

REPUBLIC OF MALI
ONE PEOPLE—ONE GOAL—ONE FAITH

**REPORT OF THE FIRST YEAR OF IMPLEMENTATION
OF THE POVERTY REDUCTION STRATEGY PAPER
(PRSP)**

Final Version

April 2004

SUMMARY

ACRONYMS AND ABBREVIATIONS.....	3
SUMMARY.....	4
INTRODUCTION.....	.6
CHAPTER I: Background on the implementation of the Poverty Reduction Strategy Paper (PRSP) in Mali.....	7
CHAPTER II: Macroeconomic overview: 2002/2003 mid-term achievements and outlook	11
CHAPTER III: Progress achieved in the implementation of sector policies, strategies, and actions for reducing poverty	16
CHAPTER IV: Difficulties encountered, weaknesses observed and recommendations	26
CONCLUSION.....	30
ANNEXES.....	... 31

ACRONYMS AND ABBREVIATIONS

ABEDA : Arab Bank for Economic Development in Africa
ADM : Airports of Mali
AGETIER : Infrastructure Work and Rural Equipment Implementing Agency
AMADER : Malian Agency for the Development of Rural Electricity
ANICT : National Investment Agency of Territorial Communities
AU: African Union
BSI : Special Investment Budget
CAN : African Nation's Soccer Cup Competitions
CAP Privatization Support Department
CCC : Center of Communal Council
CMDT : Malian Textile Development Company
CRT: Telecommunication Regulating Committee (TRC)
DNR : National Office of Roads
ECOWAS: Economic Community of West African States
EDM : Malian Electricity Company
ESIP : Education Sector Investment Program
CFAF : Franc of the African Financial Community
FASR : Enhanced Structural Adjustment Facility
FCC :Fixed Capital Consumption
FDI: Foreign Direct Investment
FER : Fund for Rural Electrification
FICT : Territorial Communities' Investment Fund
MTEF: Medium Term Expenditure Framework
PRGF: Poverty Reduction and Growth Facility
GDP: Gross Domestic Product
GSR: Gross Schooling Rate
HICP: Harmonized Index of Consumer Price
HIPC: Highly Indebted Poor Countries
HUICOMA : Malian Cottonseed Oil Producing Company
IDA : International Development Association
IDP : Institutional Development Program
IMF: International Monetary Fund
MDGs: Millennium Development Goals
MSPE: Malian Survey of Poverty Evaluation
NEPAD : New Partnership for Africa's Development
NICTs: New Information and Communication Technologies
NPP : National Population Policy
ODA: Official Development Assistance
OSHD/PRM : Observatory of Sustainable Human Development and Poverty Reduction in Mali
PASAOP : Support Program to Agricultural Offices and Farmer Organizations
PNIR : National Program of Rural Infrastructures
PRODEC : Ten-year Education Development Program
PRODEJ : Justice Development Program
PRSD : Poverty Reduction Strategy Document
PRSP: Poverty Reduction Strategy Paper
PTI : Three-year Investment Program
SAP: Structural Adjustment Program
SDR : Office of Road Data
SOTELMA : Malian Telecommunication Company
TOFE: Table of Central Government Financial Operations
TOR : Terms of Reference
WAEMU: West African Economic and Monetary Union

SUMMARY

Mali is implementing its Poverty Reduction Strategy Paper (PRSP) covering the period 2002-06, which was adopted in May 2002. The implementation is taking place in a context characterized notably by a downward trend in Official Development Assistance (ODA) and by the country's great vulnerability to exogenous shocks (drought, fluctuation in the terms of trade, and political crises in the region). Hence, the country has to take up important challenges in order to ensure strong, sustainable and poverty reducing growth.

However, despite an unfavorable environment, in the past few years Mali has made significant progress at the political, social and economic levels.

The political and social situation has greatly improved in the past decade. Since 1992 democratic elections (presidential, legislative, municipal, and communal) have been held in a consensual and calm political climate. They led to a change in government in 2002 in a stable sociopolitical environment.

Institutionally, Mali has embarked since 1992 on a vast devolution and decentralization process that reflects the irreversible decision of the country's authorities to empower local population in the management of their development. This process has contributed to reshaping the administrative landscape of the country into **703 Communes, 49 Circles, 8 Regions, and 1 District**, although the transfer of responsibilities and resources from the central Government to local communities has been slow.

Moreover, some vast reforms are being undertaken as part of the modernization of the Administration, improvement of the judiciary system, good governance, and the fight against corruption.

At the economic and financial levels, **the International Monetary Fund (IMF) has supported Mali without interruption since 1992 in the framework of three (3) successive ESAF/PRGF arrangements**. This has contributed to restoring macroeconomic stability and the viability of public finance, and to deepen structural reform implementation.

It is in this context, that the level of economic activity, measured by the new series of «more comparable» GDPs, grew by 3.9% in 2002 and 6.0% in 2003. However, projections are less optimistic for 2004 with real GDP growth of 4.7%.

Concerning public finance and indebtedness, in recognition of the significant progress made by the Government in implementing reforms, **Mali has become the 7th country to reach the completion point under the enhanced Initiative for Highly Indebted Poor Countries (enhanced HIPC Initiative) after Bolivia, Burkina Faso, Mauritania, Mozambique, Tanzania, and Uganda.**

Moreover, the program for restructuring and privatizing the public enterprise sector, involving the cotton sector, transportation, and telecommunications is well advanced.

Regarding the cotton sector, the restructuring of CMDT is expected to lead to the withdrawal of the company from the delivery of public service and the adoption by the Government of an Action Plan for the full liberalization of the cotton sector.

Regarding the transportation sector, reforms undertaken concern the leasing of the Railway (effective since September 23, 2003), and the transfer of the management of the Airports of Mali (ADM) to a private licensee (on-going process). These reforms also

concern the privatization of regular road maintenance (already achieved with the creation of AGEROUTE), and the establishment of mechanisms for users to finance maintenance.

As regards the telecommunication sector, the authorities have undertaken institutional reforms that have resulted in the establishment of a legal framework conducive to sound competition among the different actors in the sector; the granting of a full operating license to a second enterprises in addition to the traditional operator, and the establishment of a unit in charge of preparing the opening of the capital of SOTELMA to the private sector.

At the level of social sectors, some progress has been made though there are still weaknesses. Among the improvements made we can note **a large increase in budget allocations for the education and health sectors, which, relative to total current expenditure, rose from 27.02% to 30.28% and from 10.01% to 10.82%, respectively, between 2001 and 2003. They should reach 31.48% and 11.09% in the 2004 Finance Law.** The trend is almost the same with respect to the allocations for these sectors in the total State Budget.

At the level of education, the financial efforts have permitted **a considerable increase in the overall gross enrolment rate at the primary level. The rate went from 62.5% in 2001 to 64.3% in 2002, with, as objectives, rates of 68.0% by 2003 and 83.0% by 2006.** In health, we note **an improvement in health coverage provided within a radius of 5 km. It rose from 41.0% in 2001 to 44.0% in 2002, with, as objectives, rates of 47.0% by 2003 and 50.0% by 2006.**

However, we can note, as weaknesses in these sectors, the low quality of the educational system, the quasi stagnation of the attendance rate in curative care centers (about 20%), problems related to the inadequacy (quantitative and qualitative), and low motivation of health staff.

At the end of the first year of implementation of the PRSP, we can note that the different actors responsible in monitoring-evaluation are yet to embrace fully and correctly the role that has been assigned to them, a role which also deserves to be clarified and simplified.

In addition, we can note a low level of integration between the Budget-programs of ministries and the strategies and objectives of the PRSP.

Moreover, regarding financing, there is a need to mobilize additional resources with development partners toward the attainment of PRSP objectives, particularly in priority sectors such as health, education, rural development, and basic infrastructures.

To summarize, in order to remove constraints to the implementation of PRSP and the attainment of its objectives, the Government must continue to inform and negotiate with development partners to bring them to adhere fully to the priorities and strategies in the PRSP. This is the reason for holding a Round Table of Mali's Donors concerning the implementation of the PRSP.

INTRODUCTION

The Malian Government decided to make the Poverty Reduction Strategy Paper, adopted on May 29, 2002, the unique framework of its medium term policies and strategies and the main negotiation document with all donors.

The PRSP has been prepared in the context of a long participatory process that hinges on an institutional framework involving all stakeholders in the social and economic development of the country.

In March 2003, the Government chose the same institutions for monitoring and evaluating the implementation of the PRSP.¹ The monitoring-evaluation of the PRSP has a dual function:

- 1) Over the short term, reports on the results obtained in the implementation of the PRSP in priority areas affecting poverty and growth, and measures the impact of these results on poverty and growth in the medium term;
- 2) Over the long term, provides element permitting to assess the efficiency and effectiveness of the sector policies and strategies implemented to reduce poverty in Mali.

Based on the above, this first annual **monitoring-evaluation** report provides information about the implementation of the policies, strategies and actions retained in the three (3) strategic areas of the PRSP, i.e.:

- **Institutional Development, Improved Governance, and Participation ;**
- **Sustainable Human Development and strengthening of Access to Basic Social Services;**
- **Development of Basic Infrastructures and Support to Productive Sectors.**

The progress report is based on the available reports of thematic groups and on information collected through some reference documents (State Budget, Budget-programs, sector projects and programs, documents outlining areas where some development partners intervene.)

In line with the terms of reference (TOR), the report comprises the following chapters:

- Chapter I: Background on the implementation of the Poverty Reduction Strategy Paper (PRSP) in Mali;
- Chapter II : Macroeconomic overview : 2002/2003 mid-term achievements and outlook 2004-06;
- Chapter III: Progress made in implementing sector policies, strategies, and actions toward reducing poverty;
- Chapter IV: Difficulties encountered, weaknesses observed, and recommendations.

¹ The PRSP monitoring-evaluation framework, as adopted by the Government in March 2003, is attached as Annex 3.

CHAPTER I: BACKGROUND ON THE IMPLEMENTATION OF THE POVERTY REDUCTION STRATEGY PAPER (PRSP) IN MALI

The year 2003 is the first year of implementation of the Poverty Reduction Strategy Paper (PRSP) in Mali, which was developed in a medium term framework for the period 2002–06.

The international, regional and national context of the first year of implementation of the PRSP is marked by a number of factors and events that greatly affected the development of the economic and social situation in Mali.

I.1 – International Environment²

The international environment remains dominated by the following main factors:

A – Liberalization and globalization:

The development of international trade has been characterized in the last decades by a series of measures aiming to reduce tariff barriers and constraints to free initiative, in order to speed up the liberalization of exchanges and the globalization of economies. This is accompanied and facilitated by a rapid development of the new information and communication technologies (NICTs).

Moreover, the international situation has been characterized in the last years by:

- volatility of the prices of main commodities, which negatively affects economic performances and makes it extremely difficult to plan development actions due to the uncertain export receipts ;
- increased sensitivity of world opinion to the issues of good governance, environmental protection, control of poverty and corruption, promotion of women, and population growth control;
- downward trend in bilateral as well as multilateral official development assistance (ODA); a trend not offset by an increase in private capital inflow. At the same time most developing countries have increased funding needs to implement their poverty reduction strategy and achieve the Millennium Development Goals (MDGs), particularly that of reducing by half extreme poverty by 2015.

Trend in total net ODA by all donors (in million of US dollars)								
Years	1995	1996	1997	1998	1999	2000	2001	2002
ODA	541.3	491.2	428.9	347.3	354.5	359.7	349.9	
Variation	-	-9%	-13%	-19%	+2%	+1	-3%	

Source: OECD: Economic outlook in Africa, 2001/2002, page 363.

² Sources : 1) Introductory Note to the 2004 Finance Law prepared by the Budget Department in September;
2) Semi-annual implementation report of multilateral surveillance in the WAEMU, situation in 2002 and outlook for 2003, adopted by the Council of Ministers on October 1st, 2003.

B – Economic situation in the Dollar zone:

The United States of America will remain the main driving force behind the economic recovery that is emerging. Nevertheless, economic activity in the United States should slow down slightly with growth declining from 2.4% in 2002 to 2.2% in 2003.

C – Economic situation in the Euro zone:

In the Euro zone, the low level of domestic demand is continuing to prevent a rebound in economic activity, despite the strength of exports—even weakened by the rise of the Euro. Growth projections have been revised downward, with the Euro zone expected to grow by one half the rate expected in the United States, or 1.1% only.

I.2 – Regional Environment³

A – At the level of the African continent:

In Africa, a growth rate of 4% is expected in 2003, under the combined effect of continued strict macroeconomic policy, the recovery in world economic activity, and the increase in the prices of some commodities (coffee, cacao, cotton, gold, oil).

Looking forward, the speeding up of the economic integration in the Continent reflected in the creation of the African Union (AU) and the implementation of the New Africa Development Partnership (NEPAD) will create favorable conditions for stronger economic growth on the Continent.

B – At the level of the WAEMU:

Economic growth within the Union was 1.7% in 2002, against 3.9% in 2001, and is projected at 3.9% for 2003. This low growth is primarily due to the on-going crisis in Côte d'Ivoire and bad weather conditions, which affected agriculture and livestock production in Sahelian countries in 2002.

However, in view of the good rainfall in 2003, prospects are better for the 2003/2004 campaign.

Growth in 2002 took place in a context marked by a moderate increase in prices. Average annual inflation within the Union was 2.9% in 2002, down from 4.1% in 2001. The convergence criterion in the WAEMU is for inflation to be kept of 3%.

I.3 – National Environment⁴

In Mali, the national situation reflects developments at the social and political levels as well as at the economic and financial levels.

³ Sources : 1) Introductory note of the 2004 Finance Bill developed by the National Office of Budget in September 2003 ;
2) Semi-annual implementation report of multilateral supervision within WAEMU, situation in 2002 and outlook for 2003, adopted by the Cabinet in its meeting of Wednesday October 1st, 2003.

⁴ Sources :
1) Report of the thematic Group «Macroeconomic framing and growth» of PRSP, authenticated in July 2003;
2) Introductory note of the 2004 Finance Bill developed by the National Office of Budget in September 2003;
3) Semi-annual implementation report of multilateral supervision within WAEMU, situation in 2002 and outlook for 2003, adopted by the Cabinet in its meeting of Wednesday October 1st, 2003.

A – Social and political developments:

The current Malian context is characterized by a remarkable political and social stability in a region confronted to social and political unrest and armed conflicts.

Concerning political developments, Mali held general elections in 2002 (presidential in May and legislative in July) in a consensual and calm environment. They led to the election of a new President, the installation of a new National Assembly in September 2002, and the formation of a Government with broad representation in October 2002.

To implement his vision, which is: «to ensure the well-being of all Malian women and men and make Mali a model of good governance», the President sent to the Prime Minister a **letter on policy guidelines**, which served as a framework for the **Government General Policy Statement** that the Head of the Government presented to the Parliament. The PRSP is the foundation for the implementation of the priorities and measures defined in these documents, which are the reference for government action.

Concerning institutional developments, Mali has embarked since 1992 on a vast decentralization and devolution process that reflects the irreversible decision of the authorities to empower populations in the management of their development. This process resulted in the organization of the country in **703 Communes, 49 Circles, 8 Regions and 1 District: Bamako** (which has a status of a region) and local elections are scheduled for April 2004. However, there have been some delays in the transfer of responsibilities and resources to local governments.

Moreover, some vast reforms are being undertaken as part of the modernization of the public administration, the improvement of the judiciary system, good governance, and the fight against corruption.

B – Economic and financial developments:

At the economic and financial level, since 1992, Mali has implemented with the support from Bretton Woods institutions, structural adjustment programs (SAP) aimed at restoring macroeconomic balances and fiscal sustainability. Furthermore, in recognition of the significant progress made by the Government in the implementation of macroeconomic and structural policies, Mali's creditors—in particular the International Monetary Fund (IMF), the International Development Association (IDA)—decided, on March 7, 2003, to grant the country debt relief amounting to US\$ 675 million under the enhanced Initiative for Highly Indebted Poor Countries (enhanced HIPC Initiative)⁵. Hence, **Mali became the 7th country to reach its completion point under the initiative after Bolivia, Burkina Faso, Mauritania, Mozambique, Tanzania, and Uganda.**

The resources made available through this initiative will be allocated to key programs promoting poverty-reducing growth that are defined in PRSP.

In addition, the country has undertaken many reforms in the economic and financial areas, as evidenced by the macroeconomic framework described in the next chapter.

⁵ The World Bank's (IDA) contribution is US\$ 213 million corresponding to 50% of the debt service over the 2000-2014 period, that of IMF is approximately US\$ 63 million, or 38% of reduction of the debt service of the reinforced initiative from 2000 to 2008. The other creditors shall also provide their required share under this alleviation effort (Source: Partenariat Mali – Banque Mondiale 2002, published in 2003, page 6).

CHAPTER II: MACROECONOMIC OVERVIEW OF THE IMPLEMENTATION OF THE PRSP AND OUTLOOK

The PRSP is henceforth the harmonized framework serving as a basis to sector policies and strategies. It defines the main strategies and targets to be reached by 2006.

Mali continues to benefit from the adjustment measures implemented in the context of the program supported by the Poverty Reduction and Growth Facility (PRGF) aimed at improving the economic, financial and institutional environment. Nevertheless, short term economic development still heavily depends on weather conditions, which determine the production of the primary sector, and in particular the production of agriculture, livestock, fishing, and forestry.

In addition to the weather conditions, the crisis in Côte d'Ivoire is likely to have a negative impact of the development objectives in the short and medium terms. The crisis in Côte d'Ivoire resulted in a shortfall in government revenue amounting to CFAF 14.2 billion during the last quarter of 2002—CFAF 8.6 billion for receipts from customs and 5.6 billion for domestic taxes.

Concerning public debt, Mali reached the completion point under the enhanced HIPC Initiative in February 2003, and should benefit from debt relief amounting to US\$ 675 million, or CFAF 25 to 30 billion a year.

II.1 – Recall of the PRSP main objectives and strategies

The 2002-2006 macroeconomic framework of the PRSP takes into account the evaluation of the policies and strategies already implemented. The policy direction and quantitative objectives are based on a vision of a sustained and poverty-reducing growth.

The policy direction that have been used to develop the PRSP macroeconomic framework were based on the following assumptions:

- development in the international economic environment projected by the IMF over the period 2002-06 period (particularly with respect to the prices of gold, cotton and oil) ;
- projections of production levels based on the preliminary results for 2002, past developments and sector policies to be implemented;
- fiscal projections based on the new measures that have been implemented (particularly tax reform, allocation of resources to decentralized communities and social sectors, wage policy, cost of measures included in the PRSP) and on the convergence criteria in the WAEMU.

With these assumptions, **annual growth was projected to average 6.7% over the period 2002-06**, which, through the implementation of PRSP priority actions, should permit **a reduction of the incidence of poverty from 63.8% to 47.5% by 2006**. This overall medium term objective, however, depends on the achievement of a number of annual macroeconomic and financial objectives (indicators) listed in the table below:

Recall of PRSP overall objectives (2002-06) and annual objectives (2002 and 2003):

Name of Indicators	WAEMU standards	Overall Objectives (2002-2006)	Annual objectives	
			2002	2003
Economic growth:				
Growth rate of real GDP		6.7%	9.3%	7.4%
<i>Primary Sector</i>		7.3%	19.5%	3.7%
<i>Secondary sector</i>		6.2%	-2.6%	17.9%
<i>Tertiary sector</i>		5.9%	5.9%	4.5%
Inflation :				
Inflation rate	<=3%	<=3%	5.0%	1.5%
Saving and Investment:				
Domestic saving rate		17.4%	16.2%	19.0%
Overall investment rate		22.7%	20.7%	23.4%
Public investment rate		8.2%	7.6%	8.3%
Public finances and indebtedness:				
Tax pressure	>=17%	16.4%	14.7%	15.6%
Outstanding debt/GDP	<=70%	<=68.6% (PRSP)	85.5%	83.0%
HIPC resources (in billions of CFA franc)			25.3	24.5
Balance of payments:				
Current account of the balance of payments/GDP		-8.5%	-10.3%	-7.1%
Current account of the balance of payments excluding grants/GDP		-8.9%	-10.9%	-7.6%

Source: Report of PRSP Thematic Group «Macroeconomic framing and growth».

II.2 – Status of macroeconomic indicators in Mali based on “the more comparable WAEMU” GDP

For a better integration policy, the WAEMU has decided that, as of 2003, all member countries prepare economic indicators, notably the GDP, using a common methodology (more comparable GDP) ; this must henceforth constitute the basis for the preparation of regional and international indicators.

1. WAEMU guideline related to the application of a more comparable GDP

The need to assess convergence have led to implementing measures aimed at preparation of a greater comparability of macroeconomic aggregates developed in different WAEMU member countries. In fact, the national account aggregates of the Union member countries were not all comparable for the following reasons;

- the varying quality of some basic data;
- the difference in methodologies used among countries;
- and the coverage of the national accounts.

The changes in methodology have affected the level of the GDP, and the convergence criteria. In Mali, the revisions were made in three areas:

- imputed rents;
- consumption of fixed capital by the public sector,
- recording of agricultural crops.

Imputed rents concern self-consumption of housing services and relate to the accounting of the rental value of houses occupied by their owners. In Mali's national accounts, only the houses actually rented was accounted for as producing value added. With the new methodology, the production of housing is expanded and it will henceforth include the production of all inhabited houses.

With respect to the consumption of fixed capital (CFC), it is comparable to production costs. It can be defined as the loss of the current value of the stock of fixed assets held

and used by the public sector, a loss due either to physical wear and tear or obsolescence. CFC is calculated from depreciation data. The reconstitution of the series based on the 1998-2003 comparable GDP is given in the table below:

GDP levels (in billion F CFA) from 1998 to 2003

	1998	1999	2000	2001	2002	2003
GDP old series	1594.0	1671.0	1757.8	1936.5	2165.3	2253.0
Agricultural crop	4.6	2.9	-0.8	124.2	0.4	116.1
Imputed rents	52.0	53.0	54.1	55.2	56.3	57.4
Public sector CFC	73.1	76.0	88.1	96.7	107.9	114.0
More comparable GDP	1723.0	1803.0	1899.2	2212.6	2329.9	2540.5

Source: DNSI: Mali's economic accounts.

The production of the agricultural crops (n/n+1) that was formerly recorded to the GDP for the calendar year (n+1) is henceforth recorded to the year (n). With this methodology the production process is taking place upstream relative to the consumption process.

2. Mali's economic and financial development in 2003

2.1 Estimate of GDP growth in 2003

Mali's economic situation improved significantly in 2003, with a real GDP growth of 6.0%, compared with 4.3% in 2002. The GDP deflator was 2.9%, whereas inflation measured by the consumer price index was -1.3%, mainly reflecting the decline in food prices following an exceptional cereal production.

At the sectoral level, one can make the following observations:

- The primary sector grew by about 18.7%, with notably a strong increase of 32% in cereal production and cotton, the latter registering a rise of 38.4% compared with 2002.
- As for the secondary sector, it recorded a decline of 7.9%, reflecting mainly the drop in gold production of 17.4%, but also falls in the milling of rice (-24.4%) and cotton ginning (-23.0%).
- The tertiary sector recorded a growth of 3.6%, mainly because of the transportation and telecommunication sub sector (+10.2%).

2.2 Fiscal Developments in 2003

a) Revenue

Total revenue, excluding grants, amounted to CFAF 421.8 billion in 2003, compared with CFAF 428.1 billion programmed—a shortfall of 1.5%—and CFAF 388.4 billion realized in 2002—an increase of 11.8%. Tax revenue amounted to CFAF 349.2 billion, an increase of CFAF 43 billion compared with 2002. The ratio of tax revenue to GDP was 13.7% in 2003 as against 13.1% in 2002. This is well below the WAEMU objective of 17%.

Grants amounted to CFAF 112.3 billion in 2003, comprised of CFAF 60.7 billion in project grants and CFAF 51.5 billion in budgetary assistance.

b) Expenditure

Total expenditure and net lending rose to CFAF 551.4 billion in 2003 from CFAF 540.6 billion in 2002, or an increase of 1.1%.

Current expenditure rose to 316.3 billion CFAF in 2003, or by CFAF 7.6 billion relative to the 2002 level. Wages and salaries increased significantly, from CFAF 93.5 billion in 2002 to CFAF 106.2 billion in 2003, mainly because of the adoption of the new civil service salary grid. Capital expenditure declined by CFAF 1.6 billion to CFAF 201.5 billion in 2003, owing to delays in executing some sectoral programs, notably in the area of health.

c) Overall fiscal deficit, payment order basis

The overall fiscal deficit, on a payment order basis and excluding grants, declined to CFAF 129.6 billion in 2003 from CFAF 169.7 billion in 2002. In relation to GDP, this deficit was 5.1% in 2003 compared with 7.3% in 2002.

Including grants and before debt relief, the deficit was CFAF 17.2 billion in 2003, versus CFAF 83.9 billion in 2002

The overall fiscal deficit, on a cash basis and including grants, and after debt service, and taking into account the transactions during the complementary period was CFAF 6.5 billion compared with CFAF 95.9 billion programmed.

d) Financing

The overall financing was CFAF 6.5 billion in 2003 to finance the deficit on a cash basis, of which CFAF 90.8 billion in net foreign financing and CFAF -84.4 billion in net domestic financing. Financing from the banking system was CFAF -49.6 billion CFAF in 2003 compared with CFAF -9.9 billion in 2002. Net bank credit to the government was CFAF -48.6 billion in 2003, compared with CFAF +16.0 billion programmed and CFAF -8.8 billion realized in 2002.

2.3 Balance of Payments in 2003

Merchandise imports increased slightly from CFAF 492.8 billion in 2002 to CFAF 503.8 billion in 2003, whereas total merchandise exports fell from CFAF 624.6 billion in 2002 to CFAF 561.8 billion in 2003. Receipts from cotton exports fell from CFAF 155.4 billion in 2002 to CFAF 151.3 billion in 2003. Receipts from gold exports, which had reached CFAF 400.0 billion in 2002, also declined to CFAF 319.2 billion in 2003. Thus, the trade balance registered a surplus of CFAF 58.0 billion in 2003 as against a surplus of CFAF 131.8 billion in 2002.

Overall, the current account deficit, excluding official transfers, which was CFAF 100.0 billion in 2002, reached CFAF 165.9 billion in 2003. This deterioration in the current account balance in 2003 is linked to the decrease in the trade surplus because of the decline in cotton and mining production.

3. Outlook for developments over the period 2004-2006

The framework presented here is developed from historical trends.

The assumption for average growth over the period is based on estimates for the balance of payments, trends observed in certain sectors based on domestic economic

developments monitored by the Statistical National Office (DNSI) and international economic trends.

Thus, during the period economic growth is projected to average 5.9% average, given the expected recovery of industrial production, an increase in household disposable income, and a stabilization of the international economic outlook, with, notably, an end to the Ivorian Crisis.

The national accounts were projected based on :

- the estimates of the sectoral ministries for the years 2004 and 2005 ;
- the first (provisional) estimates of the medium term program budget ;
- projection for agricultural production .

As these indicators are based on actual data, *ceteris paribus*, the resulting projections should be consistent with real historical economic trends, thus permitting one to evaluate the efforts necessary and the actions to be undertaken in order to reach the targets for poverty reduction of the PRSP over the period to 2006. (see Annex I.)

In conclusion, despite the crisis in Côte d'Ivoire, which has greatly affected Mali's external trade since end-2002, the growth rate of the economy attained 4.3 percent in 2003 and is estimated at 6 percent in 2003. These rates are much lower than the objectives set in the PRSP initially (9.3 percent in 2002 and 7.4 percent in 2003).

The lower than projected growth shows the importance of the efforts that Mali need to undertake to reach an average annual growth of 6.7 percent over 2002-06, which is required to reduce poverty from 63.8 percent to 47.5 percent in 2006.

Furthermore, to continue implementing the action plan for the PRSP and make its indicators comparable to those of the other countries in the WAEMU, it is essential to revise the PRSP and update the data of the macroeconomic framework according to the methodology of the "more comparable" GDP.

CHAPTER III:
**PROGRESS MADE IN THE IMPLEMENTATION OF SECTOR POLICIES,
STRATEGIES AND ACTIONS OF REDUCING POVERTY**

III.1 – First pillar: Institutional Development and improvement of governance and participation

This first strategic pillar aims at institutional capacity building to ensure a good management of public affairs, social peace and stability without which no sustainable development action is possible.

The Malian authorities have undertaken some major administrative and institutional reforms as part of the implementation of this main strategic pillar of the PRSP. These reforms include:

- Improvement of the performance of public administration:

In this context the following actions have been carried out:

- developing the Institutional Development Program (IDP) and its Action Plan, which, over the medium term, aims to «**make the Malian Administration an effective development and poverty reduction tool**» through the implementation of the five (5) components that are:
 - i. **reorganizing the central State Administration and reinforcing public management,**
 - ii. **reinforcing deconcentration,**
 - iii. **consolidating decentralization,**
 - iv. **valuing and reinforcing the capacity of human resources,**
 - v. **communication and relationships with users;**
 - updating the General Status of civil servants with an harmonization of the pay scale of the Civil Service;
 - undertaking a physical control of the total number of civil servants in order to make the Civil Service Registry and Payroll files consistent.
- Continuation of the decentralization/deconcentration process:

Decentralization continues to be implemented through the following actions:

- the adoption of decrees related to the transfer of responsibilities in the areas of health, education, and water supply;
- the strengthening of the capacity of decentralization stakeholders through the establishment of 46 functional Centers of Communal Council (CCC); disbursements (on-going) of CFAF 14.6 billion for projects submitted to the (FICT) Fund of the National Investment Agency of Territorial Communities (ANICT), enabling technical and financial units in charge of assisting local communities to become operational.

However, some difficulties are being encountered in the implementation of the Decentralization process, notably:

- slowness in the transfer of responsibilities and resources from the Central government to the local communities;
- low mobilization of resources by local communities ;
- lack of coordination between sector program (PRODEC, PRODESS, PNIR) and local communities' programs;
- Weaknesses and inadequacies in decentralization regulations leading to insufficient coordination in planning and management of regional and local development.

▪ Improvement of the management of public expenditures:

In this area, the following actions have been conducted:

- Preparation of Medium Term Expenditure Frameworks (MTEF) for the Health and Education sectors;
- Preparation of a manual of procedures for budget expenditure;
- Preparation of a manual of Procedures for Programming, Monitoring and evaluating public investment in Mali;
- development and adoption by the Government of a new budget nomenclature for the 2004 budget in order to increase transparency of the Finance Law and harmonize it with the nomenclature adopted by the WAEMU, which will help multilateral surveillance;
- improvement of the preparation of medium term program budgets with a particular emphasis on the definition of poverty reduction expenses and the selection of pertinent monitoring indicators;
- interconnection (on-going) of computer networks of the administrative units responsible for preparing and implementing the Central Government Budget (at central and regional levels);
- strengthening of controls (a priori, ex post) through the revision of the status of the Finance Inspectorate and increased budget allocations for other units in charge of controls.

▪ Rehabilitation of justice, fight against corruption and financial delinquency:

Under the implementation of this component, the authorities have carried out the following actions and measures:

- recruitment and training of judicial staff: 55 auditors, 50 court secretaries, 50 clerks;
- adoption of the final Plan of the ten-year Judicial Development Program (PRODEJ), rehabilitation and building of law courts, training of magistrates, and revision of statutes for the legal professions;
- strengthening of the total number of staff and resources of the General Control of Public Services (total staff rising from 27 to 40, increase in office space, increase in allowances and benefits);
- strengthening of the Audit Section of the Supreme Court (total staff increased from 9 to 14 agents, increase in office space);
- adoption by the Government and by the National Assembly of a **act establishing the Independent General Controller** who will be appointed by the President.

III.2 – Second main pillar: Sustainable human development and reinforcement of access to basic social services

A – Health and Population Component:

In general, attainment of the objectives for 2002 has been satisfactory notably with respect to the extension of health coverage and the organization of the referral system (see coverage and process indicators in the table below). On the other hand, some other health indicators linked, among others, to socio-cultural factors such as **weakness in the number and quality of human resources and inadequacy of incentives** deserve the development of more adapted strategies.

Moreover, it can be noted a quasi stagnation of indicators related to vaccination and assisted child births, significant discrepancies between regions with respect to prenatal visits and assisted child births. It can also be noted a large difference between the extension of health coverage and the use of services.

Despite the efforts made in the allocation of HIPC resources, the share of health in the current expenditure of the Central Government Budget is increasing slowly (10.5% achieved in 2002 as against 10.7% projected). This is due, among other things, to the **low absorption capacity of the sector** as evidenced by the disbursement rates of the financing under PRODESS (**about 27% for IDA financing as of November 15, 2002**), for which the first phase 1998-2002 has just been completed.

Regarding the population component, the Government adopted in April 2003 **the updated National Population Policy (NPP)** the overall objective of which is to «**contribute to the improvement of the standard and quality of people's lives**». The implementation of the updated NPP will be carried out through the Population Investment Priority Program (PIPP) being developed.

Looking forward, **the 2003-2007 Medium Term Expenditure Framework (MTEF) for the health sector, which has already been prepared, will permit the allocation and absorption of the additional financial resources that are necessary for the implementation of actions and measures to correct the noted weaknesses, the attainment of PRSP objectives, and the MDGs.** In fact, the MTEF approach aims to address the main bottlenecks encountered and weaknesses noticed in the health sector: low access to health structures and care, lack of and low motivation of the health staff, low participation of populations in the management of health services.

Development of the monitoring-evaluation indicators of the "Health and Population" component of PRSP:

N°	Indicators	Reference basis		Target	Achieved	Targets				
		Year	Level	2002	2002	2003	2004	2005	2006	
Budget Allocations										
1	. Health budget share/recurrent costs of the State Budget	2001	10.0%	10.7%	10.5%	10.8%	11.1%			12.0%
2	. Budget share of the health sector/total of State Budget	2001	8.9%	9.7%	5.3%	7.1%	6.8%			10.4%
Intermediate product indicators										
3	. Number of functional health centers (CSCOM)s	2001	533	560	605	655				620
4	. Number of CSRFS having organized referral per year	2001	21	23	26					30
5	. % populations having access to health structures within a radius of 15 km	2001	66.0%	70.0%	68.0%	73.0%				80.0%
6	. % populations having access to health structures within a radius of 5 km	2001	41.0%	45.0%	44.0%	47.0%				50.0%
Result indicators										
7	. Rate of attendance of curative health care	2001	17.0%	20.0%	20.0%	20.0%				
8	. Rate of prenatal visits	2001	52.0%	55.0%	54.0%	57.0%				60.0%
9	. Rate of assisted deliveries	2001	41.0%	45.0%	40.0%	47.0%				50.0%
10	. Rate of DTCP3 vaccination coverage among children under 1 year old	2001	71.0%	80.0%	74.0%	75.0%				75.0%

- Report the first year of implementation of Mali's Poverty Reduction Strategy Paper (PRSP) -

11	. Rate of contraceptive prevalence (all methods included)	2001	8.2%	15.0%	3.0%	3.0%			10.0%
13	Impact indicators								
14	. Maternal mortality rate (1/100 000)	2001	582						500
15	. Neonatal mortality rate	2001	57						58
16	. Child mortality rate (1/100 000)	2001	113.4						100
17	. Infanto-juvenile mortality rate	2001	229.1						210
18	. HIV/AIDS prevalence rate	2001	1.7%	<1.7%					1.0%
19	Chronic malnutrition rate < 5 years	2001	33.0%						18.0%
20	. Fertility index	2001	6.8						6.5

Sources: CPS/Health: PRODESS and Budget-programs indicators.

B – Education and Literacy Component:

The eradication of poverty by education necessarily is predicated on the achievement of a number of objectives such as: equal opportunities of access to education, literacy of non-schooled populations, and redistribution among the different socio-professional categories in the country.

The preparation and implementation of the ten-year Education Development Program (PRODEC) is consistent with this strategy thanks to the implementation of its four components that are:

- **Access component;**
- **Quality component;**
- **“Decentralized Management of the System” component; and**
- **Cross-cutting thematic issues.**

The implementation of PRODEC has been speeded up with the effective start-up of the Investment Program of the Education Sector (IPES) jointly financed by the Central Government and donors. Moreover, the development of the MTEF for the Education sector (on going) will permit to increase the capacity of PRODEC to meet the PRSP and MDGs targets. This framework shall contribute, in principle, to a better coordination of donors as well as pooling of resources in order to improve the absorption capacity of the sector.

Development of the monitoring-evaluation indicators of the « Education and Literacy» component of the PRSP:

N°	Indicators	Reference basis		Target	Achieved	Targets				
		Year	Level	2002	2002	2003	2004	2005	2006	
Budget allocations										
1	. Share education budget/recurrent cost State Budget	2001	27.0%	29.9%	30.5%	30.3%	31.5%			32.7%
2	. Share education budget/State Budget	2001	11.5%	12.7%	13.9%	14.0	15.1			18.5%
3	. Share basic education budget/total education budget	2001	60.4%	63.6%	65.9%	67.2%	69.00			60.8%
Intermediate input indicators										
4	. number numeracy/literacy booklets produced /	2002	100 000		100 000	150 000				
5	. number school tables acquired	2001	11 823		11 823					
6	. number pupils – teachers trained	2001	4 282			6 000				
7	. number contractual teachers recruited in the 1 st Cycle	2001	2 780		4 250	3 812				
8	. number teachers recruited	2001	701	2 450	1 854	2 450	2 450	2 450	2 450	2 450
9	. number classrooms built	2001		1 500	2 467	1 500	1 500	1 500	1 500	1 500
Intermediate product indicators										
10	. ratio pupils/teachers in the 1 st Cycle	2001	74.0	70.0	61.1					54.0
Result indicators										
11	. GSR in 1 st Cycle	2001	62.5%	64.0%	64.3%	68.0%	72.0%	76.0%		83.0%
12	. GSR girls in 1 st Cycle	2001	49.0%	52.0%	53.7%					64.0%
13	. Special education rate	2001	0.5%	1.0%		2.0%	2.5%	3.0%		5.0%
14	. Pre-schooling	2001	3.0%	3.5%	3.0%	4.0%	4.5%	5.0%		10.0%
Impact indicators										
15	. overall literacy rate	2001	43.0%	45.0%	35.0%					56.0%
17	. women literacy rate	2001	38.4%							40.0%

Sources: CPS/Education: PRODEC and Budget-programs indicators.

Ultimately, all these measures aim at improving the indicators of the Malian educational system, the level of which remains relatively satisfactory as indicated in the table above.

The analysis of this data leads to the following findings:

- **Regarding progress achieved**, the objective of 64.0% of gross schooling rate (GSR) in the first cycle in 2002 has been achieved even slightly exceeded (64.3%). It is likewise for the GSR of girls: 53.7% achieved as against 52.0% targeted. In addition, significant efforts have been made in budget allocations to the education sector, which permitted the accelerated implementation of PRODEC through the building of classrooms and recruitment of contractual teachers, notably with resources from the enhanced HIPC Initiative. (2,467 additional classrooms built in 2001/2002; 1,854 contractual teachers were recruited and trained in 2002; 2,450 pupils-teachers were recruited for the 2002/2003 academic year).
- **Regarding remaining weakness**, there is the persistence of the low quality of the Malian educational system despite the improvement of the pupils-teachers ratio, and inadequate numbers of classrooms and teachers in the Teacher Training Institutes (IFM). Because of this, it was not possible to reach the objective of 2,500 teachers recruited and trained per year. Regarding access level, except the regions of Kayes, Koulikoro, and the District of Bamako, the GSR in other regions is lower than the national level.

C – Drinking water and Sanitation component:

Some important institutional reforms and actions were conducted in this sector in 2002 and 2003. They include among others:

- creation of regional and sub-regional Water and Energy offices as part of Devolution (Decree n°369 of July 19, 2002) ;
- adoption of Decree n° 02-315 of June 4, 2002 stating the details of responsibilities transferred from the Central Government to local communities regarding rural and urban water supply;
- inventory of 24,562 modern water fountains in 20,512 areas, which permitted to estimate **the percentage of villages benefiting from at least one modern water point to 84.0% and that of populations having drinking water to 61,6 %** ;
- update of the list of villages having no modern water fountain;
- modernization of the SIGMA database and development of a water map.

This exercise permitted to better identify the difficulties inherent to this sector including, among others, delay in the transfer of responsibilities skills, and the number of entities intervening in the sector with different strategies. This makes coordination difficult in this area.

III.3 – Third main pillar: Development of basic infrastructures and support to productive sectors

The development of infrastructures and the support to productive sectors have for objective to improve the economic environment and profitability of factors of production with the view of attracting investments, creating jobs, increasing revenues, accumulating wealth, and reducing poverty.

▪ Regarding road infrastructures:

Some important institutional reforms have been undertaken by the authorities in order to improve connections within the country and with the outside world and facilitate the movement of people and goods. They include :

- creation of the National Office of Roads (DNR) and of the Office of Road Data (SDR);
- implementation of a study on the classification of the country's road network;
- **establishment of a Road Authority, and privatization of road maintenance with work undertaken by state agencies being now assigned to private enterprises.**

▪ Regarding airport infrastructures:

The Government has decided to put in concession the management of the Airports of Mali (ADM). The bidding process has started and the project for the rehabilitation of domestic airports is being completed. In addition, the Government submitted a request for financing to the Arab Bank for Economic Development in Africa (ABEDA) for the extension of the airstrips of the airports in Kayes and Sikasso, which were built for the 2002 African Soccer Cup

▪ Regarding railway infrastructures:

Senegal and Mali successfully leased the Dakar-Niger Railway. A social plan has been adopted financed through the Central Government Budget and the World Bank. The private Franco-Canadian consortium - CANAC/GETMA, has obtained a 25-year lease and has already taken over the exploitation of the railway. It is committed to increase transportation capacity (currently 300,000 tons/year) and to improve significantly the quality and safety of the service provided to clients.

The development of indicators related to transportation infrastructure is related as follows:

Status of indicators related to road and railway transportation in 2002 and 2003 (mid-term):

Indicators	2002 Achievements	Mid-term 2003 achievements
<u>Road indicators</u>		
. Number km maintained on a current basis	8,500	4,500
. Number km of road in periodic maintenance and rehabilitation	196	/
. Number km roads asphalted	136	183
. Number km of roads in earth	100	/
. Road density (number km/100km ²)	0.01	0,01
. Share of transportation costs in the cost of good	55%	55%
. Transportation cost on asphalted road	32.6	33
. Transportation cost on road in earth	50.5	51
. % roads in good condition	23%	34%
. % roads in fair condition	26%	24%
. % road in poor condition	51%	42%
<u>Railway indicators</u>		
. Number km of railroad lines maintained	324	160
. Number km of railroad lines rehabilitated	74	7,4

Sources: CPS/MET: Report of PRSP Thematic Group: « Internal and external opening up ».

Note: the main constraint in this sector is the inadequacy of budget credits for the maintenance of infrastructures. Hence the need for installing new financing mechanisms through the institution of toll and other similar fees.

▪ Regarding telecommunication infrastructures:

Overall Mali has one line for 100 persons. This ratio is particularly low compared to other countries in the region. In addition, the country is unequally covered and basic communication tariffs are high.

To address these weaknesses, the authorities have decided to reform institutions in the sector and open telecommunication to competition. Measures taken include:

- the establishment of a regulatory framework with the creation of a Telecommunication Regulating Committee (TRC) that ensures that there is a sound competition among actors in the sector;
- the granting of a license to a second telecommunication company called IKATEL, which already operates along the traditional operator, SOTELMA;
- the establishment of a Privatization Support Department (CAP) to manage the opening the capital of SOTELMA to the private sector;
- the reduction in tariffs for fixed and mobile telephone lines

The developments in the main sector indicators are shown in the table below:

The Telecommunication sector Main Indicators:

Indicators	2002 values		2003 values	
	Targeted	Achieved	Targeted	Achieved
. Total number of telephone lines including:	100.000	106,603	300,000	237,468
- SOTELMA – MALITEL	/	106,603	/	132,468
- IKATEL	/	/	/	105,000
. Total telephone density (1 line for 100 people)	1	1.02	/	2.22
. total telephone density in rural area (1 line for 100 people)	/	0.07	/	0.07
. total telephone density in urban area (1 line for 100 people)	/	3,20	/	7.05
. Number of areas equipped with telephone	/	219	/	243
. Automation rate of whole network (in %)	100%	100%	100%	100%
. Digitization rate of telephone exchanges (in %)	100%	100%	100%	100%
. Digitization rate of transmission equipment (in %)	100%	100%	100%	100%
. Internet service providers (ISP)	/	/	20	/
. Number of Internet users	/	/	41,560	/
. Number of cyber spaces (specialized lines - LS)	/	/	79	/
. Number of cyber spaces (commuted telephone networks – CTN)	/	/	50	/
. Communication tariffs (basic tax)	85 F CFA HT	85 F CFA HT	85 F CFA HT	75 F CFA HT

Sources: Report of PRSP Thematic Group: « Internal and external opening up ».

It can be noted that telecommunication networks and services in Mali are characterized by:

- a low telephone density (much below international standards);
 - a low penetration rate in rural areas;
 - an unequal coverage of telecommunication services between urban areas (98%) and rural areas (2%).
 - a low Internet connection level in the country.
- Regarding the energy sector:

Progress made in the sector involves:

- **the improvement of the national rate of access to electricity from 9.3% in 2001 to 12.0% in 2002, with objectives of 13.0% in 2004 and 14.0% in 2005;**
- the increase in the density of the electricity network of the company, Energie du Mali (EDM) SA (increase in the number of subscribers to low voltage between

- 2001 et 2002: 29,591 and an increase in the number of new clients using the electricity network: 21,560);
- the creation of the Malian Agency for the Development of Rural Electrification and Domestic Energy (AMDER);
 - the adoption of a base of reference for domestic energy and rural electrification by the Government and then by the National Assembly;
 - the on-going creation of the Fund for Rural Electrification (F.E.R.).
- Regarding support to productive sectors:

The authorities have emphasized the development of the rural sector with the adoption of the **Government Program for the Development of 50,000 irrigated hectares between 2003 and 2007**. They have also focused on the development of the Support Program to Agricultural Offices and Farmer Organizations (PASAOP), the effective implementation of the National Program of Rural Infrastructures (PNIR), and the creation and establishment of the Infrastructure and Rural Equipment Implementing Agency (AGETIER).

At the same time, some important reforms are being implemented as part of the restructuring of the cotton sector. These reforms will lead over the medium term to the rehabilitation and recovery of the Malian Textile Development Company (CMDT), the refocusing of its activities, the opening of its capital to national and foreign private investors, and the effective application of the mechanism for determining the producer price for seed cotton.

Some important efforts are also being made in the fields of equipment and credit to producers, the development of other agricultural products, the promotion and extension of the results of agricultural research in order to achieve quickly food security and self-sufficiency.

The restructuring of the cotton sector includes the following reforms and measures:

- 1) effective application of the mechanism for determining the producer price of seed cotton for the 2002/2003 campaign;
- 2) adoption by the Government of a plan for the gradual withdrawal of the CMDT from public service delivery;
- 3) adoption and implementation of an emergency plan and a financial recovery plan of the company;
- 4) downsizing of CMDT staff with a social plan partly supported by the State;
- 5) sale of Mali's cottonseed oil producing company (HUICOMA) by end of September 2003;
- 6) Government's option on the splitting of the CMDT, in line with the conclusions of the study on the liberalization of the cotton sector;
- 7) adoption by the Government of an overall action plan in the context of the pursuit of the cotton sector reform.

Indicators of rural sector developments are shown below:

Rural Sector Developments: 2001/2002 to 2003/2004 campaigns

Items	2001/2002	2002/2003	2003/2004 (projections)
. Total seed cotton production (in 1000 tons)	571	440	609
. Total fiber production (in 1000 tons)	240	181	257
. Evolution of producer prices	200	180	200
. Total production of paddy (in 1000 tons)	940	693	967
Including Office du Niger	379	406	?
Office du Niger share in total production of paddy (in %)	40.3%	58.5%	?
. Number of hectares implemented	?	3,902	?
. Number of hectares rehabilitated	?	1,290	?
. Share of primary sector in GDP « plus comparable »	35.3%	33.8%	36.0

Sources: CPS/MET/DNSI/BCEAO/Office du Niger

Overall, important measures and reforms have been or are being carried out under the three (3) main strategic pillar of the PRSP. In addition, considerable financial efforts are being made in the Central Government Budget to improve expenditure ratios for priority sectors such as Education, Health, Rural Development, Equipment – Transportation – City planning, as indicated by the following table:

Ratios of budget allocations to priority sectors and current expenditure (in percent)						
Descriptions \	Years	2001*	2002*	2003	2004	Comments
National Education		27.02	29.96	30.28	31.48	
Health		10.01	10.54	10.82	11.09	
Rural Development/Environment		5.12	19.17	10.47	5.33	2004 : without CMDT subsidy
Equipment - Transportation – City planning		3.91	3.88	4.78	5.56	
Sub-total		46.06	63.55	56.35	53.46	
Other sectors		53.94	36.45	43.65	46.54	
Grand total		100.00	100.00	100.00	100.00	
Ratios of budget allocations to priority sectors and total budgetary expenditure (in percent)						
Descriptions \	Years	2001*	2002*	2003	2004	Comments
National Education		10.95	11.56	13.96	15.06	
Health		6.29	5.70	7.10	6.78	
Rural Development/Environment		16.06	16.27	15.20	14.80	2004 : without CMDT subsidy
Equipment – Transportation – City planning		16.15	12.13	12.03	11.88	
Sub-total		49.45	45.66	48.29	48.52	
Other sectors		50.55	54.34	51.71	51.48	
Grand total		100.00	100.00	100.00	100.00	
Source: DNB: State Budget 2001, 2002, 2003 and 2004 fiscal years.						
Note: 2001 and 2002 ratios are those from the adjusted budgets including supplementary budgets.						

It is hoped that these efforts will translate into a net improvement in access to these sectors in the near term and therefore in a reduction in poverty in all its forms.

III.4 – Mali's progress toward the attainment of the Millennium Development Goals

Currently, Mali has not yet completed the first report on the Millennium Development Goals (MDGs) that should provide comprehensive information of the levels of monitoring indicators. However, a preliminary evaluation provides the following indications:

- In view of the great potentials (particularly in agriculture) of the country as well as the sustained level of economic growth recorded and projected, the country has real assets to achieve the overall objective of bringing down poverty and hunger provided that growth is more redistributive than previously;
- The current trends of social indicators are mixed. Progress in some education sectors (primary schooling...) contrast with setbacks in others. It is likewise in health. This makes unlikely the attainment of the overall objectives;
- About HIV/AIDS, it is very likely that Mali achieves the objective retained;
- As to sex equality, based on the current trends it can be said that it is more likely that Mali achieves the overall objectives by 2015, notably with respect to health and education.

For more details see Annex 9.

CHAPTER IV: DIFFICULTIES ENCOUNTERED, WEAKNESSES OBSERVED AND RECOMMENDATIONS

The Malian Government, it should be recalled, adopted the final PRSP document on May 29, 2002. It constitutes the bringing together of sector policies and strategies which, for the majority, were being implemented at that date. It is therefore obvious that it will take some time for all actions being implemented to be gradually refocused toward the overall objective of an accelerated and redistributive growth, which will reduce poverty in Mali.

It is thus difficult to make an objective assessment on a process that has just started. At most, one can mention the difficulties that were encountered, outline the weaknesses that were noted, and make a few recommendations for the improvement of the implementation of PRSP in the future.

IV.1 Difficulties encountered, weaknesses noted

A – Institutional arrangement for monitoring and evaluating the PRSP:

At the end of the first year of its implementation, the different entities in charge of monitoring and evaluating the PRSP were late in really and correctly embracing the role that has been assigned to them. So, it has been noted that:

- The coordination unit has tendency to take on the responsibilities of the Technical Secretariat and Thematic Groups, perhaps because of their lack of dynamism;
- The Technical Secretariat does not always initiate the preparation and organization of meetings, seminars/workshops, and other technical meetings on the PRSP, even though they are under its responsibilities;
- Thematic Groups are not working as desired due, among other things, to problems related to their organization (composition), leadership (their chairman and the Technical Secretariat), and the motivation of members;
- The Observatory of Sustainable Human Development and Poverty Reduction in Mali (OSHD/PRM) is late in becoming operational and hence in conducting further analyses of the results of the Malian Survey of Poverty Evaluation (MSPE), available since September 2003.

B – Methods, tools, instruments, and indicators used:

Difficulties encountered and weaknesses that were noticed can be summarized as follows:

- The lack of a reference or a starting situation and well defined targets at the level of the components of the PRSP makes it difficult to have a balanced approach and a detailed analysis of all main strategic pillars based on the objectives and priority actions retained and implemented;
- The national information system remains yet inadequate to be able to measure precisely outcome indicators or performances (process indicators) given the lack, in most of the public administration, of a culture of **result-based management**, as

evidenced by the "too administrative" nature of the reports from the thematic group that are currently available;

- The approach consisting of monitoring the PRSP implementation through program budget, which was used by most thematic groups, does not seem sufficient to assess intermediate results (process indicators), and hence could not replace the routine activities stated in most of the thematic reports. **In addition, it was noted limited coherence between the program budgets of ministries and the strategies and objectives of the PRSP;**
- The methodology to prepare the reports of the thematic group deserves to be reviewed in the light of the requirements and needs tied to the dual function attached to the PRSP monitoring-evaluation process i.e.: on the one hand, **provide over the short term the result indicators obtained by implementing the PRSP in the priority areas that have an influence on poverty and growth in the medium run**, on the other hand **provide over the long term elements permitting to assess the efficiency and effectiveness of sector policies and strategies implemented toward reducing poverty in Mali;**
- The reliability and coherence of information and statistics obtained from various sources remains an acute problems;
- In addition, it may be too ambitious to try to encompass in a synthetic and analytical report on the monitoring and evaluation of the PRSP implementation all aspects contained in that document.

C – The mobilization of financing for the PRSP:

A comparative analysis of development expenditures planned in the PRSP with those in the table of the Central Government Financial Operations (TOFE) over the 2002-2004 period shows an accumulated gap of non-mobilized resources of approximately CFAF 121.4 billion (or about **14%** of planned expenditure). This amount reflects domestic resources (CFAF 36.1 billion, or about 30%) and external resources (CFAF 85.3 billion, or 70%).

The size of this gap raises the problematic of mobilizing financing, particularly external, toward achieving the objectives of the PRSP, even though there was some improvement, over time, in the mobilization rate of expected financing.

Comparison of development expenditure planned in PRSP and achieved in the TOFE over the 2002-2004 period (in billion F CFA)

Items\Years	2002	2003	2004*	2002-2004
PRSP projections	252.1	305.8	325.9	883.8
Achievement updated TOFE	212.4	258.6	291.4	762.4
Differences (TOFE-PRSP)	-39.7	-47.2	-34.5	-121.4
domestic resources	-1.6	-22.3	-12.2	-36.1
external resources	-38.1	24.9	22.3	-85.3
Achievement rate (in %)	84%	85%	89%	86%

Sources: PRSP and update TOFE.

2004*: projections.

However, with respect to the expenditure financed on HIPC resources, it can be noted that actual spending is likely to be CFAF 7.2 billion higher than the amount projected in the PRSP for 2002-04.

Comparison of expenditures on HIPC resources planned in the PRSP and implemented in the TOFE over the 2002-2004 period (in billion F CFA)

Items\Years	2002	2003	2004*	2002-2004
PTE PRSP projections	31.8	23.0	24.3	79.1
Achievements PTE updated TOFE	27.5	29.2	29.6	86.3
Differences (TOFE-PRSP)	-4.3	+6.2	+5.3	+7.2
Achievement rate (in %)	86%	127%	122%	109%

Sources: PRSP and updated TOFE.

2004*: projections.

Generally, these findings show the urgent need to mobilize additional resources with development partners to achieve PRSP objectives, notably in priority sectors such as health, education, rural development, and basic infrastructures.

IV.2 – Recommendations and Outlook

A – At the level of the implementation of sector policies and strategies:

To ensure a better implementation of the PRSP and achieving development and poverty reduction objectives, it is advisable to make the following corrections and adjustments:

- Focus all sector policies and strategies being implemented (or envisaged) around the strategic pillars defined in the PRSP in order to better target measures toward assisting poor populations and vulnerable groups;
- Accelerate the transfer of responsibilities and resources from the Central Government to local authorities and harmonize sector policies with the devolution process;
- Improve the legal and institutional framework for devolution by revising the Code of Local Communities with the view of ensuring, among other things, a better coordination in the planning and the management of development at the regional and local levels;
- Complete all important reforms in a timely manner (cotton sector, transportation, telecommunications, public finances, administration) in order to create the institutional and legal framework favorable to the development of the private sector and thereby attract foreign direct investments (FDI)

B – At the level of the institutional arrangement for monitoring and evaluating the PRSP

For the monitoring and evaluating arrangement to operate correctly and carry out the dual function to be assigned to it, the following measure are required:

- Clarification and simplification of the PRSP institutional monitoring and evaluating arrangement, and respect of roles of the different entities;
- Improved leadership of thematic groups (at the national and regional levels) by the Technical Secretariat and the PRSP coordinating unit;

- Operationalization of the OSHD and implementation of thematic analyses on poverty from the final results of (MSPE);
- Adequate financial support for the operation of the monitoring and evaluating entities to enable them to plan better their activities with a certain visibility and **avoid shortsighted decision based on the availability of financing**. Therefore, a realistic planning of essential activities to be conducted (statutory meetings, seminars/workshops, periodical reports, surveys, specific studies/consultancies, study travels, etc) must be established by all the stakeholders over the 2002-2004 period.

C – At the level of methods, tools, instruments, and indicators used:

At this level, we can propose, among others, :

- **Refine and update the PRSP Action Plan** (prioritization of actions/projects/programs retained by component, grouping components by strategic pillar, indication of the sources of financing available or to be sought), integrate and harmonize with the three-year Program and the Special Investment Budget (PTI/BSI) and budget-programs;
- Revise the number and the nature of indicators retained by component/thematic area, with a view to reduce their number and make them more relevant,
- Develop a situation of reference (starting year) for all the indicators retained in the PRSP monitoring-evaluation mechanism and plan studies or surveys for those of them that could not be produced from current statistics;
- Facilitate the circulation of information generated through the implementation of the PRSP, thanks to compatible computer applications and networking of the main entities involved in the monitoring-evaluation mechanism.

D – At the level of the mobilization of financing for the PRSP:

- Continue to inform and negotiate with donors in order to bring them to adhere more to the priorities and strategic pillars defined in the PRSP: **the holding of the Donors' Round Table in Mali around the implementation of the PRSP reflects this point of view;**
- Integrate in fiscal policy, the **Strategy for a sustainable reduction of Mali's debt level**, prepared in August 2003 and based principally on increased financing in the form of budgetary grants;
- Implement the conclusions of the **Reform of the International Aid Mechanism in Mali**, so that Official Development Assistance can be an efficient tool in the reduction of poverty and promotion of economic growth.

CONCLUSION

By adopting a Poverty Reduction Strategy Paper (PRSP), on May 29, 2002, Mali has confirmed, once more, its willingness to make the reduction of poverty the priority of all its development priorities.

Reflecting all sector policies and programs focused on poverty reduction, the implementation of the PRSP has effectively started with the development and implementation of the 2003 Central Government budget. Therefore, the point is not, here, to "take stock", but to "make an assessment" of the major actions already undertaken or envisaged under the PRSP's main strategic pillars

At the end of this exercise, we can say that Mali's macroeconomic framework has been strengthened, despite a less enabling environment in 2002/2003. We can also say that the main indicators point, overall, in the right direction, and that some important reforms are being initiated.

However, to attain the objectives it has set for itself at the end of PRSP in 2006 and achieve the Millennium Development Goals (MDGs), **Mali must find appropriate solutions to recurrent problems and take up a number of challenges it faces in the future**. These include notably⁶:

- The progressive improvement of the poverty reduction strategy defined under the PRSP, the deepening of the analysis of poverty reduction policies, **the focusing of sector policies and strategies around the priority pillars of the PRSP as well as the taking into consideration of the devolution process**;
- The acceleration of growth in order to reduce poverty, while preserving macroeconomic stability and **making the national economy less vulnerable to external shocks** through the processing of commodities and diversification of exportable goods, the continuation of regional integration within WAEMU and ECOWAS;
- The continuation of the stabilization of public finances and of debt sustainability, through notably the increase in tax revenue, and the improvement of the management of public expenditure;
- **The acceleration of the process of transferring responsibilities and resources from the central government to local authorities** as well as the strengthening of local government budget management;
- **The continuation and deepening of structural reforms** seeking to ensure macroeconomic stability, improve competitiveness and make the national economy less vulnerable to external and internal shocks, and make the private sector the driving force of economic development;
- The reinforcement of the mechanisms for monitoring and evaluating the implementation of the PRSP;
- **The improvement of coordination in the areas of development planning and management, in general, and external assistance, in particular.**

⁶ See aides – mémoires of IMF missions from August to September 2003 (ref. [Annex 10](#): Sources and bibliographic references).

ANNEXES

ANNEX 1
PRSP FRAMEWORK, 2002-06
MAIN ECONOMIC AND FINANCIAL INDICATORS

Main economic and financial indicators	2 002	2 003	2 004	2 005	2 006	Average 2004-06
Nominal GDP	2 329,9	2 540,5	2 699,3	2 938,5	3 187,1	
GDP at 1987 prices	1 152,1	1 221,9	1 279,9	1 358,5	1 437,4	
Real growth	4,3	6,0	4,7	6,7	6,3	
Deflator	1,0	2,9	1,5	2,0	2,1	
Total Government revenue and grants	456,7	534,1	553,0	592,0	660,6	
Total revenue	370,9	421,8	459,2	511,1	572,9	
Tax receipts	306,0	349,2	383,7	430,1	483,4	
Total expenditure and net lending	540,6	551,4	661,4	723,7	793,5	
Current expenditure	308,7	316,3	366,7	402,7	443,0	
Wages	93,5	106,2	122,0	135,3	146,7	
Capital expenditure	203,1	201,5	259,0	284,4	312,9	
Investissement financed on domestic resources	62,7	78,3	90,0	102,5	117,2	
Overall fiscal deficit, payments order basis excluding grants	-169,7	-129,6	-202,3	-212,6	-220,6	
Overall fiscal deficit, payments order basis excluding grants/PIB	-7,3%	-5,1%	-7,5%	-7,2%	-6,9%	
Basic fiscal balance	-29,4	-6,3	-33,3	-30,7	-24,9	
Net credit to the government)	-8,8	-48,6	3,7	-17,2	-12,1	
External debt outstanding	1 746,1	1 765,9	1 666,0	1 737,6	1 763,6	
Imports	492,8	503,8	536,6	583,9	639,2	
Exports	624,6	561,8	622,8	670,9	733,1	
Trade balance	131,8	58,0	86,2	87,0	93,9	
External current account	-100,0	-165,9	-149,6	-178,1	-193,8	
Overall balance of payments	-85,2	6,5	60,2	60,6	74,3	
CONVERGENCE CRITERIA						
Primary criteria						
Basic fiscal balance/GDP (norm >=-3%)	-1,3	-1,1	-1,2	-1,0	-0,8	-1,0

Average annual inflation (norm <=3%)	5	-1,3	2			2,0
Total nominal debt/GDP (norm<=70%)	76,0	70,8	62,3	59,3	55,1	58,9
Domestic arrears accumulation (norm <=0)	0,0	0,0	0,0	0,0	0,0	0
External arrears accumulation (norm <=0)	0,0	0,0	0,0	0,0	0,0	0
Secondary criteria						
Wages/tax revenue (norm<=35%)	29%	29%	29%	29%	28%	28%
Domestically financed Investment/tax revenue (norm>=20%)	20%	27%	23%	24%	24%	24%
Current account deficit excluding official transfers/GDP (norm <=5%)	-4,4	-6,7	-5,6	-6,1	-6,1	-5,9
Tax revenue/GDP (norm>=17%)	13,3	13,6	14,3	14,7	15,1	14,7

MAIN PRODUCTION	2 002	2 003	2 004	2 005	2 006	Average 2004-06
Volume (in tons)						
Total food production, of which:	2 333 367	3 107 086	2 951 675	3 108 485	3 273 690	3 111 283,3
Millet	715 631	1 010 665	889 385	933 854	980 547	934 595,5
Sorghum	577 579	687 315	604 837	635 079	666 833	635 582,8
Rice	639 401	870 465	922 693	978 054	1 036 737	979 161,4
Corn	334 539	468 516	468 516	491 942	516 539	492 332,7
Cotton	419 421	608 717	600 012	624 013	648 973	624 332,8
Gold	66,1	54,1	53,6	57,4	69,3	60,1
Value (in millions of CFA francs)						
Total food production, of which:	336 729	462 497	474 022	514 069	579 121	522 403,8
Millet	79 674	115 334	109 613	117 971	133 779	120 454,5
Sorghum	55 592	67 808	64 445	69 359	78 653	70 818,6
Rice	77 314	107 885	123 507	134 190	153 621	137 105,9
Corn	26 010	37 338	40 325	43 400	49 215	44 313,2
Cotton	248 541	239 800	315 004	380 433	406 143	367 193,4
Gold	340 793	376 656	414 458	509 259	413 268	445 661,7
Share of sectors in GDP	2 002	2 003	2 004	2 005	2 006	Moyenne 2004-2006
Primary sector	740,3	924,9	951,7	1 035,0	1 116,9	1 034,5
Secondary sector	564,8	516,6	585,5	711,3	798,4	698,4
Tertiary sector	992,3	1 052,9	1 137,6	1 185,2	1 283,5	1 202,1

GDP	2 297	2 494	2 675	2 932	3 199	2 935,0
In percentage of GDP						
Primary sector	32,2%	37,1%	35,6%	35,3%	34,9%	35,3%
Secondary sector	24,6%	20,7%	21,9%	24,3%	25,0%	23,7%
Tertiary sector	43,2%	42,2%	42,5%	40,4%	40,1%	41,0%
Gross capital formation	431,5	630,9	555,2	648,6	706,7	636,8
Gross fixed capital formation	439,5	446,0	457,5	472,4	481,0	470,3
Private	267,0	269,2	276,3	286,6	290,5	284,5
Public	172,5	176,8	181,2	185,8	190,4	185,8
ChANGE IN STOCKS	-8,0	185,0	97,7	176,2	225,8	166,5
Investment rate	18,8%	25,3%	20,8%	22,1%	22,1%	21,6%

ANNEXE 2
Basic Framework of PRSP, 2002-06
Main Economic and Financial Indicators

GROWTH	2 001	2 002	2 003	2 004	2 005	2 006	2002/2006
Real GDP	1,5%	9,3%	7,4%	5,9%	5,6%	5,3%	6,7%
Primary sector	-13,4%	19,5%	3,7%	4,4%	4,4%	4,6%	7,3%
In percent of GDP	37,9%	41,5%	40,0%	39,5%	39,0%	38,8%	39,8%
Contribution to growth	-6,0%	7,4%	1,5%	1,8%	1,8%	1,8%	2,8%
Secondary sector	31,0%	-2,6%	17,9%	6,3%	4,8%	4,4%	6,2%
In percent of GDP	23,7%	21,1%	23,2%	23,3%	23,1%	22,9%	22,7%
Contribution to growth	5,7%	-0,6%	3,8%	1,5%	1,1%	1,0%	1,4%
Primary sector	1,2%	5,9%	4,5%	6,6%	6,7%	5,8%	5,9%
In percent of GDP	31,8%	30,8%	30,0%	30,2%	30,5%	30,7%	30,4%
Contribution to growth	0,4%	1,9%	1,4%	2,0%	2,0%	1,8%	1,8%
Contribution of indirect taxes	1,4%	0,6%	0,7%	0,7%	0,7%	0,7%	0,7%
Check	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
GDP Deflator	7,8%	3,2%	-2,7%	2,2%	0,8%	0,6%	0,8%
Increase in the volume of Imports	13,3%	11,4%	9,1%	7,3%	6,9%	6,6%	8,3%
Increase in the volume of exports	19,1%	9,4%	16,4%	6,1%	3,6%	2,7%	7,7%
Total investment/GDP	21,1%	20,7%	23,4%	23,0%	23,3%	23,1%	22,7%
Public investment/GDP	7,0%	7,6%	8,3%	8,1%	8,2%	8,8%	8,2%
Domestic saving rate	16,6%	16,2%	19,0%	18,4%	17,6%	15,8%	17,4%
Public Finance (in percent of GDP)							
Total revenue	16,6%	18,1%	18,0%	18,3%	18,8%	19,8%	18,6%
Tax revenue	14,6%	15,5%	15,6%	16,1%	16,7%	17,8%	16,4%
Total expenditure and net lending	27,6%	28,4%	27,8%	27,2%	27,2%	28,1%	27,7%
Domestically financed investments	3,2%	3,5%	4,5%	4,7%	5,3%	6,7%	4,9%
Current expenditure	12,6%	13,4%	12,2%	12,0%	11,9%	11,9%	12,3%
Wages	4,2%	4,2%	4,2%	4,1%	4,1%	4,1%	4,1%
Development expenditure	13,2%	12,3%	13,5%	13,2%	13,3%	14,4%	13,3%
Current deficit (excluding grants)	7,7%	7,0%	6,8%	7,3%	7,9%	6,0%	7,0%
Primary deficit	-5,1%	-5,7%	-5,6%	-4,9%	-4,5%	-4,7%	-5,1%
<i>Basic balance</i>	-2,0%	-1,9%	-1,3%	-0,9%	-0,7%	-0,9%	-1,1%
<i>Basic balance excluding outlays financed with HIPC resources</i>	-1,2%	-0,5%	-0,4%	0,1%	0,3%	-0,2%	-0,1%
Overall fiscal deficit (payments order basis)	-5,8%	-6,6%	-6,4%	-5,7%	-5,3%	-5,3%	-5,9%
Overall fiscal deficit (payments order basis, excluding grants)	-11,0%	-10,3%	-9,8%	-8,9%	-8,3%	-8,5%	-9,2%
Overall fiscal deficit (cash payments basis)	-5,8%	-6,6%	-6,4%	-5,7%	-5,3%	-5,3%	-5,9%
Gross fixed capital formation							
Total	17,7%	17,6%	18,3%	18,3%	18,7%	19,6%	18,5%
Public	6,8%	7,3%	7,9%	7,7%	7,6%	8,1%	7,7%
Private	10,9%	10,4%	10,4%	10,6%	11,1%	11,6%	10,8%
Current outlays/total expenditure	45,7%	47,1%	44,0%	44,1%	43,8%	42,2%	44,2%
Development expenditure/ total expenditure	44,3%	41,7%	46,9%	47,0%	47,6%	49,9%	46,6%
Wage bill	29,1%	27,0%	26,6%	25,3%	24,7%	23,3%	25,4%
Domestically financed investment	22,0%	22,3%	28,7%	29,5%	31,7%	37,5%	29,9%
Debt service	22,69%	24,77%	22,72%	21,55%	19,94%	17,82%	21,4%
- Interest	5,2%	6,3%	5,2%	4,9%	4,5%	3,5%	4,9%
- Principal	12,9%	12,9%	12,4%	11,9%	11,8%	11,9%	12,2%
- Payments to the IMF	4,6%	5,6%	5,2%	4,8%	3,6%	2,4%	4,3%
Debt relief	0,0%	0,0%	1,1%	8,2%	8,8%	4,6%	4,5%
Fiscal deficit, cash basis	-39,8%	-42,7%	-41,1%	-35,2%	-31,6%	-29,9%	-36,1%

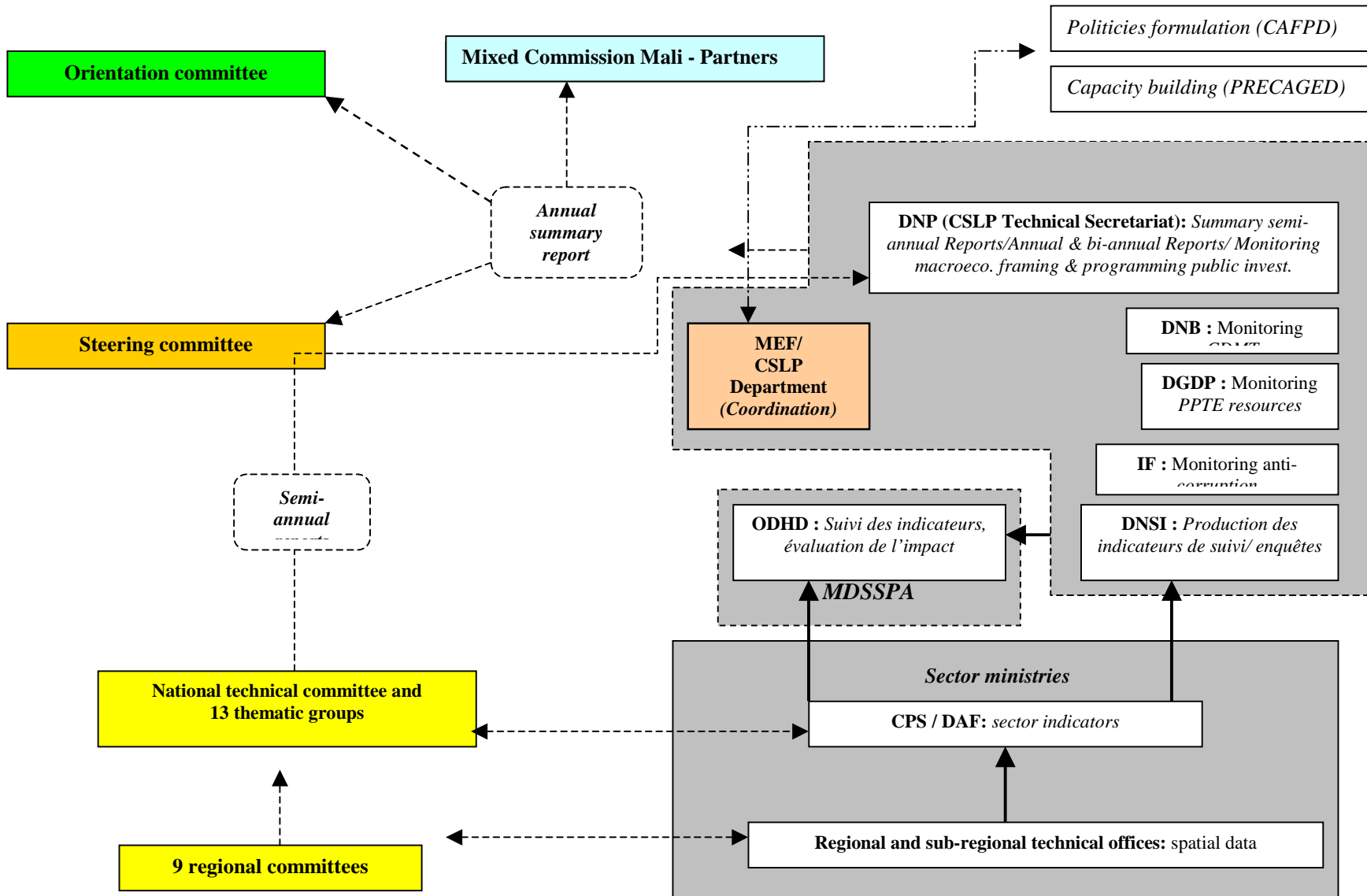
GROWTH	2 001	2 002	2 003	2 004	2 005	2 006	2002/2006
Balance of payments(in percent of GDP)							
Trade balance	-0,1%	1,4%	5,4%	4,8%	3,7%	2,0%	3,5%
Service balance (net)	-11,0%	-9,7%	-9,8%	-9,7%	-9,6%	-9,5%	-9,7%
Income balance	-5,1%	-4,2%	-4,8%	-4,7%	-4,4%	-3,9%	-4,4%
- of which: interest payments	-0,7%	-0,9%	-0,8%	-0,8%	-0,7%	-0,6%	-0,8%
Public transfers	7,2%	5,7%	4,9%	4,6%	4,3%	4,1%	4,7%
Private transfers	2,0%	1,6%	1,6%	1,7%	1,7%	1,8%	1,7%
Current balance	-11,9%	-10,3%	-7,1%	-7,4%	-8,2%	-9,3%	-8,5%
Current transfersante (hors transferts publics)	-14,2%	-10,9%	-7,6%	-7,9%	-8,6%	-9,7%	-8,9%
In Percent of GDP							
Primary sector	37,9%	41,5%	40,0%	39,5%	39,0%	38,8%	39,8%
Secondary sector	23,7%	21,1%	23,2%	23,3%	23,1%	22,9%	22,7%
Tertiary sector	31,8%	30,8%	30,0%	30,2%	30,5%	30,7%	30,4%
Indirect taxes and duties	6,6%	6,6%	6,8%	7,0%	7,3%	7,7%	7,1%
Check	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Imports	32,6%	33,3%	33,8%	34,3%	34,7%	35,1%	34,2%
Exports	34,0%	34,1%	37,0%	37,0%	36,3%	35,4%	36,0%

SOURCE : PRSP

REAL SECTOR DATA

Volume of production (in 1000s of tons)	2001	2002	2003	2004	2005	2006
Millet	722,0	776,4	815,3	856,0	898,8	943,8
Sorghum	533,0	625,4	656,6	689,5	724,0	760,1
Corn	205,0	402,3	422,4	443,5	465,7	489,0
Rice	670,0	756,0	809,0	865,6	926,2	991,0
Cotton	250,1	575,0	575,0	600,0	625,0	650,0
Groundnut	166,0	174,6	192,0	201,0	210,0	220,0
Gold (in tons)	53,6	48,6	64,1	68,2	69,4	69,4

Annex 3: Simplified diagram of the monitoring-evaluation device of PRSP



Annex 4:

Composition of the thematic groups in charge of the implementation and monitoring-evaluation of PRSP⁷

N°	Working thematic groups	Member offices and structures	Domains and aspects covered by thematic groups
1	Macroeconomic framing and growth		<ul style="list-style-type: none"> - Outlook of the development of the international, regional, and sub-regional environment ; - Short term macroeconomic framing ; - Recent economic and social situation; - Sources of growth (private sector and DFI).
2	Governance, Institutions, Participation		<ul style="list-style-type: none"> - Decentralization/deconcentration of Administration ; - Performance of public Administration; - Justice; - Management of public expenditures; - Corruption ; - Development planning and management; - Coordination of external assistance and resource mobilization; - Civil society.
3	Health and population		<ul style="list-style-type: none"> - Health in the context of decentralization; - Population and human resources; - Monitoring of MODs.
4	Education and literacy		<ul style="list-style-type: none"> - Education and literacy in the context of decentralization; - Monitoring of MODs.
5	Poverty and gender		<ul style="list-style-type: none"> - Women and poverty; - Protection of child and family; - Equity; - Sex equality and women emancipation.
6	Decent work		<ul style="list-style-type: none"> - Social dialogue; - Employment; - Basic human rights to work; - Vocational training.
7	Analysis/monitoring poverty, social protection and solidarity		<ul style="list-style-type: none"> - Diagnosis of poverty (profile, poverty level and map) ; - Monitoring of MODs; - Social protection and solidarity.
8	Culture, Religions and Peace		<ul style="list-style-type: none"> - Culture; - Religion; - Peace and security.
9	Environment and livelihoods		<ul style="list-style-type: none"> - Environment and natural resources; - Environment: hygiene and sanitation; - Urban development and habitat; - Pollution and nuisances.
10	Rural development		<ul style="list-style-type: none"> - Hydro-agricultural developments and water control; - Livestock; - Fishery; - Food security; - Agricultural sectors; - Growth and competitiveness of the rural sector.
11	Industry, Handicraft, Trade and Competitiveness		<ul style="list-style-type: none"> - Industry; - Handicraft/tourism; - Commerce; - Income generating activities (IGAs); - Private sector.
12	Internal and external opening up		<ul style="list-style-type: none"> - Transportation infrastructures (road, water, rail, air, sea); - Communication infrastructures (post offices and telecommunications).
13	Mines, Energy and Water		<ul style="list-style-type: none"> - Mining sector / mining handicraft; - Energy sector / rural electrification; - Water/drinking water sector / integrated water resource management.

⁷ This is the new composition of the working thematic groups, which rise from **11** during PRSP preparation phase to **13** in the course of its implementation.

Annex 5:
Mali's main macroeconomic indicators,
Based on the «more comparable» GDP from 1996 to 2003

INDICATORS/YEARS	1996	1997	1998	1999	2000	2001	2002	2003*
CONVERGENCE INDICATORS								
First rank								
Basic budget balance with HIPC on nominal GDP (in %)	3.9	0.9	1.1	0.1	-0.8	-1.4	-1.3	-0.5
Basic budget balance excluding HIPC on nominal GDP (in %)		0.9	1.1	0.1	-0.8	-0.6	0.0	0.9
Annual inflation rate (sliding of average means in %)	2.8	0.9	4.1	-1.1	-0.7	5.2	5.0	1.5
Total outstanding public debt carried forward to nominal GDP (in %)	105.6	107.2	100.7	91.8	92.4	84.3	74.0	70.0
Variation of overdue payment (in billion FCFA)	-18.0	-7.0	-10.0	2.4	1.6	0.0	0.0	0.0
Accumulation of overdue payments		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accumulation of overdue internal payments		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accumulation of overdue external payments		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reduction in overdue payments		-7.0	-10.0	0.0	0.0	0.0	0.0	0.0
Reduction in overdue internal payments		-7.0	-10.0	0.0	0.0	0.0	0.0	0.0
Reduction in overdue external payments		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Variation of overdue internal payments (in billion FCFA)	-18.0	-7.0	-10.0	2.4	1.6	0.0	0.0	0.0
Variation of overdue external payments (in billion FCFA)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Second rank								
Salaries and pays in % of tax receipts	28.9	28.9	27.4	27.8	31.3	29.1	27.7	28.4
Expenditures in capital on internal financing in % tax receipts	14.1	16.3	20.2	22.2	25.7	22.0	22.3	23.5
Tax receipts on GDP in %	12.3	12.5	12.8	13.1	12.4	12.8	13.7	14.2
Current balance exclusive donations in % GDP	-9.4	-8.6	-8.7	-10.0	-12.0	-12.5	-5.5	-9.0
OTHER BUDGET INDICATORS								
Overall balance excluding grants on GDP in %	-7.6	-7.2	-7.5	-8.0	-9.0	-9.6	-7.2	-8.2
Overall balance on GDP in %	-0.8	-1.9	-2.2	-3.4	-3.7	-5.1	-3.6	-4.9
Overall balance base cash on GDP in %	-2.0	-1.9	-2.2	-3.4	-3.7	-5.1	-3.6	-4.9
Basic primary balance in % of tax receipts	40.1	25.7	24.3	17.5	10.9	10.3	15.9	23.9
NATIONAL ACCOUNTS								
Nominal GDP (in billion FCFA)	1 424.0	1 574.4	1 723.4	1 802.8	1 883.1	2 203.8	2 362.7	2 495.9
GDP in volume (constant price 85)	852.0	894.6	966.9	1 022.0	988.5	1 106.8	1 149.8	1 183.5
GDP growth rate in volume	6.6	4.9	8.1	5.7	-3.3	12.0	3.9	3.3
MONETARY SITUATION								
Net external holdings	190.5	183.4	150.1	113.3	167.7	198.1	286.0	311.7
- Central Bank	131.9	129.8	107.3	94.5	125.0	115.4	239.3	
- Banks	58.6	53.6	42.8	18.8	42.7	82.7	46.7	
Internal credit	137.6	178.0	228.8	269.8	247.0	329.4	384.4	405.1
- Net Government position	-35.6	-22.4	-26.1	-21.8	-37.5	-14.0	-27.8	-13.3
- Credits to economy	173.2	200.4	254.9	291.6	284.5	343.4	412.2	418.4
Money supply	317.8	345.3	360.2	365.0	408.5	487.2	623.1	642.0
EXTERNAL TRADE AND BALANCE OF PAYMENTS								
FOB imports	282.1	318.5	329.3	372.8	421.5	538.6	498.0	529.1
FOB exports	221.4	327.7	328.1	351.6	388.1	531.6	638.7	534.7
FOB-FOB trade balance	-60.7	9.2	-1.2	-21.2	-33.4	-7.0	140.7	5.6
Balance of services	-149.1	-156.9	-159.2	-161.3	-167.9	-198.1	-167.2	-161.5
Current balance	-133.4	-104.2	-122.8	-155.7	-181.2	-227.3	-92.1	-201.1
Current balance exclusive donations	-185.7	-135.3	-150.4	-179.8	-226.9	-275.7	-128.9	-224.6
Overall balance	64.8	-12.1	-6.5	-32.8	70.9	28.0	86.9	25.7
Coverage rate in %	78.5	102.9	99.6	94.3	92.1	98.7	128.3	101.1
Current balance in % GDP	-9.4	-6.6	-7.1	-8.6	-9.6	-10.3	-3.9	-8.1
EXTERNAL DEBT								
Outstanding external debt	1 498.4	1 614.8	1 684.3	1 618.0	1 701.6	1 767.0	1 640.5	1 673.8
External debt service	74.8	52.2	36.8	44.0	47.5	50.2	61.5	63.9
Outstanding external debt in % of GDP	105.2	102.6	97.7	89.7	90.4	80.2	69.4	67.1
External debt service in % of total exports (1)	28.2	14.4	10.1	11.7	11.0	8.7	9.3	11.1
External debt service in % of total receipts exclusive donations	34.4	22.1	14.4	16.1	17.6	15.7	16.2	14.6

Sources: DNP/DNSI/CNPE

2003* = estimations.

Annex 6:
«More comparable» Gross Domestic Product (GDP) from 2000 to 2003

ORIGINS AND USES OF GDP (in billion F CFA current)	2000	2001	2002	2003*
GDP at current prices				
ORIGIN OF THE GDP				
PRIMARY	637.8	778.0	798.2	898.3
<i>in % of GDP</i>	33.9%	35.3%	33.8%	36.0%
AGRICULTURE	341.1	465.3	465.8	530.4
<i>in % of GDP</i>	18.1%	21.1%	19.7%	21.3%
LIVESTOCK	185.4	195.4	203.2	224.4
<i>in % of GDP</i>	9.8%	8.9%	8.6%	9.0%
FISHERY, FOREST	111.2	117.2	129.2	143.5
<i>in % of GDP</i>	5.9%	5.3%	5.5%	5.7%
SECONDARY	360.2	470.5	568.7	539.4
<i>in % of GDP</i>	19.1%	21.3%	24.1%	21.6%
EXTRACTIVE INDUSTRIES	113.3	206.4	251.3	218.6
<i>in % of GDP</i>	6,0%	9.4%	10.6%	8.8%
MANUFACTURING INDUS.	121.5	123.1	162.2	158.4
<i>in % of GDP</i>	6.5%	5.6%	6.9%	6.3%
ENERGY	26.2	30.2	36.6	41.9
<i>in % of GDP</i>	1.4%	1.4%	1.5%	1.7%
BTP	99.2	110.8	118.6	120.5
<i>in % of GDP</i>	5.3%	5.0%	5.0%	4.8%
TERTIARY	885.2	955.3	992.5	1 051.3
<i>in % of GDP</i>	47.0%	43.3%	42.0%	42.1%
TRANSPORT & TELECOM	81.4	92.4	97.1	112.0
<i>in % of GDP</i>	4.3%	4.2%	4.1%	4.5%
TRADE	299.6	301.6	280.6	292.6
<i>in % of GDP</i>	15.9%	13.7%	11.9%	11.7%
BANKS AND INSURANCE	15.3	16.2	17.1	18.2
<i>in % of GDP</i>	0.8%	0.7%	0.7%	0.7%
OTHER SERVICES	141.5	148.6	156.8	162.1
<i>in % of GDP</i>	7.5%	6.7%	6.6%	6.5%
NON MERCHANT SERVICES	211.6	232.9	250.0	262.1
PISB	-10.3	-10.9	-11.6	-12.4
DTI and internal VAT	146.0	174.5	202.5	216.7
GDP at market price	1,883.1	2,203.8	2,362.7	2,495.9
Including informal	1,124.4	1,298.6	1,322.3	1,452.9
USES OF GDP				
END CONSUMPTION	1,697.9	1,843.1	1,920.1	2,081.9
<i>in % of GDP</i>	90.2%	83.6%	81,3%	83,4%
HOUSEHOLDS	1,387.1	1,496.3	1,551.2	1,695..
<i>in % of GDP</i>	73.7%	67.9%	65,7%	67,9%
ADMINISTRATIONS	310.8	346.8	369,0	386.4
<i>in % of GDP</i>	16.5%	15.7%	15.6%	1.,5%
GROSS FORM. OF CAPITAL	373.7	539.0	486.7	548,5
<i>in % of GDP</i>	19.8%	24.5%	20.6%	22.0%
FBCF	356.4	419.8	438.3	451.6
PRIVATE	232.8	251.5	265.8	274.8
<i>in % of GDP</i>	12.4%	11.4%	11.3%	11.0%
PUBLIC	123.6	168.3	172.5	176.8
<i>in % of GDP</i>	6.6%	7.6%	7.3%	7.1%
STOCK VARIATIONS	17.3	119.2	48.4	97.0
EXPORTS	430.6	578.5	660.3	575.9
<i>in % of GDP</i>	22.9%	26.3%	27.9%	23.1%
IMPORTS	619.0	756.8	707.8	717.4
<i>in % of GDP</i>	32.9%	34.3%	30,0%	28,7%
AGGREGATES	2000	2001	2002	2003
GDP at current prices 87(billion FCFA)	1,883	2,204	2,359	2,489
Real growth rate	-3.3%	12.0%	3.9%	3.3%
GDP deflator	191	199	205	210
Population (in million)	10.0	10.2	10.5	10.7
GDP per capita (1000 FCFA / capita)	188	215	226	233
Trade balance / GDP (%)	0%	-2%	2%	-1%

Sources: DNSI/DNP

2003* : projections

Annex 7:**PRSP monitoring-evaluation device adopted by the Government in March 2003****a) - Roles of the main technical structures involved in the monitoring of PRSP :**

Structures	Roles
PRSP Department	<ul style="list-style-type: none"> • Ensure the coordination of all implementation, monitoring, and evaluation activities of PRSP; • ensure the reinforcement of the main structures of administration, civil society, and private sector to successfully conduct the implementation, monitoring, and evaluation process of PRSP.
DNP	<ul style="list-style-type: none"> • monitor the implementation of the action plan through implementing the projects and programs retained under the reduction of poverty; • monitor the development of macroeconomic framing and update it; • ensure coherence between the strategies and interventions of partners and those of PRSP; • produce and publish a annual monitoring report with assessment and recommendations to advance PRSP as needed; • produce a bi-annual evaluation report within a framework of sliding three-year planning and programming; • contribute to the development of an evaluation capacity as an assistance tool in decision-making and instrument of improving the efficiency of the public sector.
DNSI	<ul style="list-style-type: none"> • make sure that the information system permits a sharp and regular guiding of the implementation of PRSP; • produce data related to the monitoring of the PRSP performance indicators; • implement light surveys or collection of passive data necessary to the monitoring-evaluation of PRSP.
DNB	<ul style="list-style-type: none"> • monitor the implementation Framework of Medium Term Expenditures (FMDE) and program-budget.
DGDP	<ul style="list-style-type: none"> • monitor the development of resources from the PPTTE Initiative; • mobilize concessional financing for the implementation of the PRSP Action Plan; • provide management of internal and external debt.
IF / MEF	<ul style="list-style-type: none"> • monitor aspects linked to the «control of corruption and financial delinquency».
DCI	<ul style="list-style-type: none"> • support the different structures in the search for and mobilization of external financing with development partners.
CPS of sector ministries	<ul style="list-style-type: none"> • carry out the development, implementation, and monitoring-evaluation of projects and programs initiated in their respective sector departments.
OSHD	<ul style="list-style-type: none"> • coordinate the PRSP monitoring-evaluation component and provide the monitoring of performance indicators as well as the analysis of impact indicators of poverty reduction • produce and disseminate Sustainable Human Development (SHD) reports, from data produced by the national statistical system and other information sources.

Annex 8:

Development of the main monitoring-evaluation indicators by strategic line and by component of PRSP

N°	Indicators	Nature of indicators retained (A = activities ; R = results ; I = Impact)	Reference basis		Target	Achieved	Targets			
			Year	Level	2002	2002	2003	2004	2005	2006
Line 1: Institutional development and improvement of governance and participation										
Decentralization implementation process component										
Justice and poverty reduction component										
Line 2: Sustainable human development and reinforcement of access to basic social services										
Health and population component										
	. Share health budget/State Budget recurrent costs	(A)	2001	10.0%	10.7%	10.5%	10.8%	11.1%		12.0%
	. Number of functional CSCOMs	(R)	2001	533	560	605	655			620
	. % populations having access to health facilities within 5 km	(R)	2001	41.0%	45.0%	44.0%	47.0%			50.0%
	. Maternal mortality rate (1/100 000)	(I)	2001	582	/					500
	. Child mortality rate (1/100 000)	(I)	2001	113.4	/					100
Education and literacy component										
	. Share education budget/State Budget recurrent costs	(A)	2001	27.0%	29.9%	30.5%	30.3%	31.5%		32.7%
	. number teachers recruited	(A)	2001	701	2,450	1,854	2,450	2,450	2,450	2,450
	. number classrooms built	(A)	2001		1,500	2,467	1,500	1,500	1,500	1,500
	. pupils/teachers ratio in the 1 st cycle	(R)	2001	74.0	70.0	61.1				54.0
	. GSR in 1 st Cycle	(R)	2001	62.5%	64.0%	64.3%	68.0%	72.0%	76.0%	83.0%
	. GSR girls in 1 st Cycle	(R)	2001	49.0%	52.0%	53.7%				64.0%
	. overall literacy rate	(I)	2001	43.0%	45.0%	35.0%				56.0%
	. women literacy rate	(I)	2001	38.4%						40.0%
Line 3 : Development of basic infrastructures and support to productive sectors										
Basic infrastructures Component										
	. Number km of road maintained regularly	(A)			/	8,500				
	. Number km of roads asphalted	(A)			/	136	183			
	. Road density (number of km/100km ²)	(R)			/	0.01	0.01			
	. Share of transportation costs in cost of good	(I)			/	55%	55%			
	. Total telephone stock in Mali	(A)			100,000	106,603	300,000			
	. Total telephone density (1 line for 100 people)	(R)			1	1.02	2.22			
	. Total telephone density in rural area (1 line for 100 people)	(R)			/	0.07	0.07			
	. Total telephone density in urban area (1 line / 100 people)	(R)			/	3.20	7.05			
	. Communication tariffs (basic tax in F CFA HT)	(I)			85	85	75			
Productive sectors support component										
	. Share of rural development sector in State Budget	(A)								
	. Total production of cottonseed (in 1000 tons)	(R)	2001	571	/	440	650 ?			
	. Total production of cotton fiber (in 1000 tons)	(R)	2001	240	/	181				
	. Development of cotton producer prices (in F CFA/kg)	(I)	2001	200	/	180	200			
	. total production of paddy (in 1000 tons)	(R)	2001	940	/	693	?			
	. Share of primary sector in GDP «plus comparable»	(I)	2001	35.3%	/	33.8%	36.0			

Sources: Authenticated report of PRSP working Thematic Groups and Budget-programs.

Annex 9: Mali MDGs Indicator levels

Millennium Development Goals (MDGs)			Indicator level								PRP S proje ction 2006	Will DOMs be reached?
OBJECTIVES AND TARGETS		MALI MDGs INDICATORS										
		Title	1994	1995	1996	1997	1998	1999	2000	2001	2002	
Objective 1. Elimination of extreme poverty and hunger⁸												
Target 1	Reduce by half, between 1990 and 2015, the proportion of population, whose income is lower than poverty	Poverty threshold in FCFA	77204		102971		103130	97843		170000		

⁸ "Average probability, despite the macroeconomic performances and great potentials, notably agricultural."

First year of implementation of the Poverty Reduction Strategic Paper (PRSP)

	whose income is lower than poverty threshold	<i>Poverty effect</i>	68.8		71.6		69	64.2		68		47.5	
Target 2	Reduce by half, between 1990 and 2015, the proportion of population suffering from hunger	<i>Percentage of children under 5 years old with inadequate weight (Weight/age)</i>			40					33.2			
		<i>Percentage of children under five years old with chronic malnutrition (Height/Age) or again slow development</i>			30.1						38.2		
Objective 2. Provide primary education for all													<i>Strong possibilities of attaining partial objectives (schooling) but less likelihood of achieving overall objective</i>

Objective 4. Reduce by half the mortality of children under five years old														Attainment unlikely, given trend
Target 5	Reduce by two thirds, between 1990 and 2015, the mortality rate of children under five years old.	<i>Mortality rate of children under five years old (Infanto-juvenile)</i>	247.3	247.3	247.3	229.1	229.1	229.1	229.1	229.1	229.1			
		<i>Child mortality (under 1 year old)</i>	139	139	139	113.4	113.4	113.4	113.4	113.4	113.4			
		<i>DTCP3 vaccination coverage rate among children under 1 year old</i>	38.93	49.03	53.33	52.42	53.37	47.02	52	61	74	80		
Objective 5. Improve maternal health													Attainment unlikely, given trend	
Target 6	Reduce by three quarters, between 1990 and 2015, maternal mortality rate	<i>Maternal mortality rate for 100,000 living births</i>	577	577	577	582	582	582	582	582				
		<i>Rate of prenatal visits</i>	46.9	46.9	42	56.8	41	47	45	52	54			

First year of implementation of the Poverty Reduction Strategic Paper (PRSP)

		<i>% of population having access to health facilities within a radius of less than 5 km</i>	7,25	13,1	17,5	24 <i>without the northern region</i>	29 <i>without the northern region</i>	33	36	41	44			
Objective 6. Fight HIV/AIDS, malaria and other diseases														<i>Strong likelihood of attaining MOD</i>
Target 7	By 2015, be stopped the spread of HIV/AIDS and start to reverse current trend	<i>HIV prevalence rate among pregnant women aged 20-24 years</i>								1.6				
		<i>Contraceptive use rate (modern + traditional method)</i>			18.4					23.1				
		<i>Contraceptive use rate (traditional method)</i>			7.8					11.5				
Target 8	By 2015, have malaria and other big diseases under control, and have started to reverse the current trend	<i>Morbidity rate due to malaria (for 1000 people)</i>			31.64	40.9	64.48	54.41	53.25	58.3				
		<i>Morbidity rate due to tuberculosis (100, 000 people)</i>		17.3	23.64	24.76	25.26	27.64	24.61	26.76				

Objective 7. Provide a sustainable environment														<i>Less likelihood in view of trend</i>
Target 9	Integrate sustainable development principle in national policies and reverse current trend to loss of environmental resources	<i>Impoverishment of ozone layer (Emission of Chlorofluorocarbone) in ton</i>		108	108	108	108	37	29.2	50.49				
Target 11	Manage, by 2020, to improve significantly the lives of at least 100 million people living in slums	<i>Proportion of population using an improved kind of cesspool</i>		7.2	7.2	7.2	7.2	7.2	7.2	9.5	9.5			
		<i>Proportion of urban population using an improved kind of cesspool</i>		15.8	15.9	15.1	15.11	15.12	15.13	19	19			
		<i>Proportion of rural population using an improved king of cesspool</i>		4	4.1	4.2	4.3	4.4	4.5	6.3	6.3			

Annex 10:
Sources and bibliographic references

- 1) Poverty Reduction Strategic Paper (PRSP), May 2002;
- 2) Monitoring-evaluation system of the implementation of the Poverty Reduction Strategic Paper (PRSP), preliminary version of November 18, 2002;
- 3) Report on the Economic & Social Situation of Mali in 2002 - 2003 Outlook;
- 4) Authenticated reports of PRSP working Thematic Group;
- 5) State Budget, 2002, 2003 fiscal years and 2004 draft;
- 6) Report of the 2004 Budget-Programs (Volumes I and II);
- 7) World Bank Strategic Support Framework (SSF), (provisional), March 2003;
- 8) 2002 report on Mali-World Bank Partnership;
- 9) UNDP 2003 World Report on Human Development;
- 10) Cooperation Strategy and Mali-European Union 2003-2007 National Indicative Program, 2002 provisional report;
- 11) Aide-mémoire of the ex-post evaluation mission by IMF of the results obtained as part of FASR/FRPC programs, August 29, 2003;
- 12) Aide-mémoire of the IMF mission on the discussions of the title of Article Iv (provisional version of September 19, 2003);
- 13) Aide-mémoires of the ESIP joint monitoring missions from February and July 2003;
- 14) CDI: Institutional Development Program (IDP), provisional report, January 2003;
- 15) DNP: Implementation Reports of the Special Investment Budget (SIB) 2002 and 2003 (1st Six months);
- 16) DNB: Implementation Report of expenditures on the internal resources of the State Budget, 2002 and 2003 fiscal year (mid-term);
- 17) CPS/Education: 2000/2001, 2001/2002 Facts Book.

