kilogram (compared with CFAF200 per kilogram in the 2001/02 crop season). The cotton parastatal company, CMDT, projects that cotton production will subsequently grow by an average of 3 percent per year, due to an expansion of the area under cultivation.

377. In 2002, the mining industry, which played a leading role in the economy over the past few years, will experience a decline in production of 9.3 percent, with gold production declining from 53.6 tons to 48.6 tons. The decline is due to the closing of the gold mine at Syama and a slowdown in activity at some of the other mines. Nonetheless, gold production is forecast to increase to 64.1 tons in 2003, and production will increase slightly until 2006, though at a less sustained rate.

Figure A-3: Evolution and projections of principal crops 1991-2006



Sources: CPS/MDR, CMDT, projections.

1.2.2 Growth

378. The macro-economic framework reflects the production forecasts described above; they will enable the Malian economy to achieve a 6.7 percent average annual growth rate over the 2002-2006 period. In 2002, growth is anticipated to be about 9.3 percent, due to a 16.5 percent increase in cereal production, and a record 102.4 percent increase in cotton production. This technical rebound in 2002, following the stagnation recorded in 2001, is necessarily reflected in a slowing down of growth in 2003.

379. Over the period 2002-06, the growth in the primary sector (7.3 percent on average) will be based mainly on rice and cotton.

380. The mining industry, along with textiles, agro-business and public works, constitute the main sources of the 6.2 percent growth expected to be recorded in the secondary sector. This reflects: (i) the dynamism of the gold sector, which will achieve record levels of production and benefit from stable international prices; (ii) the acceleration in construction of transport and other basic infrastructure works; and (iii) the development of textile and food processing facilities.

381. Tertiary sector growth (5.9 percent annually on average) will be sustained essentially by the transport and telecommunication sub-sectors, financial services, non-market services and commerce. The revival in the supply of services is attributable to the development of transport infrastructure, the dynamism created by liberalization of the telecommunications sector, government withdrawal from the banking sector, and the strengthening of basic services, as well as the impact of growth on the rest of the economy.

1.2.3 INVESTMENT

382. The overall investment rate will average 22.7 percent over the 2002-06 period. Implementation of the PRSP action plan and ongoing road projects will boost public investment as a share of GDP to an average 8.2 percent a year – higher than in previous years. Private investment as a share of GDP should increase gradually from 8 percent to 10 percent, except in 2002 when the share will be 4 percent due to political uncertainties. **However, these investment levels will be possible only with the implementation of the strong foreign direct investment policy included in the PRSP.**

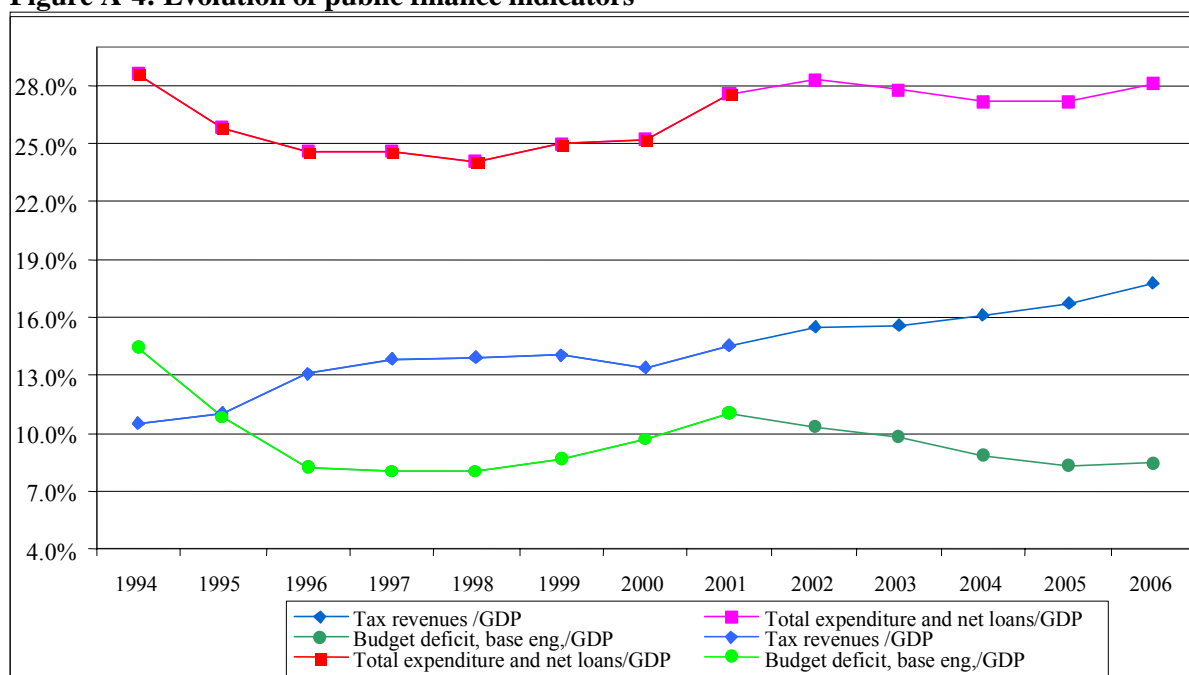
1.3 PUBLIC FINANCES

383. As regards public finances, a lasting improvement of the government’s financial situation is an essential component of the budgetary policy. The objective is to maintain the overall fiscal deficit at a sustainable level, while ensuring that the pressing needs of the priority sectors are met. This requires a rapid increase in total government revenue, to be achieved by a broadening of the tax base, as well as the maintenance of tight control over public expenditures.

384. Improvement of public finances during the PRSP period will be due to increased domestic resources associated primarily with the tax system reform, notably improved taxation of oil products.

385. Implementation of the proposed fiscal policy and maintaining tight control over budgetary expenditure will lead to a sustainable budgetary position over the period and an improvement in all budget indicators.

Figure A-4: Evolution of public finance indicators



Sources: DNTCP, DNB, DNP, Projections

1.4 THE BALANCE OF PAYMENTS

386. The trade surplus is expected to average 3.5 percent of GDP over 2002-06. This surplus reflects principally the increase in gold production and exports.

387. The external current account deficit will average 8.9 percent of GDP over the period. As a result, the WAEMU convergence criterion of an external current account deficit of less than 5 percent of GDP will not be met, due partly to a deterioration in the services trade balance, particularly transport, and in net factor services due to dividends paid abroad by mining companies.

2. RISK FACTORS

388. The macro-economic framework is based on optimistic assumptions regarding the evolution of the core real sector variables and of the international economic environment. It must be noted, however, that the Malian economy remains fragile due to several factors, the most important of which are:

- natural risks (climate, parasites, etc), which influence agricultural production;
- commodity prices (gold, cotton, oil);
- unstable external resource inflows;
- social and political tensions, both domestically and in the sub-region; and
- the AIDS pandemic.

389. To evaluate the sustainability of the macro-economic framework, three alternative scenarios were prepared, as follows: (i) instability of agricultural production, (ii) a decrease in gold production, and (iii) a combination of the first two.

2.1 SCENARIO WITH UNSTABLE CEREAL PRODUCTION AND A LEVELLING-OFF OF COTTON PRODUCTION (SCENARIO 1)

390. In this scenario, cereal production (excluding rice) evolves according to the trend over the last five years. This assumption, in effect, implicitly integrates the variable climatic and rainfall conditions in the forecast.

391. From 2003 to 2006 cotton production levels off at 550,000 tons. While this level of production is lower than that recorded in 2002 (575,000 tons), it is still higher than the production in any other previous year. Due to unfavorable world market prospects and especially to the new producer price setting mechanism linked to world prices, cotton production will tend toward a level that is compatible with the currently cultivated area, and with the sustainable deficit level of the cotton company.

392. In this case, the growth rate will average no more than 6.0 percent annually over the period 2002-06 and 5.1 percent over the period 2003-06.

2.2 SCENARIO FOR GOLD PRODUCTION CORRESPONDING TO THE CURRENT PRODUCTION PLAN (SCENARIO 2):

393. This scenario, characterized by a steady decline in mining production, underscores the sector's importance in the Malian economy. In this case, the growth rate will be no more than 5.1 percent a year over 2002-06. Excluding 2002, the growth rate would be lower at 4.1 percent a year for the period 2003-06.

2.3 SCENARIO COMBINING SCENARIOS 1 AND 2 (SCENARIO 3):

394. This scenario combines the two preceding scenarios. It is the most pessimistic one of the three, with a growth rate of 4.3 percent for the period 2002-06 and only 3.1 percent for the period 2003-06.

Table A-4: Results of the alternative scenarios relative to the base case.

		2000	2001	2002	2003	2004	2005	2006	2002/ 2006	2003/ 2006
Real GDP growth	Base case	3.7%	1.5%	9.3%	7.4%	5.9%	5.6%	5.3%	6.7%	6.1%
	Scenario 1	3.7%	1.5%	9.3%	5.8%	5.3%	4.9%	4.5%	6.0%	5.1%
	Scenario 2	3.7%	1.5%	9.3%	2.3%	4.4%	3.6%	6.0%	5.1%	4.1%
	Scenario 3	3.7%	1.5%	10.1%	0.7%	3.8%	2.8%	5.1%	4.3%	3.1%
Basic budget balance excluding HIPC	Base case	-0.6%	-1.2%	-0.5%	-0.4%	0.1%	0.3%	-0.2%	-0.1%	0.0%
	Scenario 1	-0.6%	-1.2%	-0.5%	-0.7%	-0.3%	-0.4%	-1.1%	-0.6%	-0.6%
	Scenario 2	-0.6%	-1.2%	-0.5%	-1.5%	-1.3%	-1.8%	-2.3%	-1.5%	-1.7%
Financing gap (in billions of CFA francs)	Base case	0	0	45.1	64.6	66.8	74.0	81.0	63.3	71.6
	Scenario 1	0	0	45.1	68.8	74.3	85.5	94.4	73.6	80.7
	Scenario 2	0	0	45.1	82.9	91.8	110.0	117.9	89.5	100.6
	Scenario 3	0	0	45.1	87.5	99.1	120.6	133.6	97.2	110.2
Current balance	Base case	-13.0%	-14.2%	-10.9%	-7.6%	-7.9%	-8.6%	-9.7%	-8.9%	-8.4%
	Scenario 1	-13.0%	-14.2%	-10.9%	-7.1%	-7.2%	-7.7%	-8.5%	-8.3%	-7.6%
	Scenario 2	-13.0%	-14.2%	-10.9%	-9.5%	-10.3%	-11.7%	-12.4%	-11.0%	-11.0%
	Scenario 3	-13.0%	-14.2%	-10.9%	-9.1%	-9.7%	-10.8%	-11.3%	-10.3%	-10.2%

ANNEX 5. MEDIUM-TERM EXPENDITURE FRAMEWORK (MTEF)

395. This appendix supplements chapter 19 of the PRSP. The medium-term expenditure framework (MTEF) incorporates the following elements:

1. PERSONNEL EXPENDITURE:

396. The civil service wage policy reflects the following priority items:

harmonization of civil service salary structures by adopting a single structure for all civil service employees, except those of the magistrature, the armed forces, and university personnel;

raising civil service salaries, while observing the corresponding WAEMU convergence criteria, and strengthening the social security system for civil servants. Furthermore, an efficiency- and merit-based personnel policy based will be established;

a recruitment policy oriented towards strengthening human resource capabilities in all sectors, with particular emphasis on the social sectors (education, health) and disadvantaged areas;

definition and implementation of a training program for government employees and preparation of a career path for all employee categories.

397. The wage bill will increase from CFAF 89.5 billion in 2002 to CFAF 97.5 billion in 2003, CFAF 103.8 billion in 2004, and CFAF 113.5 billion in 2005 – an increase of 26.8 percent between 2002 and 2005 compared with a 26.6 percent increase in nominal GDP. The wage bill will increase on average 8 percent annually over the period. The largest increases occur in 2003 and 2005, reflecting statutory promotions which are granted every two years.

398. The review of the wage bill is as follows:

For 2003, the calculation of personnel expenditure is based on the wage bill budgeted for 2002. For 2003, the following elements have been taken into account:

- statutory promotion amounting to CFAF 3.6 billion;
- personnel recruitment valued at CFAF 2.7 billion;
- provision for family allowances amounting to CFAF 1.7 billion; and
- administrative harmonization of allowances and bonuses, with a single pay scale.

Personnel expenditure rises to CFAF 97.5 billion in 2003 from CFAF 89.5 billion in 2002, an increase of 8.9 percent.

For 2004, the following elements are taken into account along with those provided for 2003:

- indexation of wages to the GDP deflator for a cost of CFAF 2.9 billion;
- recruitment valued at CFAF 2.7 billion; and
- administrative harmonization of family allowances amounting to CFAF 0.7 billion.

The wage bill would be CFAF 103.8 billion in 2004 compared with CFAF 97.5 billion in 2003, representing an increase of 6.5 percent.

Based on 2004 provisions, the following elements are taken into consideration for 2005:

- statutory promotion amounting to CFAF 6 billion;
- recruitments valued at CFAF 2.7 billion; and
- administrative harmonization of family allowances amounting to CFAF 13 billion.

The wage bill in 2005 would be CFAF 113.5 billion compared with CFAF 103.8 billion in 2004, an increase of 9.3 percent.

399. A breakdown of personnel recruitment is as follows:

<i>Armed forces</i>	<i>500 million</i>
<i>Police</i>	<i>300 million</i>
<i>Health</i>	<i>350 million</i>
<i>Education</i>	<i>450 million</i>
<i>Judicial system</i>	<i>300 million</i>
<i>Civil Service</i>	<i>800 million</i>
<i>Total</i>	<i>2,700 million</i>

400. The objective of the salary and personnel reforms is to improve civil servants' living conditions in accordance with the provisions of the Solidarity and Growth Pact. As a share of tax revenue, the wage bill will fall from 26.6 percent in 2003 to 24.7 percent in 2005. This performance is well within the WAEMU convergence criterion (of a wage bill \leq 35 percent of tax revenue).

2. EXPENDITURE ON MATERIALS AND EQUIPMENT:

401. The projections for outlays on materials and equipment take into consideration the needs of the government departments for furniture, office supplies and computer consumables in the context of the modernization and the strengthening of government capacities.

402. Efforts will be directed towards the services of administration at the regional level. It is also pointed out that expenditure on teaching materials will increase in line with the increase in the number of students.

403. Thus, outlays for materials and equipment will rise by 12.9 percent in 2003 to CFAF 37.5 billion, by 8.4 percent in 2004 to CFAF 40.7 billion, and by 9.8 percent in 2005 to CFAF 44.7 billion.

3. COMMUNICATION AND ENERGY EXPENDITURE:

404. The Government will implement measures to better control communication and energy expenditures. In this context, all agency and department managers are requested to take all necessary measures enabling a rational utilization of water, electricity and telephone services.

405. Communication and energy expenditure projections take into consideration:

- billing from the two companies (*Energie du Mali-SA* and *Société des Télécommunications du Mali*);
- the development of mobile telephony (GSM);
- the increase in government services;
- development of new communication technologies.

406. Outlays for these categories rise to 20.5 billion in 2003, by 4.8 percent to CFAF 21.5 billion in 2004 and by 2.32 percent to CFAF 22 billion CFA francs in 2005.

4. TRAVEL:

407. Efforts will be made to control costs related to domestic and foreign trips, and relocation costs due to job transfers and new assignments. .

408. Projections for these expenses for the period 2003-05 take the following assumptions into account:

- increase in transport costs to domestic and foreign locations;
- the need for revision of civil service relocation bonuses and allowances; and

allocation increases for government-devolved administrative units.

409. Travel expenses will rise on average 7.5 percent over the PRSP period, to CFAF 22.1 billion in 2003, CFAF 23.7 billion in 2004, and CFAF 25.6 billion in 2005.

5. OTHER EXPENDITURE:

410. This heading groups together transfers, subsidies, the social safety net, elections and other areas.

a. Transfers and subsidies:

411. The projections reflect:

the impact of hospital reforms;

increased transfers to autonomous public agencies to make them more efficient;

increased contribution to international organizations in line with the country's commitments;

adjustment of butane gas subsidy to account for consumption increases;

adjustment of the subsidy granted to oil companies for the distribution of oil products in the northern regions;

increased transfers to the departments of the Ministry of Rural Development for implementing a poverty-oriented contractual plan;

increased transfers for implementation of capacity building of the decentralized local administrations.

412. Note that the cotton subsidy is not renewed, except in 2003 for CFAF 6 billion.

413. Thus, transfer expenditure will rise in 2003, 2004 and 2005 to 41 billion, 40.3 billion and 44.3 billion CFA francs, respectively, which represent an average increase of 3 percent per year.

b. The social safety net:

414. Expenditure for the social safety net will remain constant at CFAF 10 billion per year. It will finance activities to combat exclusion and poverty.

c. Elections:

415. Projections for election expenditure take into account organization costs for various elections. These are:

revision of the electoral register at a cost of CFAF 1 billion a year in 2003 and 2005;

organization of local elections in 2004 at a cost of CFAF 4 billion.

d. Others:

416. This groups together expenditure relating to VAT credit reimbursement, payments of judicial court fines, building maintenance, and other items.

417. All these expenditures have been adjusted to avoid any buildup of arrears, in particular:

VAT credits relating to development of mining company activities (opening new mines);
and

judicial court fines reflecting the level of fines the Government had to pay in the past.

418. Building and security maintenance expenditure has also been adjusted to take inflation into account, in addition to the increasing number of government departments.

419. Hence, maintenance expenditure will rise to CFAF 32.9 billion in 2003, by 7.9 percent to CFAF 35.5 billion in 2004, and by 10.1 percent to CFAF 39.1 billion in 2005.

6. PASEP AND PUBLIC ENTERPRISES:

420. Expenditure for this line item reflects charges relating to the restructuring of public enterprises, particularly the CMDT, the railway company (*Régie des Chemins de Fer du Mali*) SOTELMA, and the airports management company (*Aéroports du Mali*).

421. It should be noted that the annual budget of CFAF 10 billion is only indicative, since the cost of restructuring the enterprises has not yet been assessed.

7. EXPENDITURE ON FACILITIES AND ON INVESTMENT (DOMESTIC FINANCING):

422. The provision for these items will incorporate a part of the priority expenditure identified in the PRSP:

counterpart expenditure linked to investment projects, with priority given to applicable projects and programs that impact on poverty reduction; and expenditure on facilities and on investment will rise from CFAF 105.3 billion in 2003 to CFAF 121 billion in 2004 and CFAF 145.6 billion in 2005, that is 14.9 and 20 percent, respectively.

8. THE SPECIAL INVESTMENT BUDGET (EXTERNAL FINANCING):

423. Projections for expenditures in the Special Investment Budget (SIB) are conservative, taking into account the evolution in external aid levels. No increase has been forecast relative to 2002.

424. As Mali will receive debt relief in the context of the HIPC Initiative, official development assistance can only increase slightly in the coming years. In consequence, efforts will be made to mobilize private external resources to finance the investment program. The SIB expenditures will increase annually to CFAF 208.2 billion.

9. DEBT PRINCIPAL AND INTEREST:

425. Debt repayment during 2003-2005 has been assessed on the basis of projections by the Public Debt Department for external debt, and by the Treasury and Public Accounts Department for domestic debt. These projections take the expected debt relief amounts into account.

426. External debt servicing will rise to CFAF 71.4 billion in 2003, CFAF 74.0 billion in 2004, and CFAF 90.7 billion in 2005.

427. Domestic debt servicing is estimated at around CFAF 13 billion a year, taking into account the reimbursement of Treasury bills issued in 1991 by the Malian Government.

10. HIPC-FUNDED EXPENDITURES:

428. Debt relief resources will finance priority programs and projects of the Poverty Reduction Strategy Paper, notably for education, health, social development, rural development, sanitation, drinking water and gender promotion activities.

429. Proposals for utilization of these resources relate to current expenditure to improve basic social services, particularly the recruitment of health personnel and teachers.

430. HIPC-funded expenditure resources will rise to CFAF 23 billion in 2003, CFAF 24.3 billion in 2004, and CFAF 24.5 billion in 2005.

11. ANALYSIS OF GOVERNMENT BUDGET EXPENDITURE FOR 2003-2005:

431. The analysis of government budget expenditure for 2003-2005 consistent with the Poverty Reduction Strategy Paper highlights the following objectives:

11.1 Health and population:

- Create 300 new CSCOM;
- Strengthen the 533 existing health care centers (CSCOMs);
- Reduce neo-natal, infant and child mortality by 15 percent through reducing mortality caused by: diseases targeted by vaccination; diarrhea; malaria; respiratory infections; malnutrition; and mother-child transmission of HIV/AIDS.
- Reduce maternal mortality from 577 to 450 per 100,000 live births by increasing the rate of assisted childbirths, and the provision of essential and emergency obstetric care;
- Reduce the morbidity associated with malaria to at least 30 percent;
- Provide the screening and care for 70 percent of cases of positive microscopy tuberculosis;
- Reduce and maintain the number of cases of infantile paralysis at zero;
- Maintain the prevalence of leprosy to less than 1 case per 10,000 inhabitants;
- Reduce and maintain the number of cases of dracunculiasis at zero;
- Maintain the number of cases of trypanosomiasis at 0;
- Maintain the prevalence of onchocercosiasis at less than 1 percent;
- Reduce the prevalence of trachoma in children under 10 years of age in poor areas to 15 percent;
- Reduce the prevalence of neo-natal tetanus to less than one case per 1,000 live births;
- Reduce the lethality and sequelae associated with potential epidemic diseases by 30 percent;
- Reduce the rates of chronic malnutrition respectively in children under 5 years of age and women in poor areas from 24.5 percent to 18 percent and from 16 percent to 9 percent and increase the number of infants aged 6 to 36 months breast-fed and supplemented by infant formula by 10 percent;
- Reduce the incidence of diarrhea in children from 0 to 5 years of age by 30 percent;
- Reduce the incidence of acute respiratory infections in children from 0 to 5 years of age by 30 percent;
- Reduce the incidence of sexually transmitted infections by 50 percent;
- Reduce the prevalence of HIV/AIDS from 3 percent to 2 percent;
- Control demographic growth through reduction in the fertility rate:
 - From 7.3 to 7.1 in rural areas
 - From 5.4 to 5.2 in urban areas.

11.2 Education/literacy:

- Increase the gross primary enrollment rate to 65 percent overall, and to 55.1 percent for girls by 2002/2003;
- Orient at least 32 percent of students admitted to secondary school toward vocational education;
- Raise the literacy rate from 31 percent to 41 percent in 2003, with a figure of 30 percent for women;
- Raise the textbook ratio to two books per student in the first-phase primary school grades and four books per student for second-phase primary school grades;
- Lower the repetition rate from 21 percent in 1998 to 15 percent in 2003, and the drop out rate from 8 percent to 6 percent in the first phase of primary school;
- Reduce the repetitions rate in the second phase primary grades from 23 percent to 15 percent over the same period;
- Lower the repetitions rate for secondary school from 25 percent to 17 percent;
- Establish training programs for 10 industry sub-sectors according to the curricular approach;
- Reduce the ratio of pupils per classroom in primary schools to an average of 50 in 2003;

Increase the per week teaching hours of secondary school teachers from 18 to 24 hours in 2002-2003;
Establish and implement decentralized development plans in at least 7 of the 9 regions by 2003;
Raise the share of the budget, excluding salaries of the Ministry of Education, managed by the education academies to 40 percent by 2004;
Increase the share of education in the recurrent government budget to 27.9 percent in 2003;
Increase the share of primary education in the total education budget from 56 percent in 2000 to 58.4 percent in 2003; stabilize the share to secondary education at 24 percent, and reduce the share of higher education from 19 percent to 14 percent.

11.3 Employment and vocational training:

Create independent employment opportunities by promoting independent workers' autonomous cooperatives or similar organizations;

Create a favorable environment for the cooperatives;

Establish a network of associations and link it with the promotion of cooperative enterprises (creation of institutions at the national, regional and local levels);

Strengthen the capacity of support services to formulate overall policies for promoting the micro sectors and the informal sector, on the basis of the collection and analysis of reliable sectoral data;

Formulate and adopt a policy aimed at creating a favorable economic environment for the creation, growth and expansion of small enterprises.

11.4 Basic Infrastructure for development:

Rehabilitate and maintain a priority infrastructure network;

- Routine maintenance of 9,000 to 14,100 km of roads and improved feeder roads;
- Scheduled maintenance of 1,055 km of roads (397km RB, 648 km RT);
- Rehabilitation and construction of 4,975 km (3,221km RB, 1,754 km RT);
- Construction of 2 bridges (3rd Bamako Bridge, Gao Bridge);
- Rehabilitate 583 km of railroad;
- Repair and maintain the quays;
- Install beacons on the Niger river;
- Acquire two low draft boats;
- Acquire a dredger;
- Construct seaport bulk stations at Conakry, Nouakchott, Cotonou;
- Provide 5,000 villages with telecommunications services;
- Fully digitize the telecommunication networks;
- Create 250,000 new LP telephones;
- Increase the proportion of the population with access to electricity supply;

Supply 500 villages with electricity;

Reduce the consumption of firewood through the use of improved equipment and substitutes;

Implement a program to promote solar energy and photovoltaic technologies for most of the population.

11.5 Rural development and natural resources:

Construct 30 markets equipped with a poultry processing center;

- Develop 2,180 ha of low-lying land surveyed in the underprivileged areas;
- Develop 10,000 ha of land, 5,000 ha of which to be dedicated to out-of-season crops;
- Increase poultry production by 15 percent;
- Increase the number of grazing animals by 15 percent, particularly sheep and goats;
- Create 8,272 km of feeder roads classified as top priority in the NRIP;
- Allocate 3,000 ha of land to women in the areas developed;
- Increase by 25 percent per annum the production by women of organic fertilizers in the compost containers;
- Promote access to the main agricultural inputs and production factors to at least 50 percent of the farming units in the poor areas (PASAOP; self-supporting by reforestation);
- Increase rice production by 80,000 tons through development of irrigation in disadvantaged regions;
- Create 2,500 watering places for livestock in the disadvantaged areas;
- Develop at least 30 water bodies for fishing and fish farming;
- Promote women's representation within decision-making bodies to 40 percent;
- Initiate and train 30,000 women in the new technologies for processing and conserving agro-business products;
- Equip women's associations of wholesale fish trading for the processing/conservation/transport of fish products;
- Develop and reclaim 30,000 ha of designated forests and natural stands;
- Fix at least 8,000 ha of dunes around watering places and waterways;
- Create and invigorate at least 500 associations to fight against land degradation;
- Supply at least 50,000 women with improved stoves (all types); and
- Train at least 50,000 women in the techniques of reclaiming and conserving water and land.

11.6 Revenue-generating activities (AGR):

- Strengthen the implementation capability of the private sector support structures (technical services, local chambers, commercial courts, FAFPA);
- Promote the creation and development of professional groups;
- Establish special funds for the execution of local markets;
- Undertake a study for an export finance and credit insurance facility;
- Develop infrastructures for commerce (exhibition stands, livestock corridors, wholesale markets, warehouses);
- Develop decentralized industrial zones;
- Promote the creation and development of processing plants;
- Organize the sectors to increase the quality and quantity of production;
- Increase export production and diversify external markets;
- Promote the use of appropriate technologies to increase production and competitiveness of production facilities;
- Support industrial competitiveness and decentralization;
- Promote revenue-generating and employment-generating activities; and
- Promote a clean ecological environment and renewable energy sources.

11.7 Environment and living conditions:

- Increase investment in infrastructures and facilities;
- Adopt and apply the water code and relevant texts;
- Strengthen the capacities of organizations and participants;
- Increase the participation of the communes and populations in the implementation and management of the installations through IEC campaigns;
- Adapt databases for use in the decentralization context;
- Promote the use of local techniques and materials in housing construction;

Provide easier access to housing credit for the poor;
Support the development of housing cooperatives for the poor; and
Encourage the private sector to construct low-cost housing accessible to the poor.

11.8 Governance and institutions:

Improve public sector performance;
Consolidate ongoing processes of democratization and decentralization;
Improve performance and credibility of the judicial public service;
Strengthen the capacities of the civil society;
Promote and ensure conditions for greater participation of women in policy making; and
Implement an effective anti-corruption program.

11.9 Culture/religion/peace and security:

Support the cultural industries;
Make an inventory of Mali's cultural, artistic and eco-tourism heritage;
Support decentralized initiatives involving the creation of cultural infrastructures;
Introduce teaching of the cultural heritage in schools;
Organize educational workshops on heritage aimed at disadvantaged children;
Organize training workshops in the management of the cultural heritage and handicrafts;
Involve the administration staff in international forums and training courses;
Equip cultural organizations with logistical resources and modern communication tools;
Support the training of hotel staff, travel agencies and tourist guides;
Provide easier access to credit for the hotel and catering sector;
Support the decentralized local administrations with conflict management;
Introduce the culture of harmony in teaching programs;
Increase staff in the security and civil protection forces;
Construct and equip one security station per commune;
Undertake a review of the texts on weapons and munitions; and
Intensify the campaign against trafficking of children.

ANNEX 6. DISTRIBUTION OF HIPC RESOURCES OVER PERIOD 2002-2004

Table A-5: Proposed distribution of HIPC resources (in millions of CFA francs)

	PRIORITY SECTORS	YEAR			TOTAL 2002-2004 (IN CFA FRANCS)	Percent OF TOTAL
		2002	2003	2004		
1	Health and population	4,562	3,260	3,360	11,182	15.0%
2	Education/literacy	11,179	11,179	11,179	33,538	45.0%
3	Employment and vocational training	1,531	456	300	2,287	3.1%
4	Basic infrastructure development	900	480	480	1,860	2.5%
5	Rural development and natural resources	2,887	3,226	3,467	9,582	12.9%
6	Revenue-generating activities, solidarity and social security	3,110	3,792	3,802	10,704	14.4%
7	Environment and living conditions	829	1850	1,850	4,529	6.1%
8	Governance and institutions	-	-	-	-	0.0%
9	Culture/religion/harmony and security	-	-	-	-	0.0%
10	PRSP implementation, analysis and monitoring/evaluation	295	285	285	865	1.2%
	TOTAL	25,294	24,529	24,724	74,547	100.0%

ANNEX 7. MATRIX OF ACTIONS

FIELD	OBJECTIVES AND STRATEGIES	PRIORITY ACTIONS
	Reduce poverty in all its forms	Implement priority actions to combat poverty
Pre-requisite pillar: ACCELERATED AND REDISTRIBUTIVE GROWTH		
Economic growth	Achieve an average growth rate of 6.7 percent over the period 2002-06	<ul style="list-style-type: none"> • Primary sector: 7 percent over the period 2002-2006 • Secondary sector: 5.4 percent • Tertiary sector: 6.5 percent
Macro-economic context	<ul style="list-style-type: none"> • Achieve an investment rate of 22.6 percent over the period 2002-2006 • Inflation < 3 percent in 2006 • Tax burden of 17 percent • Balance of payments deficit <9 percent • Debt outstanding/GDP: 68.6 percent • Current account balance: -7.5 of GDP 	<ul style="list-style-type: none"> • Implement the structural reforms

FIELD	OBJECTIVES AND STRATEGIES	PRIORITY ACTIONS
Pre-requisite pillar: ENSURING INSTITUTIONAL DEVELOPMENT, GOVERNANCE AND PARTICIPATION		
Improving Public Sector Performance	<ul style="list-style-type: none"> • Improving performance of the administration through the civil service reform (strengthening the institutional framework and human resources management) 	<ul style="list-style-type: none"> • Redefine the roles and responsibilities of the Government • Restructure the departments on the basis of the public service audit • Transfer to the private sector activities that should not be handled by the public service (continue the privatization program) • Effect transfer of functions to the decentralized local administrations (<i>collectivités territoriales</i>) • Harmonize the public service salary scale • Increase public service salaries and implement an efficiency- and merit-based incentive system • Adopt a recruitment policy geared toward strengthening human resource capabilities in the priority social sectors and in disadvantaged areas • Define and implement a training and professional development program for civil servants • Build capacity for departments responsible for managing development activities
	<ul style="list-style-type: none"> • Strengthening national planning and development management capabilities 	<ul style="list-style-type: none"> • Strengthen significantly the relevant departments in critical human resources • Commit to restructuring the planning and development management system by validating and implementing the restructuring proposals • Ensure implementation of the training plan • Validate and implement the master plan for development of the national statistical department in Mali • Finalize and make operational instruments that would permit the spatial dimension of development management to be taken into account

FIELD	OBJECTIVES AND STRATEGIES	PRIORITY ACTIONS
	<ul style="list-style-type: none"> • Improve the public expenditure management 	<ul style="list-style-type: none"> • Continue the process of establishing medium-term expenditure frameworks (MTEFs) at the sector level (health and education) • Prepare and implement a new budget and accounting nomenclature for the decentralized local administrations, that is harmonized with the functional and accounting nomenclature of the Government • Integrate foreign aid in the resource management process • Prepare a procedures manual for public expenditure functions • Design an integrated information system linking core public expenditure departments, namely the budget, treasury and financial audit • Undertake a study to define relevant indicators for each of the various central departments, in order to improve the Program Budget • Institutionalize program reviews undertaken since 2001, in the preparation cycle of the government budget • Strengthen the public investment monitoring system
	<ul style="list-style-type: none"> • Coordination of external aid 	<ul style="list-style-type: none"> • Harmonize and simplify donor and Malian Government procedures (for resource mobilization, procurement, disbursement) • Strengthen national capacity for planning, management, and monitoring/evaluation of development projects and programs • Increase awareness among development partners of the importance of providing aid in the form of budgetary support , and of reorienting their programs toward activities included in the PRSP • Negotiate and give priority to resource mobilization in the form of grants and highly concessional loans to finance poverty reduction projects/programs • Establish and implement a sound and consistent external debt policy, based on the principles of economic and financial viability of projects and programs submitted to the development partners

FIELD	OBJECTIVES AND STRATEGIES	PRIORITY ACTIONS
Consolidation of the democratic, participatory and decentralization process	<ul style="list-style-type: none"> Strengthening national planning and development management capabilities 	<ul style="list-style-type: none"> Significantly strengthen the human resource needs of the relevant departments Commit to restructuring the planning and development management system by validating and implementing the restructuring proposals Ensure the implementation of the training plan Validate and implement the master plan for the development of the national statistics department in Mali Finalize and make operational the instruments that would permit spatial dimension of development management to be taken into account
	<ul style="list-style-type: none"> Continuing the implementation of the decentralization/devolution process 	<ul style="list-style-type: none"> Accelerate the transfer of skills to the local community administrations Continue the training of elected representatives and staff of the local community administrations Support local community administrations in strengthening their management and development tools Strengthen the capacities of the communities in resource mobilizing and forming partnerships Strengthen the investment aid mechanism of the local community administrations Strengthen participation of civil society groups in the decentralization process (training, management, supervision, decision-making processes) Clarify the roles and responsibilities of the government in local management
	<ul style="list-style-type: none"> Strengthening the capabilities of civil society 	<ul style="list-style-type: none"> Promote formation of civil society organizations into associations Strengthen the role and skills of civil society organizations Strengthen the institutional culture within civil society organizations (transparency, respect for internal texts and legislation currently in force) Strengthen the professionalism and independence of the media

FIELD	OBJECTIVES AND STRATEGIES	PRIORITY ACTIONS
Combating corruption	<ul style="list-style-type: none"> • Effective campaign against corruption. • Strengthening capabilities and credibility of the justice system 	<ul style="list-style-type: none"> • Strengthen internal and external auditing mechanisms • Provide information and raise awareness of the corruption phenomenon • Create and promote investigative journalism • Punish those found guilty of corruption • Support the regular production and dissemination of detailed government expenditure statements • Certify government expenditure accounts on an annual basis • Define and implement incentive systems for public officials and private individuals • Improve the accessibility and quality of the judicial system • Strengthen and guarantee the independence of the judicial system • Adopt the legislation on the socio-cultural and economic environment • Restore credibility of the public service judicial system
Culture-religion-harmony-security	<ul style="list-style-type: none"> • Promote cultural and religious values and establish a climate of harmony and security 	<ul style="list-style-type: none"> • Identify, promote and increase the value of Mali's social and cultural heritage • Develop tourism • Reinforce traditional values • Strengthening operational capabilities of the security forces • Strengthen the campaign against the proliferation of small arms and cross-border criminality

FIELD	OBJECTIVES AND STRATEGIES	PRIORITY ACTIONS
2nd pillar: SUSTAINABLE HUMAN DEVELOPMENT AND STRENGTHENING OF TO BASIC SOCIAL SERVICES		
Strengthening the departments addressing health, nutrition, and population issues	<ul style="list-style-type: none"> • Improve the access of the population (particularly the poor) to health services • Increase the percentage of fully vaccinated children from 40 to 80 percent • Achieve a 50 percent reduction in mortality caused by malaria, respiratory diseases and diarrhea diseases in children aged between 0 and 5 years old • Reduce the morbidity and mortality associated with the lack of micronutrients among specific target populations • Achieve a 30 percent reduction in the prevalence of protein-energy malnutrition in children under 5 years of age and in schoolchildren between 6 and 12 years of age • Reduce the seroprevalence of AIDS from 3 percent to 2 percent • Reduce the infant mortality rate to less than 90 per thousand in 2006 	<ul style="list-style-type: none"> • Improve geographic access to health services • Improve the use, effectiveness, and quality of health services • Strengthen the campaign against HIV/AIDS • Strengthen the campaign against malaria • Strengthen the campaign against trypanosomiasis • Strengthen the campaign against the other targeted diseases • Improve the availability and management of essential human resources in the health sector • Develop human resources capabilities • Strengthen and apply the Population policy

FIELD	OBJECTIVES AND STRATEGIES	PRIORITY ACTIONS
Strengthening the education and literacy departments	<ul style="list-style-type: none"> • Increase the primary enrollment rate from 50 percent in 1999 to at least 75 percent in 2006, and the adult literacy rate from 31 percent to 50 percent over the same period, through improved resource allocation within the sector and through construction of schools 	<ul style="list-style-type: none"> • Construct and equip children's centers • Select and equip schools with special education needs (BES) • Construct and equip primary schools in the Northern Sahelian area • Construct and equip classrooms • Construct and equip Vocational Training Institutes (IFP) • Construct and equip Women's Learning Centres (CAF) • Support the construction and equipping of community schools • Construct and equip Development Education Centres (CED) • Construct and equip Functional Literacy Centres (CAF) • Construct and equip Teacher Training Institutes (IFM) with internships • Construct and equip a Technological University Institute for Civil Engineering and Mines at Kayes • Construct and equip an Agro-business and Industrial University Institute at Sikasso • Construct and equip a central university library • Evaluate the potentials of the ESITEX • Construct, equip and supply school canteens <p>Improvement of the quality of education:</p> <ul style="list-style-type: none"> • Develop the Integrated Centers for Special Education (<i>Centres Intégrés d'Education Spéciale</i>, CIES) • School textbooks for primary education and the other sub-sectors • Establish research funds • Decentralize management of the education system • Support the National Agency for Girls' Schooling (CNSF) • School health
Poverty Reduction: Improving living conditions	<p>Drinking water supply and sanitation</p> <ul style="list-style-type: none"> • Meet the real needs for drinking water and sanitation in rural and semi-urban areas 	<ul style="list-style-type: none"> • Create infrastructure and facilities in the field of water and sanitation • Apply the water code • Strengthen institutions • Supply drinking water in rural areas • Sanitation/hygiene/control of pollution and nuisances • Control of pollutions and nuisances • Hygiene • Database

FIELD	OBJECTIVES AND STRATEGIES	PRIORITY ACTIONS
	<p>Housing</p> <ul style="list-style-type: none"> • Strengthening the promotion of housing and credit cooperatives <p>Promoting the construction of affordable housing</p> <ul style="list-style-type: none"> • Encouraging the involvement and development of the private sector in this field • Stimulating the creation of mutual savings and credit societies for housing • Encouraging highly labor-intensive activities to encourage job creation for the poor 	<ul style="list-style-type: none"> • Technical promotion of local construction materials • Access to housing credit • Site development and property promotion • Creation of housing projects (180 houses to be provided by MDSSPA) • Strengthen institutions
Cross-cutting issues	Participation of women	<ul style="list-style-type: none"> • Encourage participation in the management of public affairs • Increase technical skills of women through suitable education and training programs • Undertake awareness-raising operations with respect to socio-cultural practices that are disadvantageous for the promotion of women
	<p>Employment and vocational training</p> <ul style="list-style-type: none"> • Encourage and facilitate private investment and the increase of private sector activity • Place emphasis, through vocational and technical training, on the employability of job seekers and the improvement in labor productivity 	<ul style="list-style-type: none"> • Implement infrastructure programs using highly labor-intensive techniques • Develop cooperative enterprises • Develop micro, small and medium enterprises • Modernize informal urban employment • Improve and strengthen vocational training • Coordinate activities of the employment and training action plan • Implement micro-projects and micro-credits
	<p>Solidarity and social protection</p> <ul style="list-style-type: none"> • consolidate the fundamental right to work and promote social protection more suited to the context. 	<ul style="list-style-type: none"> • Implement measures to strengthen national solidarity • Contribute to developing the mutual insurance system • Promote attitudes toward forming associations • Strengthen social protection

FIELD	OBJECTIVES AND STRATEGIES	PRIORITY ACTIONS
3rd pillar: DEVELOPMENT OF BASIC INFRASTRUCTURE AND PRODUCTION SECTORS		
Basic infrastructure development	<ul style="list-style-type: none"> • Improve conditions for greater access of the population to all forms of energy, particularly modern energy sources • Ensure the rationalized use of existing energy sources • Strengthen the rural feeder roads development policy • Promote access of Malian producers to domestic and international markets • Ensure improved access to telecommunication services 	<ul style="list-style-type: none"> • Enhance natural resources particularly water/energy • New and renewable energy sources • Road infrastructure: routine and scheduled maintenance, construction/rehabilitation, construction of bridges (Gao Bridge and 3rd Bridge in Bamako), rural feeder roads • Railway infrastructure • Airport infrastructure (rehabilitate domestic airports. Acquire air navigation facilities) • Continue the telecommunication sector reforms • Establish a fund for universal access to telecommunication services
Development of the productive sectors	<ul style="list-style-type: none"> • Pursue food security through an integrated policy to increase, diversify, and maximize opportunities for agricultural, pastoral, fishing and forestry products 	<ul style="list-style-type: none"> • Develop irrigation infrastructure • Improve cattle/sheep/goat grazing • Diversify fruit, vegetable & protein plant products (cow pea, wouandzou, sesame, etc.) • Enhance the economic opportunities for agricultural sub-sectors and improve their competitiveness • Strengthen food security (food and nutrition monitoring systems, cereal banks in deficit areas, cereal market information systems) • Promote rural sector credit and financing mechanisms
	<ul style="list-style-type: none"> • Improving productivity and environmental protection within a sustainable natural resources management framework 	<ul style="list-style-type: none"> • Strengthen natural resource management with a view to achieving sustainable development • Fix 4,000 hectares of dunes around water points • Develop and rehabilitate 10,000 hectares of designated forests and natural stands • Train women in rehabilitation & conservation techniques for water & land

FIELD	OBJECTIVES AND STRATEGIES	PRIORITY ACTIONS
	<p>Private sector development</p> <ul style="list-style-type: none"> • Consolidate and develop infrastructure and support services for enterprises in industrial zones and isolated areas to strengthen the institutional and regulatory foundations of the markets • Build a solid and profitable financial system • Develop entrepreneurship, promote small and medium enterprises (SMEs) and create the facilities and skills base required for competitiveness 	<ul style="list-style-type: none"> • Implement the National Employment Action Plan, comprising components targeting private sector development , particularly as regards SME training and support • Implement the Integrated Program of Support Competitiveness • Continue activities of the Private Sector Support Project • Implement recommendations of the Study on Promoting Foreign Direct Investment in Mali • Adopt and implement the action plan for the Ten-Year Private Sector Development Program • Industrial zones: A. Rehabilitate the Sotuba industrial zone; B. Develop the Dialakorougou industrial zone
Revenue-generating activities	<ul style="list-style-type: none"> • Improve access to information on the financing mechanisms • Promote development of decentralized industrial zones • Construct artisanal villages • Promote the creation and development of processing plants • Promote appropriate technologies to increase the productivity and competitiveness of firms • Support competitiveness and industrial decentralization 	<ul style="list-style-type: none"> • Enhance the value of revenue-generating and employment-generating activities • Enhance the professionalism of the various actors and ensure ongoing operation of their activities • Support key product supply chains • Facilitate access to financing • Develop trade-related infrastructure (exhibition stands, livestock areas, wholesale markets, warehouses) • Construct artisan villages • Facilitate access to information (visitor reception and information centers in the major cities, technological information centers, Information-Education-Communication [IEC] centers) • Promote industrial activities • Support industrial competitiveness and decentralization • Promote the creation and development of processing plants • Promote commercial activities • Equip villages with multi-functional platforms

ANNEX 8. TABLES OF THE MACRO-ECONOMIC FRAMEWORK

(in billion CFAF)

Table A-6: Real sector data (in constant terms and growth)

	2000	2001	2002	2003	2004	2005	2006
Production volumes (thousand tons)							
Millet	858.0	722.0	776.4	815.3	856.0	898.8	943.8
Sorghum	641.0	533.0	625.4	656.6	689.5	724.0	760.1
Maize	397.0	205.0	402.3	422.4	443.5	465.7	489.0
Rice	723.0	670.0	756.0	809.0	865.6	926.2	991.0
Cotton	472.0	250.1	575.0	575.0	600.0	625.0	650.0
Groundnut	159.0	166.0	174.6	192.0	201.0	210.0	220.0
Gold (in tons)	28.3	53.6	48.6	64.1	68.2	69.4	69.4
Rate of growth in volume							
PRIMARY SECTOR							
Food-producing agriculture	15.7%	-16.5%	16.5%	5.7%	5.9%	5.9%	6.2%
Industrial agriculture products	-9.2%	-39.9%	102.4%	1.1%	4.4%	4.2%	4.1%
Livestock	3.6%	0.6%	1.8%	2.6%	2.7%	2.8%	2.9%
Fishing	1.6%	1.4%	1.4%	2.0%	2.0%	2.0%	2.0%
Forestry, foraging	2.8%	2.8%	2.8%	3.0%	3.0%	3.0%	3.0%
SECONDARY SECTOR							
Mining products	11.1%	85.1%	-9.1%	31.2%	6.7%	1.8%	0.0%
Agro-business, drinks, tobacco	13.0%	-6.3%	1.7%	8.0%	7.7%	7.1%	6.7%
Textiles	-6.7%	5.0%	2.2%	5.0%	5.0%	6.0%	6.0%
Other manufacturing branches	-5.5%	16.5%	6.0%	3.6%	7.8%	7.3%	6.8%
Electricity, water	22.1%	9.1%	1.1%	6.0%	6.0%	6.0%	6.0%
Construction sector	5.0%	7.0%	2.3%	7.3%	4.4%	8.5%	10.7%
TERTIARY SECTOR							
Commerce	3.7%	0.9%	7.8%	0.3%	5.6%	5.1%	4.6%
Transport and telecommunications	4.9%	-2.4%	4.1%	12.5%	8.2%	7.7%	7.2%
Other non-financial market services	1.0%	2.2%	6.5%	5.7%	8.8%	8.2%	7.8%
Financial services	4.9%	1.1%	2.8%	8.6%	10.6%	9.9%	9.4%
Non-market services	11.5%	4.5%	2.9%	6.8%	4.4%	7.2%	4.4%
Duties and taxes on imports	-25.2%	26.0%	9.1%	10.2%	10.2%	10.2%	10.2%
EXPORTS							
Goods	7.8%	23.0%	10.0%	18.4%	5.7%	2.8%	1.8%
Non-factor services	1.0%	2.2%	6.5%	5.7%	8.8%	8.2%	7.8%

Table A-7: Population data and projections

	2000	2001	2002	2003	2004	2005	2006
Total population growth rate	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%
Total population (in millions of inhbt)	10.017	10.237	10.463	10.693	10.928	11.168	11.414
Urban population (in millions of inhbt)	2.922	3.041	3.165	3.294	3.428	3.567	3.713
Urban growth rate	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%
Rural population (in millions of inhbt)	7.095	7.196	7.298	7.399	7.500	7.601	7.701
Rural growth rate	1.4%	1.4%	1.4%	1.4%	1.4%	1.3%	1.3%

Table A-8: Sources and Uses of Funds (in constant 1987 prices)

	2000	2001	2002	2003	2004	2005	2006
SOURCES							
PRIMARY SECTOR	428.9	371.3	443.8	460.0	480.4	501.7	524.7
Food-producing agriculture	195.9	163.5	190.4	201.2	213.1	225.7	239.6
Industrial agriculture	68.3	41.1	83.1	84.0	87.7	91.4	95.2
Livestock	108.4	109.1	111.1	114.0	117.1	120.3	123.8
Fishing	10.7	10.9	11.0	11.2	11.5	11.7	11.9
Forestry, foraging	45.5	46.8	48.1	49.6	51.1	52.6	54.2
SECONDARY SECTOR	177.2	232.2	226.1	266.6	283.4	296.9	310.1
Mining products	56.5	104.7	95.1	124.8	133.1	135.5	135.5
Agro-business, drinks, tobacco	27.3	25.6	26.1	28.1	30.3	32.5	34.6
Textiles	9.2	9.7	9.9	10.4	10.9	11.6	12.3
Other manufacturing branches	20.1	23.4	24.9	25.7	27.8	29.8	31.8
Electricity, water	18.0	19.6	19.8	21.0	22.2	23.6	25.0
Construction sector	46.0	49.2	50.3	56.5	59.0	64.1	70.9
TERTIARY SECTOR	307.6	311.4	329.8	344.7	367.4	392.1	415.0
Commerce	141.6	142.8	154.0	154.5	163.2	171.4	179.4
Transport and telecommunications	53.9	52.6	54.8	61.6	66.7	71.8	77.0
Other non-financial market services	49.0	50.1	53.3	56.4	61.4	66.4	71.6
Financial services	9.6	9.7	10.0	10.9	12.0	13.2	14.4
Non-market services	59.3	62.0	63.8	68.1	71.1	76.2	79.6
Fictive sector	-5.9	-5.9	-6.1	-6.8	-6.9	-7.0	-7.0
Duties and taxes on imports	51.3	64.7	70.6	77.7	85.7	94.4	104.0
GDP	965.0	979.6	1070.2	1149.1	1216.9	1285.2	1353.9
<i>Real GDP growth rate</i>	3.7%	1.5%	9.3%	7.4%	5.9%	5.6%	5.3%
IMPORTS	282.1	319.7	356.2	388.6	416.9	445.8	475.2
<i>Real imports growth rate</i>	-2.5%	13.3%	11.4%	9.1%	7.3%	6.9%	6.6%
Goods	253.0	299.5	333.7	364.1	390.6	417.6	445.2
Fuel							
Non-factor services	29.1	20.2	22.5	24.5	26.3	28.1	30.0
TOTAL SOURCES	1247.1	1299.2	1426.4	1537.6	1633.8	1730.9	1829.1
Elasticity of imports revenue							
USES							
TOTAL FINAL CONSUMPTION	812.0	805.0	876.0	922.3	988.6	1055.1	1125.3
Private consumption	688.3	677.5	698.3	736.5	793.2	848.1	906.5
Public consumption	123.7	127.5	177.7	185.8	195.4	207.0	218.9
TOTAL Gross Fixed Capital Formation	161.4	173.1	188.6	210.3	222.8	240.7	265.8
Private Gross Fixed Capital Formation	105.5	106.7	111.0	119.9	129.5	142.4	156.7
Public Gross Fixed Capital Formation	55.9	66.3	77.6	90.4	93.3	98.2	109.1
CHANGE IN INVENTORIES	-6.1	-12.2	-3.0	-19.8	-28.4	-31.8	-41.6
EXPORTS	279.8	333.4	364.8	424.8	450.8	466.9	479.5
Goods	228.0	280.4	308.4	365.2	386.0	396.7	403.8
Non-factor services	51.8	53.0	56.4	59.6	64.9	70.2	75.7
TOTAL USES	1247.1	1299.2	1426.4	1537.6	1633.8	1730.9	1829.1

Table A-9: Sources and Uses of Funds of GDP (current prices)

	2000	2001	2002	2003	2004	2005	2006
SOURCES							
PRIMARY SECTOR	667.5	673.1	826.5	874.2	944.9	1001.9	1065.9
Food-producing agriculture	258.9	279.9	341.6	353.2	376.2	399.0	427.3
Industrial agriculture	112.1	84.8	161.7	180.6	209.9	224.3	238.9
Livestock	185.3	191.2	199.6	209.7	220.8	232.6	245.4
Fishing	16.5	17.2	17.8	18.6	19.5	20.4	21.3
Forestry, foraging	94.7	100.1	105.7	112.0	118.6	125.6	133.0
SECONDARY SECTOR	345.7	469.9	456.8	557.8	597.8	632.4	666.9
Mining products	113.3	212.8	185.5	255.6	269.2	269.5	262.8
Agro-business, drinks, tobacco	55.9	55.2	58.1	64.6	71.6	79.0	86.8
Textiles	8.5	9.6	10.2	10.7	11.6	12.6	13.8
Other manufacturing branches	35.3	43.2	47.4	50.6	56.2	62.1	68.4
Electricity, water	28.6	32.9	34.4	36.9	39.9	43.2	46.7
Construction sector	104.1	116.2	121.3	139.4	149.3	166.1	188.5
TERTIARY SECTOR	608.7	639.0	680.9	728.7	797.5	873.6	949.1
Commerce	306.6	320.5	342.6	356.1	389.7	424.2	459.8
Transport and telecommunications	82.7	85.7	92.3	106.0	117.0	128.4	140.4
Other non-financial market services	89.4	97.3	104.8	113.0	125.5	138.5	152.3
Financial services	16.9	17.9	19.1	21.3	24.3	27.5	31.0
Non-market services	123.5	128.5	133.7	145.7	155.1	169.6	180.6
Fictive sector	-10.3	-10.9	-11.6	-13.4	-14.1	-14.6	-15.0
Duties and taxes on imports	119.6	145.4	166.9	185.9	208.9	234.8	231.5
GDP	1741.5	1927.4	2131.1	2346.6	2549.1	2742.8	2913.3
	4.3%	10.7%	10.6%	10.1%	8.6%	7.6%	6.2%
IMPORTS	619.0	676.4	710.0	856.3	929.1	1004.8	1083.3
Goods	573.4	630.8	745.9	797.5	864.1	933.2	1004.7
Of which fuel	87.4	80.2	0.0	0.0	0.0	0.0	0.0
Non-factor services	45.6	45.6	52.3	58.8	65.0	71.6	78.6
TOTAL SOURCES	2360.6	2603.8	2841.0	3202.9	3478.2	3747.5	3996.6
USES							
TOTAL FINAL CONSUMPTION	1555.5	1608.1	1786.8	1901.3	2080.0	2259.6	2452.4
Private consumption	1317.0	1360.0	1429.8	1538.2	1689.7	1842.9	2009.0
Public consumption	238.5	248.1	357.0	363.1	390.3	416.7	443.4
TOTAL GFCF	356.4	397.1	420.0	481.3	525.7	585.7	666.1
Private GFCF	224.8	262.9	258.2	287.3	319.5	362.0	410.2
Public GFCF	131.6	134.2	161.8	194.1	206.2	223.7	255.9
CHANGE IN INVENTORIES	18.1	8.8	20.4	67.0	60.9	53.5	7.4
EXPORTS	430.6	589.7	613.9	753.2	811.5	848.8	870.7
Goods	330.2	517.4	524.4	656.6	704.3	730.4	740.6
Non-factor services	100.4	72.3	89.6	96.6	107.2	118.3	130.1
TOTAL USES	2360.6	2603.8	2841.0	3202.9	3478.2	3747.5	3996.6
Consistency check	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Administrations							
Current expenditures	89.3	109.1	127.6	128.6	136.8	146.3	154.7
Gross Fixed Capital Formation	-86.4	-93.9	-100.3	-121.7	-129.7	-141.2	-162.6

Memo items:							
GDP per capita in constant cfaf	96331.2	95687.3	102284.6	107458.2	111354.2	115074.8	118621.1
Growth rate	1.5%	-0.7%	6.9%	5.1%	3.6%	3.3%	3.1%
GDP per capita in current cfaf	173858.3	188274.4	203678.7	219450.8	233263.1	245589.8	255250.8
	4.3%	10.7%	10.6%	10.1%	8.6%	7.6%	6.2%
PRIVATE SECTOR							
Gross domestic disposable income	1471.6	1607.3	1678.3	1818.5	1964.5	2089.0	2209.1
Worker remittances	45.5	40.4	36.0	39.5	43.4	47.6	52.2
Public sector transfers (scholarships, subsidies)	18.9	40.7	50.8	41.0	40.3	44.3	47.8
Total private sector income	1536.0	1688.4	1765.1	1899.0	2048.2	2180.9	2309.2
"Residual" consumption rate	0.0%	80.6%	81.0%	81.0%	82.5%	84.5%	87.0%
Consumption of supply sectors ("food")	0.0	343.0	392.9	469.9	500.4	524.6	559.7
Consumption of demand sectors	coeff.	1017.0	1036.9	1068.3	1189.4	1318.2	1449.3
Private consumption in constant terms	1317.0	1360.0	1429.8	1538.2	1689.7	1842.9	2009.0
Private consumption growth rate in constant terms	0.0%	3.3%	5.1%	7.6%	9.9%	9.1%	9.0%

Table A-10: Hypotheses for the TOFE forecast

	2000	2001	2002	2003	2004	2005	2006
Tax burden	13.4%	14.6%	15.5%	15.6%	16.1%	16.7%	17.8%
Tax burden on external trade							
Tax burden on goods and services							
Tax burden on rev. and profits							
Expenditure growth rate							
*Personnel			9.3%	8.9%	6.5%	9.3%	6.5%
*Equipment			3.4%	13.0%	8.5%	9.8%	9.2%
*Scholarships			19.1%	0.0%	0.0%	0.0%	0.0%
*Communication/Energy			38.9%	12.6%	4.9%	2.3%	8.5%
*Travel and relocation expenses			2.0%	8.9%	7.2%	8.0%	7.5%
Growth rate of development expenditure /national budget			19.1%	42.9%	14.9%	20.3%	33.7%
Share of salaries in HIPC expenditure							
Share of development expenditure in HIPC expenditure							

Table A-11: Table of Government Financial Operations (TOFE)

	2000	2001	2002	2003	2004	2005	2006
	est.	est.	proj.	proj.	proj.	proj.	proj.
Total revenue and grants	371.1	420.4	463.1	501.4	548.3	600.1	663.8
Total revenue	269.9	320.1	385.1	421.4	466.3	516.1	577.8
Budget revenue	245.5	292.6	355.2	390.9	434.8	483.1	543.3
Tax revenue	233.3	281.6	331.0	366.7	410.6	458.9	519.1
Non-tax revenue	12.2	11.0	24.2	24.2	24.2	24.2	24.2
Spec. funds and Annexed budgets	24.4	27.5	29.9	30.5	31.5	33.0	34.5
Grants	101.2	100.3	78.0	80.0	82.0	84.0	86.0
*Budgetary	32.2	27.5	0.0	0.0	0.0	0.0	0.0
*Projects	69.0	72.8	78.0	80.0	82.0	84.0	86.0
Total expenditure and net borrowing	439.2	532.5	604.5	652.2	692.9	744.9	819.0
Budgetary expenditure	417.3	497.4	546.9	602.8	641.2	691.5	763.9
-Current expenditure	199.3	243.6	284.8	287.0	305.3	326.6	345.4
*Personnel	73.1	81.9	89.5	97.5	103.8	113.5	120.9
*Equipment	28.5	32.1	33.2	37.5	40.7	44.7	48.8
*Scholarships	6.2	4.7	5.6	5.6	5.6	5.6	5.6
*Communication/Energy	11.5	13.1	18.2	20.5	21.5	22.0	23.9
*Travel and relocation expenses	17.4	19.9	20.3	22.1	23.7	25.6	27.5
*Interest	16.0	14.6	20.8	18.9	20.2	20.8	18.0
**External debt at 31/12/00 before write offs	14.4	13.8	18.7	17.6	18.9	19.5	16.7
**External debt after 2000	0.0	0.0	0.0	0.0	0.0	0.0	0.0
**Domestic debt	1.6	0.8	2.1	1.3	1.3	1.3	1.3
***IMF	1.2	0.5	0.5	0.5	0.5	0.5	0.5
***BCEAO	0.4	0.3	0.3	0.3	0.3	0.3	0.3
*Other expenditure	46.6	77.3	97.2	84.9	89.8	94.4	100.7
**Transfers and subsidies	18.9	40.7	50.8	41.0	40.3	44.3	47.8
**Social security	9.9	10.0	10.0	10.0	10.0	10.0	10.0
**Election expenditure	0.9	8.0	9.0	1.0	4.0	1.0	1.0
**Other	16.9	18.6	27.4	32.9	35.5	39.1	41.8
Primary balance	-52.1	-97.5	-120.6	-131.9	-124.4	-124.0	-137.1
Current balance (excluding grants)	46.2	49.0	70.4	79.7	105.3	132.3	173.8
Current balance (including grants)	147.4	149.3	148.4	159.7	187.3	216.3	173.8
Basic fiscal balance	-12.2	-38.4	-41.0	-30.3	-21.7	-19.5	-27.3
Basic fiscal balance excluding HIPC	-11.3	-21.6	-9.2	-7.3	2.6	5.0	-2.6
Development expenditure and PASEP, PN, PDV	218.0	253.8	262.1	315.8	335.9	364.9	418.5
*Development	217.1	235.9	252.1	305.8	325.9	354.9	408.5
**External financing	157.1	174.0	178.4	200.5	204.9	209.3	213.8
***Grants	69.0	72.8	78.0	80.0	82.0	84.0	86.0
***Loans	88.1	101.2	100.4	120.5	122.9	125.3	127.8
**Facilities and investments	60.0	61.9	73.7	105.3	121.0	145.6	194.7
*PASEP / Public enterprises	0.9	1.1	10.0	10.0	10.0	10.0	10.0

	2000	2001	2002	2003	2004	2005	2006
	est.	est.	proj.	proj.	proj.	proj.	proj.
Spec. funds and Annexed budgets	24.4	27.5	29.9	30.5	31.5	33.0	34.5
-Net borrowing	-2.5	-10.6	-4.1	-4.1	-4.1	-4.1	-4.1
HIPC	0.9	16.8	31.8	23.0	24.3	24.5	24.7
EMP (Economic management project)	0.0	18.2	0.0	0.0	0.0	0.0	0.0
Deficit (commitment basis, excluding grants)	-169.3	-212.4	-219.4	-230.8	-226.6	-228.8	-241.1
Overall fiscal deficit (commitment basis)	-68.1	-112.1	-141.4	-150.8	-144.6	-144.8	-155.1
Variation of arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjustment (cash basis)	1.6	0.0	0.0	0.0	0.0	0.0	0.0
Deficit (cash basis) before moratorium	-66.5	-112.1	-141.4	-150.8	-144.6	-144.8	-155.1
Overall financing	67.4	112.2	96.1	86.2	77.8	70.8	74.1
-Net external financing	64.4	106.1	104.6	92.2	92.8	89.6	90.7
*Borrowing	95.0	119.4	118.4	120.5	122.9	125.3	127.8
**Budgetary aid	6.9	0.0	18.0	0.0	0.0	0.0	0.0
**Projects	88.1	101.2	100.4	120.5	122.9	125.3	127.8
**Other	0.0	18.2	0.0	0.0	0.0	0.0	0.0
*Amortization (debt at 31/12/00)	-33.2	-36.4	-42.8	-45.3	-48.7	-54.3	-61.8
*Restructuring	2.6	23.1	29.0	17.0	18.6	18.6	24.7
*Debt cancellation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
of which HIPC	0.0	0.0	0.0	0.0	0.0	0.0	0.0
*Payment moratorium	0.0	0.0	0.0	0.0	0.0	0.0	0.0
-Net domestic financing	3.0	6.1	-8.5	-6.0	-15.0	-18.8	-16.6
*Bank financing	-17.0	17.3	6.7	2.0	-7.0	-10.8	-8.6
**PNG	-15.1	18.7	6.7	2.4	-6.6	-10.4	-8.2
***Statutory advance	0.0	23.2	-3.0	0.0	0.0	0.0	0.0
***IMF redemptions	-9.9	-12.9	-18.4	-19.1	-19.6	-16.4	-12.7
***IMF purchase	6.6	17.0	12.4	5.6	0.0	0.0	0.0
***Other items (net)	-9.8	-6.6	18.7	17.9	15.0	8.0	6.5
***Securitization	-2.0	-2.0	-3.0	-2.0	-2.0	-2.0	-2.0
**Other monetary financing	-1.9	-1.4	0.0	-0.4	-0.4	-0.4	-0.4
*Non-bank financing	-0.3	-11.2	-26.2	-8.0	-8.0	-8.0	-8.0
*Privatization revenue	20.3	0.0	11.0	0.0	0.0	0.0	0.0
Financing gap (+ indicates a need for financing)	0.0	-0.1	45.1	64.6	66.8	74.0	81.0
Gross external flows							
in billions of CFAF							
Grants	101.2	100.3	78.0	80.0	82.0	84.0	86.0
Non IMF drafts/loans	95.0	119.4	118.4	120.5	122.9	125.3	127.8
IMF	6.6	17.0	12.4	5.6	0.0	0.0	0.0
Debt cancellation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Restructuring	2.6	23.1	29.0	17.0	18.6	18.6	24.7
Total in billions of CFAF	202.8	236.7	208.8	206.1	204.9	209.3	213.8

	2000	2001	2002	2003	2004	2005	2006
	est.	est.	proj.	proj.	proj.	proj.	proj.
In millions of dollars							
Grants	142.1	136.9	103.9	107.2	110.4	113.6	116.9
Non IMF drafts/loans	133.4	163.0	157.8	161.5	165.4	169.4	173.7
IMF	9.3	23.2	16.5	7.5	0.0	0.0	0.0
Debt cancellation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Restructuring	3.7	31.5	38.6	22.8	25.0	25.2	33.6
Total in millions of US\$	284.8	323.1	278.2	276.1	275.8	283.0	290.5
Total reduction of HIPC debt (Nat'l Debt Dept)	3.2	23.1	31.8	23.0	24.3	24.5	24.7
of which capital	0.0	15.1	22.5	21.3	23.7	23.9	24.2
of which interest	0.0	8.0	9.3	1.7	0.6	0.6	0.5

Table A-12: Balance of payments assumptions

	2000	2001	2002	2003	2004	2005	2006
US\$/CFAF exchange rate	712.0	732.5	750.5	746.3	742.9	739.5	735.9
International cotton price (cents/lb)	59.0	48.2	46.0	52.0	56.0	60.0	62.0
Price index of livestock for export (CFAF)	0.0	100.0	100.0	100.0	100.0	100.0	100.0
International gold price (US\$/kg)	9.0	8.5	8.8	9.0	8.9	8.8	8.7
International gold price (thousands of CFAF/kg)	6372.8	6259.2	6607.0	6713.0	6647.0	6538.0	6377.0
International oil price (US\$/barrel)	28.0	23.0	21.0	20.0	19.0	19.0	19.0
Livestock exports growth rate (quantities)	0%	0%	4%	4%	5%	5%	5%
Growth rate of other exports in real terms)	0%	0%	3%	3%	3%	3%	3%

Table A-13: Balance of payments

	2000	2001	2002	2003	2004	2005	2006
	est.	est.	proj.	proj.	proj.	proj.	proj.
Trade balance	-33.4	-2.5	29.7	127.0	123.6	100.9	58.8
-Export of goods (fob)	388.1	530.4	574.8	709.8	755.1	782.8	793.0
*Cotton	109.1	81.2	152.2	172.9	189.3	210.3	225.0
*Livestock	37.7	44.9	47.8	49.7	52.2	54.8	57.5
*Gold	189.4	353.8	321.2	430.3	453.3	453.7	442.6
*Miscellaneous	51.9	50.5	53.6	56.8	60.3	64.0	67.9
-Import of goods (fob)	421.5	532.9	545.1	582.8	631.5	682.0	734.2
Growth rate	13.1%	26.4%	2.3%	6.9%	8.4%	8.0%	7.7%
Services (net)	-167.9	-212.4	-207.5	-230.8	-248.4	-263.4	-277.5
Transport	-146.3	-186.9	-192.2	-213.9	-230.1	-243.7	-256.6
of which, freight	-137.0	-180.3	-181.7	-202.2	-217.5	-230.4	-242.6
Travel	0.1	1.2	6.3	6.9	7.5	8.1	8.6
Public administration services	-3.0	-5.3	-1.7	-1.9	-2.0	-2.2	-2.3
Other services	-18.7	-21.4	-19.9	-21.9	-23.8	-25.6	-27.2
Factor services (net)	-69.9	-97.4	-89.5	-112.6	-119.0	-119.7	-114.4
Net worker remittances	1.1	0.9	1.0	1.0	1.0	1.0	1.0
Net investment income	-71.0	-98.3	-90.5	-113.6	-120.0	-120.7	-115.4
Of which, interest due on govt. debt	-15.6	-14.3	-19.2	-18.1	-19.4	-20.0	-17.2
Of which, others (dividends, etc.)	-55.4	-84.0	-71.3	-95.5	-100.6	-100.7	-98.2
Official transfers	90.0	82.2	47.0	50.5	54.4	56.6	61.2
-Public transfers	45.7	42.7	12.0	12.0	12.0	10.0	10.0
*In kind	0.0	0.0	0.0	0.0	0.0	0.0	0.0
*Budgetary aid	32.2	26.5	0.0	0.0	0.0	0.0	0.0
of which PASEP	0.0	0.0	0.0	0.0	0.0	0.0	0.0
*Projects	0.0	0.0	0.0	0.0	0.0	0.0	0.0
*Other (net)	10.0	10.0	12.0	12.0	12.0	10.0	10.0
-Private transfers	44.3	39.5	35.0	38.5	42.4	46.6	51.2
Current account balance	-181.2	-230.1	-220.3	-165.9	-189.4	-225.6	-271.9
Current account balance excluding public transfers	-226.9	-272.8	-232.3	-177.9	-201.4	-235.6	-281.9
Capital and financial account balance	256.2	265.0	193.4	241.7	222.2	228.7	241.0
Capital Account	74.9	95.9	109.8	103.0	106.3	108.5	110.7
Capital transfer	74.9	95.9	109.8	103.0	106.3	108.5	110.7
Public administration	71.6	95.9	109.8	103.0	106.3	108.5	110.7
HIPC initiative assistance	2.6	23.1	31.8	23.0	24.3	24.5	24.7
Other transfers	69.0	72.8	78.0	80.0	82.0	84.0	86.0
Other sectors	3.3	0.0	0.0	0.0	0.0	0.0	0.0
Acquisition and disposal of non-financial non-produced assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	2000	2001	2002	2003	2004	2005	2006
	est.	est.	proj.	proj.	proj.	proj.	proj.
Financial account	181.3	169.1	83.6	138.7	115.9	120.2	130.3
Direct investment	55.8	62.0	36.6	55.5	50.7	56.2	64.3
Outflows	-2.9	0.0	0.0	0.0	0.0	0.0	0.0
Inflows	58.7	62.0	36.6	55.5	50.7	56.2	64.3
Portfolio investment	4.1	2.0	4.2	10.0	6.0	8.0	10.0
Outflows	3.4	0.0	0.0	0.0	0.0	0.0	0.0
Inflows	0.7	0.0	0.0	10.0	6.0	8.0	10.0
Other investments (loans, etc.)	121.4	105.1	42.8	73.2	59.2	56.0	56.0
Outflows	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Public administration	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other sectors	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Inflows	121.4	105.1	42.8	73.2	59.2	56.0	56.0
Public administration	61.9	83.0	75.6	75.2	74.2	71.0	66.0
Other sectors	59.5	22.1	-32.8	-2.0	-15.0	-15.0	-10.0
Errors and Omissions	-4.1	-4.4	0.0	0.0	0.0	0.0	0.0
Overall balance	70.8	30.5	-26.9	75.8	32.8	3.1	-30.9
Financing (Foreign assets and liabilities)	-70.8	-30.5	26.9	-75.8	-32.8	-3.1	30.9
Monetary Authorities	-46.9	-30.5	-18.2	-140.4	-99.6	-77.1	-50.1
Assets	-46.9	-30.5	-18.2	-140.4	-99.6	-77.1	-50.1
Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Banks	-23.9	0.0	0.0	0.0	0.0	0.0	0.0
Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revaluation adjustment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financing gap	0.0	0.0	45.1	64.6	66.8	74.0	81.0
Public debt and external debt	2000	2001	2002	2003	2004	2005	2006
	est.	est.	proj.	proj.	proj.	proj.	proj.
Amounts outstanding at end of year							
Amounts outstanding of the external public debt	1702.0	1707.0	1821.7	1948.0	2069.4	2198.0	2332.3
Amounts outstanding of the external public debt, excluding IMF	1070.3	1071.2	1191.9	1331.7	1472.7	1617.7	1764.7
Amounts outstanding of IMF debt	631.7	635.8	629.8	616.3	596.7	580.3	567.6
Debt/GDP ratio	97.7%	88.6%	85.5%	83.0%	81.2%	80.1%	80.1%

Table A-14: Main economic and financial indicators

	2 000	2 001	2 002	2 003	2 004	2 005	2 006	2002/2006	2003/2006	1994/2000
Growth:										
GDP at constant prices	3.7%	1.5%	9.3%	7.4%	5.9%	5.6%	5.3%	6.7%	6.1%	5.2%
of which Primary sector growth	6.1%	-13.4%	19.5%	3.7%	4.4%	4.4%	4.6%	7.3%	4.3%	5.4%
% of GDP	44.4%	37.9%	41.5%	40.0%	39.5%	39.0%	38.8%	39.8%	39.3%	44.5%
Contribution to growth	2.7%	-6.0%	7.4%	1.5%	1.8%	1.8%	1.8%	2.8%	1.7%	2.4%
Secondary sector growth	7.5%	31.0%	-2.6%	17.9%	6.3%	4.8%	4.4%	6.2%	8.4%	7.5%
% of GDP	18.4%	23.7%	21.1%	23.2%	23.3%	23.1%	22.9%	22.7%	23.1%	17.0%
Contribution to growth	1.3%	5.7%	-0.6%	3.8%	1.5%	1.1%	1.0%	1.4%	1.8%	1.2%
Tertiary sector growth	4.9%	1.2%	5.9%	4.5%	6.6%	6.7%	5.8%	5.9%	5.9%	4.3%
% of GDP	31.9%	31.8%	30.8%	30.0%	30.2%	30.5%	30.7%	30.4%	30.3%	32.3%
Contribution to growth	1.5%	0.4%	1.9%	1.4%	2.0%	2.0%	1.8%	1.8%	1.8%	1.4%
DTI contribution to growth	-1.9%	1.4%	0.6%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.2%
Cross check	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
GDP deflator	0.6%	7.8%	3.2%	-2.7%	2.2%	0.8%	0.6%	0.8%	0.2%	8.5%
Import growth (in constant terms)	-2.5%	13.3%	11.4%	9.1%	7.3%	6.9%	6.6%	8.3%	7.5%	4.9%
Export growth (in constant terms)	6.5%	19.1%	9.4%	16.4%	6.1%	3.6%	2.7%	7.7%	7.2%	8.1%
Overall investment rate	21.5%	21.1%	20.7%	23.4%	23.0%	23.3%	23.1%	22.7%	23.2%	22.1%
Public investment rate	7.6%	7.0%	7.6%	8.3%	8.1%	8.2%	8.8%	8.2%	8.3%	7.4%
Domestic savings rate	10.7%	16.6%	16.2%	19.0%	18.4%	17.6%	15.8%	17.4%	17.7%	8.8%
Public finances (% of GDP)										
Total revenue	15.5%	16.6%	18.1%	18.0%	18.3%	18.8%	19.8%	18.6%	18.7%	15.7%
Tax revenue	13.4%	14.6%	15.5%	15.6%	16.1%	16.7%	17.8%	16.4%	16.6%	12.8%
Total expenditure and net loans	25.2%	27.6%	28.4%	27.8%	27.2%	27.2%	28.1%	27.7%	27.6%	25.4%
Domestic financing of investment	3.4%	3.2%	3.5%	4.5%	4.7%	5.3%	6.7%	4.9%	5.3%	2.4%
Current expenditure	11.4%	12.6%	13.4%	12.2%	12.0%	11.9%	11.9%	12.3%	12.0%	11.5%
Wage bill	4.2%	4.2%	4.2%	4.2%	4.1%	4.1%	4.1%	4.1%	4.1%	4.0%
Development expenditure	12.5%	13.2%	12.3%	13.5%	13.2%	13.3%	14.4%	13.3%	13.6%	12.6%
Current deficit (incl. grants)	8.5%	7.7%	7.0%	6.8%	7.3%	7.9%	6.0%	7.0%	7.0%	9.5%
Primary deficit	-3.0%	-5.1%	-5.7%	-5.6%	-4.9%	-4.5%	-4.7%	-5.1%	-4.9%	-1.7%
Basic fiscal balance	-0.7%	-2.0%	-1.9%	-1.3%	-0.9%	-0.7%	-0.9%	-1.1%	-0.9%	0.2%

Basic fiscal balance, excl. HIPC liability	-0.6%	-1.2%	-0.5%	-0.4%	0.1%	0.3%	-0.2%	-0.1%	0.0%	-0.6%
Overall fiscal balance (commitment basis)	-3.9%	-5.8%	-6.6%	-6.4%	-5.7%	-5.3%	-5.3%	-5.9%	-5.7%	-2.9%
Overall fiscal balance (commitment basis excl. grants)	-9.7%	-11.0%	-10.3%	-9.8%	-8.9%	-8.3%	-8.5%	-9.2%	-8.9%	-9.7%
Overall fiscal balance (cash basis)	-3.8%	-5.8%	-6.6%	-6.4%	-5.7%	-5.3%	-5.3%	-5.9%	-5.7%	-3.9%
GFCF rate										
Total GFCF	16.7%	17.7%	17.6%	18.3%	18.3%	18.7%	19.6%	18.5%	18.7%	20.0%
Public GFCF	5.8%	6.8%	7.3%	7.9%	7.7%	7.6%	8.1%	7.7%	7.8%	6.5%
Private GFCF	10.9%	10.9%	10.4%	10.4%	10.6%	11.1%	11.6%	10.8%	10.9%	13.5%
ICOR	5.8	13.9	2.2	3.2	3.9	4.2	4.3	3.6	388.7%	4.8
CONSUMPTION	0.84	0.82	0.82	0.80	0.81	0.82	0.83	0.82	81.7%	0.89
Share of current expend./Total expenditure	45.4%	45.7%	47.1%	44.0%	44.1%	43.8%	42.2%	44.2%	43.5%	45.2%
Share of development expend./Total expenditure	49.4%	44.3%	41.7%	46.9%	47.0%	47.6%	49.9%	46.6%	47.9%	48.3%
Public finance (% of tax revenue)										
Wage bill	31.3%	29.1%	27.0%	26.6%	25.3%	24.7%	23.3%	25.4%	25.0%	32.1%
Domestic financing of investment	25.7%	22.0%	22.3%	28.7%	29.5%	31.7%	37.5%	29.9%	31.9%	18.0%
Debt service	25.33%	22.69%	24.77%	22.72%	21.55%	19.94%	17.82%	21.4%	20.5%	42.9%
- Interest	6.9%	5.2%	6.3%	5.2%	4.9%	4.5%	3.5%	4.9%	4.5%	10.0%
- Amortization	14.2%	12.9%	12.9%	12.4%	11.9%	11.8%	11.9%	12.2%	12.0%	29.7%
- IMF redemption	4.2%	4.6%	5.6%	5.2%	4.8%	3.6%	2.4%	4.3%	4.0%	3.2%
Debt relief	0.4%	0.0%	0.0%	1.1%	8.2%	8.8%	4.6%	4.5%	5.7%	4.8%
Overall fiscal balance (cash basis)	-28.5%	-39.8%	-42.7%	-41.1%	-35.2%	-31.6%	-29.9%	-36.1%	-34.4%	-31.7%

Balance of payments (% of GDP)										
Trade balance	-1.9%	-0.1%	1.4%	5.4%	4.8%	3.7%	2.0%	3.5%	4.0%	-2.6%
Service balance (net)	-9.6%	-11.0%	-9.7%	-9.8%	-9.7%	-9.6%	-9.5%	-9.7%	-9.7%	-11.5%
Factor services	-4.0%	-5.1%	-4.2%	-4.8%	-4.7%	-4.4%	-3.9%	-4.4%	-4.4%	-2.3%
- of which, interest	-0.9%	-0.7%	-0.9%	-0.8%	-0.8%	-0.7%	-0.6%	-0.8%	-0.7%	-1.2%
Public transfers	6.7%	7.2%	5.7%	4.9%	4.6%	4.3%	4.1%	4.7%	4.5%	8.6%
Private transfers	2.5%	2.0%	1.6%	1.6%	1.7%	1.7%	1.8%	1.7%	1.7%	3.3%
Current account balance	-10.4%	-11.9%	-10.3%	-7.1%	-7.4%	-8.2%	-9.3%	-8.5%	-8.0%	-7.7%
Current account balance (excl. public transfers)	-13.0%	-14.2%	-10.9%	-7.6%	-7.9%	-8.6%	-9.7%	-8.9%	-8.4%	-13.1%
Debt service /exports									9.3%	12.3%
In percentage of the GDP										
Primary sector	44.4%	37.9%	41.5%	40.0%	39.5%	39.0%	38.8%	39.8%	39.3%	44.5%
Secondary sector	18.4%	23.7%	21.1%	23.2%	23.3%	23.1%	22.9%	22.7%	23.1%	17.0%
Tertiary sector	31.9%	31.8%	30.8%	30.0%	30.2%	30.5%	30.7%	30.4%	30.3%	32.3%
Import duty and taxes	5.3%	6.6%	6.6%	6.8%	7.0%	7.3%	7.7%	7.1%	7.2%	6.2%
Consistency check	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Imports	29.2%	32.6%	33.3%	33.8%	34.3%	34.7%	35.1%	34.2%	34.5%	32.4%
Exports	29.0%	34.0%	34.1%	37.0%	37.0%	36.3%	35.4%	36.0%	36.4%	25.6%